

United Nations Capital Development Fund REQUEST FOR APPLICATION FOR

Kigoma Joint Program on Agriculture: Scaling Up access to Finance in the Kigoma Region

231023 - TZA

SUMMARY

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers “last mile” finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

Inclusion is at the heart of UNCDF's strategy to promote digital economies that leave no one behind, which can only be achieved if digital economies are developed at the national level and if there is a focus on making them inclusive—without any new form of exclusion. We place particular importance on youth, women, migrants, refugees, and MSMEs, customer segments that are often marginalized and denied digital innovation and technology due to social norms, societal status, and limited revenue and capacity. We place the empowerment of these customer segments at the center of UNCDF initiatives to develop innovative services in various sectors.

To implement the UNCDF strategy, we apply a country-level market development approach. The objective of such an approach is to continuously aim to understand and intervene in select market systems to address underlying market dysfunctions to improve efficiencies, effectiveness and sustainability. The approach seeks to (1) leverage the roles and behaviors of current players in the marketplace, support them to do what they do better or to change their behavior; (2) strengthen the systems and relationships among the various market and sector actors; and (3) work with current players to de-risk new business models in order to make digital solutions more inclusive for key segments and reduce the digital divide. One such key segment is smallholder farmers.

The Kigoma Joint Programme (KJP)

The Kigoma region has experienced a relative increase in poverty levels, and is also the region that hosts most of the refugees in Tanzania. Launched in September 2017, the Kigoma Joint Programme (KJP I; 2017 - 2022) is an area-based UN joint programme that cuts across multiple sectors to improve development and human security in Kigoma. The Kigoma Joint Programme applies a comprehensive approach to address a wide range of issues facing both the refugees in the region as well as the surrounding host communities.

The humanitarian-development nexus is supported by linking together the UN's existing response to refugees and migrants with an increased focus on developing the host communities. 16 participating UN agencies are cooperating across 6 themes which include sustainable energy and environment; youth and women's economic empowerment; violence against women and children; education with a focus on girls and adolescent girls; WASH (Water, Sanitation and Hygiene) and agriculture with a focus on developing local markets.



Under the agricultural theme of the KJP, UNCDF works with WFP, FAO, ITC, UN Women, and ILO to grow the capacity of smallholder farmers in order to increase farm income and support the fight against the effects of climate change. Farmers will also gain improved knowledge on post-harvest handling of crops and how to access markets and finance for their goods leading to agricultural development in the region and eventually expand opportunities which would also reduce poverty and vulnerabilities.

The programme launched Phase II of the KJP (2022 – 2027). As part of interventions under the programme, UNCDF expects to reach 15,000 smallholder farmers with access to finance for input needs and products to reduce post-harvest losses. Through stronger savings groups, e-extension advisory services interwoven with financial and digital literacy education, UNCDF intends to help smallholder farmers reach their potential with increased yields, better quality products and access to markets. To achieve this UNCDF will work with local implementing partners and private sector companies in providing bundled services in the form of access to finance and inputs.

UNCDF is therefore pleased to invite applications for consortiums of local implementing partners to serve a select number of districts in Kigoma region. We seek dynamic collaborations between NGOs, Fintech/agri-tech entities, and/or financial service providers (FSPs) to offer access to finance solutions, digitize select value chains, and embed e-extension advisory services,

The geographic scope of the intervention is the United Republic of Tanzania, specifically Kigoma region. To be eligible, applicants must be registered and operating in Tanzania.

UNCDF will provide a grant to the successful applicant which will be delivered through a Performance-Based Agreement (PBA) with UNCDF.

UNCDF's contributions can range from USD 100,000 to 200,000, and UNCDF will award 1 consortium depending on the investment readiness level and outreach potential of the solution proposed.

Applicants are encouraged to apply as a consortium. .

Inquiries to this request for applications may be submitted by email to uncdf.rfa@uncdf.org cc emanuel.lukwaro@uncdf.org cc paul.damocho@uncdf.org

All applications must be submitted by Nov 13 2023, 23:59 EDT through UNCDF's e-investment platform:

<https://apply.uncdf.org/prog/231023 - tza - kigoma joint program on agriculture scaling up access to finance in the kigoma region>

Please visit UNCDF's Apply platform to check if the deadline has been extended.

1. INTRODUCTION

Context

The people of Kigoma region, including refugees, migrants and host communities, continue to face numerous challenges transcending the seven dimensions of human security. Regional instability, refugee and irregular migratory flows, food insecurity and malnutrition, regular cholera outbreaks, organized transboundary crime and limited economic opportunities for a young and growing population present challenges to security and to development. Given these dynamics and challenges, but also considering the opportunities for development present in Kigoma, The UN system is continuing its area-based support to the region as part of the KJP II.

The KPJ II builds on results achieved in the first phase of implementation which took place from 2017 to 2022 and draws from the lessons learned to outline the proposed interventions under the overall framework of the four priority areas of the 2022-2027 United Nations Sustainable Development Cooperation Framework (UNSDCF). These priorities namely: People, Prosperity, Planet and Enabling Environment match with the main concerns/challenges identified by the Kigoma Regional administration and other stakeholders. .

Aligned with the SDGs, the national development plan FYDP III, and the Kigoma Regional Administration's strategy, KJP II's Agriculture and Economic Empowerment theme is dedicated to realizing Outcome 2 which states that, "By 2027, people living in Kigoma Region working in MSMEs and small-scale agriculture, especially the most vulnerable, women and youth, achieve increased, more sustainable productivity and incomes with more equitable access to productive resources." This focus directly corresponds with the "Prosperity" strategic priority, one of the four central priorities highlighted by the UNSDCF.

Problem statement

In Kigoma, smallholder farmers, Micro, Small, and Medium-sized Enterprises (MSMEs), women, and youth are confronted with multiple challenges in accessing both formal and informal financial services, financial literacy, and other embedded services, such as input access and digital solutions. These marginalized groups face limited access to formal banking institutions, credit facilities, and savings options, making it difficult for them to invest in their small enterprises and agricultural activities. Additionally, the lack of financial literacy and awareness further hinders their ability to make informed financial decisions and manage risks effectively.

Moreover, the absence of access to essential support services, including agricultural inputs and technological advancements, exacerbates their struggles in enhancing productivity and competitiveness in the market. This lack of access to digital solutions and information technology also constrains their capacity to explore new opportunities, connect to broader markets, and improve production efficiencies.

Addressing the barriers to both formal and informal financial services, promoting financial literacy, and providing access to embedded services like agricultural inputs and digital solutions is critical to unlocking the potential of smallholder farmers, MSMEs, women, and youth in the region. By improving their access to these resources and services, we can empower these groups to achieve sustainable economic growth, reduce poverty, and foster inclusive development in the region.

2. SCOPE OF WORK

2.1 Areas of intervention

This Request for Application is specifically open to applications by consortia. A consortium could comprise of an NGO, a Fintech/Agri-Tec, and/or a financial service provider (FSPs). The aim is to support solutions around informal saving mechanisms, digital and financial literacy, value chain digitization, and access to digital finance and other embedded services.

2.1 Areas of intervention

For this request for applications (RFA), UNCDF invites applications from consortia/partnership that want to introduce/scale-up solutions that can address one or more of the following areas of intervention.

Areas of intervention		Challenges/Problem Statement and Objectives of the Solution
1	Saving group formation, strengthening, formalization & financial education	<p>Problem: The majority of SHFs, MSMEs, women & youth in Kigoma region face challenges with poor saving habits, limited accumulation of savings, and low financial capabilities, which hinder their ability to make sound financial decisions.</p> <p>Solution: Create, monitor and strengthen savings groups to enhance micro-savings and subsequent access to micro-loans.</p>
2	Targeted Saving for agri-inputs	<p>Problem: Limited saving plans for agricultural activities that limit timely purchase of quality agri inputs by smallholder farmers. .</p> <p>Solution: Introduce a targeted savings plan (specifically for agri-inputs) within the savings groups set up.</p>
3.	Last mile access to finance and other embedded services for Small Holder Farmers	<p>Problem: Limited access to formal financial services, products, and channels hindering the growth and scale of smallholder farmer production and subsequent off-take.</p> <p>Solution: Value chain digitization to enhance use of data to sustain connections between smallholder farmers and agri-inputs providers. Provision of last-mile embedded product/service offerings including access to finance and e-extension advisory services through local agro-dealer networks and mobile/bank agents.</p>

The examples in the identified areas of intervention are not exhaustive.

The team at UNCDF is open to other applicant ideas as long as scale, commercial viability and impact objectives are aligned.

2.2 How UNCDF works with partners

UNCDF takes a tailored approach to engagement with partners, working with each throughout to identify business and customer needs, and helping to design, pilot and scale up the solution along the way. Some examples of the ways in which UNCDF works with partners include:

- **Product Research:** Sharing market research and knowledge to deepen partners' understanding of customer behaviour, needs, constraints and aspirations.
- **Product Design:** Providing human-centred design expertise to better understand the customer journey for better uptake, usage and sustainability.
- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale up solutions for impact.
- **Partnerships:** Facilitating strategic partnerships with stakeholders. UNCDF is uniquely positioned to be a neutral broker of partnerships.
- **Policy and Advocacy:** Convening efforts to support an enabling environment through policy advocacy and engagement with government stakeholders.

In the RFA, applicants may identify and suggest areas where the technical support from UNCDF and its network of expertise is sought.

2.3 Expected results

All applications should include targets on the indicators in the table below. The targets must be disaggregated for the selected target groups. Applicants who are not able to report on one or multiple indicators or provide disaggregated data should include a note with an explanation.

The targets listed below will be considered in the evaluation of the applications. During the negotiation process of the performance-based agreement (PBA), selected applicants and UNCDF shall develop a monitoring framework. This may include additional indicators and targets, tailored to the scope of the proposed solution, activities and expected results.

Indicators	Disaggregation	Current	Target
No. of saving groups formed, monitored and strengthened	Total:		
No. of saving groups members	Total: Women: Youth: PWD:		
Number of saving group members trained on digital and financial literacy/capability	Total: Women: Youth; PWD:		
No. of SHFs saving for agriculture inputs	Total Women: Youth: PWD:		
No. last mile digital solution(s) developed/deployed	Total		

No.of SHFs accessing last mile financial and other embedded services including Agri-inputs & digital extension services	Total: Women: Youth: PWD		
UNCDF's catalytic impact OR SHF & SMEs customer satisfaction.			

Please note that during the negotiations process of the performance based- agreement, applicants may be required to integrate the monitoring framework with additional KPIs.

3. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored.

3.1 Eligibility requirements

Entity registration

- The applicant/lead applicant must be an entity registered to operate in Tanzania with at least three years of operations.

Applications Criteria

- Applicants can apply only once through a consortium under this RFA. Applications must include any combination of NGO, fintech/ag-tech, and/or financial service provider.
- Solutions designed must complement different areas of expertise.
- The applicant/lead applicant must have statutory accounts and audited financial statements for at least three operating years.
- The NGOs applicant must currently have presence in Kigoma region with experience in managing saving groups and must be open to work closely with private sector actors.
- Applicants shall have fulfilled all the obligations relating to the payment of social security contributions or obligations relating to the payment of taxes in accordance with legal provisions in force in the country of incorporation

Exclusionary criteria:

- Applicants shall not have been the subject of bankruptcy, liquidation, judicial settlement, safeguarding, cessation of activity or any other similar situation resulting from a similar procedure.
- Applicants and any of their staff or member of their board of directors shall not be included in the United Nations financial sanctions lists,⁵ particularly in the fight against the financing of terrorism and against attacks on international peace and security¹; and
- Applicants must not be involved in any of the following activities²
 - Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons

¹ See: <https://www.un.org/securitycouncil/sanctions/information>

² See UNDP Policy on Due Diligence and Partnerships with the Private Sector (2013): https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/BE_RA_Partnerships_UNDP%20private%20sector%20due%20diligence%20policy%202013_FINAL.pdf&action=default

- Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment
- Replica weapons marketed to children
- Manufacture, sale or distribution of tobacco or tobacco products
- Involvement in the manufacture, sale and distribution of pornography
- Manufacture, sale or distribution of substances subject to international bans or phase-outs, and wildlife or products regulated under the CITES
- Gambling including casinos, betting etc. (excluding lotteries with charitable objectives)
- Violation of human rights or complicity in human rights violations
- Use or toleration of forced or compulsory labor
- Use or toleration of child labor

UNCDF will conduct due diligence on selected applicants. Applicants must have documents ready for confirmation that they meet the eligibility criteria including certificate of compliance with the tax authorities and any other documentary evidence that might be requested by UNCDF besides the application form.

3.2 Evaluation criteria

The Evaluation Committee will score the applications according to the evaluation criteria below.

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

	Criteria	Max Score
1	<u>Organization profile, experience, and financial health</u> <i>The applicant's profile, track record, reputation, experience implementing similar project/solutions; and team's technical capacity; the financial sustainability of the organization</i>	25
2	<u>Methodology</u> <i>Applicant's proposed methodology and approach reflects RFA objectives, realistic workplan, project and risk management including the project management structure and chart, quality control.</i>	15
3	<u>Gender perspective</u> <i>A foreseen gender focus in the proposed intervention, to have women benefitting from the project.</i>	10
4	<u>Sustainability</u> <i>Applicant's proposal has a sustainable business approach.</i>	10
5	<u>UNCDF Additionality</u> <i>The extent to which UNCDF funding and technical assistance will create value that the private/public sector is not currently offering and generate an impact that would not be achieved working alone</i>	20
6	<u>Team</u> <i>Proposed team experience is suited for the purpose of the RFA (technical know-how, monitoring and project mgmt capacities...)</i>	20
TOTAL		100

UNCDF will also assess the value for money of the submissions using the following formula:

Amount of grant requested (A)

Number of total beneficiaries expected (B)

Value for money A / B

3.3 Eligible costs

The criteria for eligible expenditure determine whether a cost qualifies for funding under UNCDF rules and procedures.

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

- Eligible costs must be incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period).
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Performance-based Agreement.
- Costs must be 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.
- Costs must comply with the requirements of applicable tax and social legislation.
- Costs must be reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency.
- Consultancy costs – 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. Consultants' travel costs, including for subsistence, are to be shown as travel expenditure. The applicant may be required to justify the daily fee.
- Workshop costs are eligible, for the workshop venue, food and beverages, and publication material.
- Training expenditure (financial education, digital education, soft skills) for the project's final beneficiaries is 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.
- Investment costs directly attributable to the project, relating to research and innovation, are allowable.

3.4 Ineligible costs

The following costs are ineligible and not accepted:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs, also called overheads.

AGREEMENT PARAMETERS

Applicants shall give evidence that their solutions are aligned to the following parameters.

4.1 Applicants

Eligible candidates must apply as a consortium of firms, as long as they comply with the eligibility requirements set forth in section 3.1. The lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible for:

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

4.2 Target segment

SHFs & MSMEs who will be served by an NGO's, innovative fintech/FSP/ technology solution to improve their access to informal saving mechanisms, access to the formal financial services and other embedded services through an innovative digital solutions.

4.3 Geographical scope

The programme will be implemented in Kigoma region, Tanzania.

4.4 Project duration

Project is expected to have a Eighteen months (1 year and six months) duration.

Activities are expected to be terminated no later than May 31st, 2025. Final and assessment report to be submitted no later than June 30, 2025.

4.5 Language

The deliverables and any correspondence between the applicant organization and UNCDF must be in English.

4.6 Budget

UNCDF will provide a grant to the selected applicants in accordance with the Evaluation Criteria as set forth in section 3.2.

UNCDF contributions may range from 100,000 USD to 200,000 USD.

Applications will need to describe how the applicant will deploy the Grant and if any technical assistance or mentorship services are being sought. Additional technical assistance services may be provided by UNCDF through a separate budget line.

APPLICATION REQUIREMENTS AND PROCESS

5.1 Structure of the application

- The applicant must submit a complete application form online
- Please be sure to have prepared the following documents
 - Certificate of incorporation
 - Latest audited financial statements
 - Latest management accounts
 - Official document confirming that the applicants are in order with regards to tax and social security payments
 - Technical submission form (using UNCDF's template)
 - Budget and workplan (using UNCDF's template)
 - Key staff CVs

All submissions must be completed in English

Only applications that follow the Submission Formats and include all the necessary documentation will be considered.

5.2 Application deadline

All applications must be submitted by Nov 13 2023, 23:59 EDT through UNCDF's e-investment platform:

<https://apply.uncdf.org/prog/231023 - tza - kigoma joint program on agriculture scaling up access to finance in the kigoma region>

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Selection process:

- Step 1: Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 3.1.
- Step 2: Evaluation of eligible applications based on the evaluation criteria set out in section 3.2.
- Step 3: Due diligence – due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
- Step 4: Notification of applications – all applicants will be notified of the status of their applications.
- Step 5: Pre-Grant negotiation and Performance-based Agreement – the selected applicants will finalise the scope of the grant and finalise budgets, indicators and targets, workplan and disbursements of the Grant that will be released on achievement of each milestone.
- Step 6: Approval of the selected applications by the Investment Committee will

be reviewed, discussed and approved by the Investment Committee. Any further due diligence requirements, risk analysis or milestone recommendations from the Investment Committee will be followed in later steps.

- Step 7: Notification of applications - all applicants will be notified of the status of their applications after final approval from UNCDF Board / Investment Committee.

5.3 Timeline

October 23 2023	Application window opens
November 08 2023	Deadline for questions
November 09 2023	FAQ document published
November 13 2023	Deadline for submission

5.4 Real-time assistance from UNCDF

Inquiries to this request for applications may be submitted by email to uncdf.rfa@uncdf.org cc emanuel.lukwaro@uncdf.org cc paul.damocho@uncdf.org