



United Nations Capital Development Fund REQUEST FOR APPLICATION FOR

Administration of Seed Grants to youth, women, and refugee-led agribusiness MSEs, to catalyze business growth and job creation in the Karamoja, West Nile as well as the Northern and Southwestern regions.

240227 - UGA

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" financing models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

As part of [UNCDF strategy "Leaving no one behind in the digital era"](#), **UNCDF is looking for legally established entities in Uganda with experience in fund management and a strong understanding of the Ugandan market to address the challenge of access to finance for the youth, women, and refugee-led agribusiness MSEs (including SHF enterprises, VSLAs, and Farmer cooperatives) in the regions of West Nile, Northern Uganda, Karamoja, and Southwestern Uganda, to act as Grant Fund Manager (GFM) to deploy and manage seed grants to MSEs as well as creating linkages with other financing partners to provide follow-on financing including but not limited to Loans, guarantees, etc.**

This RFA forms part of a **joint project with the World Food Programme (WFP) Agriculture Market Support (AMS) program** aiming to increase employment and income for young men and women in the agricultural value chains and associated market systems. Interventions under this project include strengthening farmer institutions for collective marketing, creating additional pathways for smallholder farmers, farmer organizations, institutions, and agri-food systems actors to create, find new jobs and improve or expand existing work opportunities for young people and women in agriculture and related services.

The project aims to achieve this through provision of business development services (BDS), digitalization of MSEs and rural ag-related value chains with an overall goal of attracting the youth into on and off-farm businesses (e.g. services), increasing access to finance of youth, women, and refugees (e.g., digital loans, savings), as well as improving the last-mile service delivery for agriculture and allied services via outlets and agents in targeted communities.

On this third intervention, UNCDF will identify and partner with at least 1 (one) **Grants Fund Manager (GFM)** who exhibits the capability and willingness to provide financial support to youth, women, and refugee-led agribusiness (Micro and small enterprises). The core function of the GFM will be administration of the fund and disbursement of micro-grants to selected beneficiaries while creating linkages with other investors for follow-on financing.

Through the GFM, UNCDF intends to **provide funding for seed capital in the form of micro-grants (with transactional tickets of \$200 - \$1000)** to selected grant applicants (MSEs). The beneficiary MSEs will be selected through challenge rounds to be run by the GFM. The pipeline of applicants to the challenge rounds will come from MSEs that will have received business development services (BDS) through the previous steps of the project. The GFM, working closely with UNCDF and its partners, will:

- Finalize the design, structure, and tools of the intervention and implement the challenge rounds.
- Use pre-agreed financing criteria, to select deserving beneficiaries for the grants
- Conduct due diligence on selected MSEs to validate information and determine key risk areas and potential mitigants.
- Deploy and manage micro-grants to selected MSEs to pilot and further develop their agribusinesses.
- Create financing linkages and crowd-in-private capital. As these seed-funded agribusinesses/MSEs mature, the GFM should be in a position to either provide follow-on financing options (such as loans, guarantees, etc.) or provide linkages to follow-on financing for the MSEs.
- Ensure continuous and accurate Monitoring and reporting.

The main outcome of the interventions under this RFA is to provide financing, through seed grant support, to at least 4,000 MSEs enabling youth, women, refugees, and SHF enterprises to pilot/scale their innovative business ideas in agriculture and allied services.

The Project is expected to run until 30th September 2026 and will be undertaken in the West Nile, Northern, Karamoja, and Southwestern regions of Uganda.

The application

In the proposal, the applicant should quote the costs for the project's operations and management, including providing full-time resources that would engage with the MSEs and UNCDF in supporting the project implementation. UNCDF contributions are disbursed in UGX. The most successful applicant will be selected based on their execution capacity, experience, and outreach potential.

UNCDF will provide a grant and sign a Performance-Based Agreement (PBA) with the successful applicant who will implement the access to finance intervention as described above.

Applications for this Request for Application (RFA) should be submitted online through **UNCDF's Application platform**.

All applications must be submitted by 23:59 EDT time on 19 March 2024. An extension of the deadline, if any, will be communicated on the UNCDF Application platform.

<https://apply.uncdf.org/prog/240227 - uga - administration of seed grants to youth women and refugee-led agribusiness mses to catalyze business growth and job creation in the karamoja west Nile as well as the northern and southwestern regio>

Applicants may apply independently or in a consortium/partnership, provided that the consortium/partnership was established before this request for applications was issued.

Inquiries to this request for applications may be submitted by email to uncdf.rfa@uncdf.org cc mildred.wengozi.b@uncdf.org. Please use in the subject email "**GFM - Provision of Seed grants to agribusiness MSEs, VSLAs, and Cooperatives**"

1. INTRODUCTION

UNCDF is the United Nation's capital investment agency for the 46 world's least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia and the Pacific, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to institutions to reach more poor households, small businesses, and local governments to finance capital investments – water systems, feeder roads, schools, irrigation schemes – that will improve poor people's lives.

UNCDF's Inclusive Digital Economy practice area recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals. UNCDF applies a market system development approach and continuously seeks to address underlying market dysfunctions.

UNCDF's global digital strategy is organized in four workstreams namely 1) Enabling policy and regulation; 2) Open digital payment ecosystem; 3) Inclusive innovation; and 4) Customer empowerment.

The current RFA is framed under workstreams 2 and 3 which, respectively, aim at developing and/or improving or supporting the development and/or improvement of business models and technologies for delivering services for rural communities, and ensuring that community members have the skills, knowledge, and behavior that is needed to access and use digital services.

About the Project

This RFA to support access to finance for agribusinesses/MSEs is part of a larger program funded by the Mastercard Foundation where UNCDF is partnering with WFP-AMS with the ultimate objective of creating job opportunities for 90,500 youth in rural Uganda. The program will contribute to the to creation of decent and fulfilling work and business growth opportunities for the youth, especially young women, and increase financial inclusion through a combination of capacity-strengthening strategies in the agricultural sector in Uganda. The project will address the need to strengthen the resilience of young people, women, and refugees who depend on subsistence farming; are vulnerable and marginalized; are not engaged in productive activities; and or have seen their situation worsen after the COVID-19 pandemic due to limited access to information and education, working capital, assets, safety-net, and economic opportunities.

Interventions under this partnership seek to create additional pathways for targeted farmers, farmer groups/organizations, institutions, communities, and agri-food systems to create and find new jobs and improve and expand existing work for young people in agriculture and related services.

The intervention as a whole seeks to equip young people, women, and refugees with knowledge, skills, and startup capital; accelerate the adoption of technology, especially digital solutions; create or increase demand and supply of inputs, outputs, services (e.g., finance), and skilled labour; and provide technical assistance and influence national and subnational institutions to improve the inclusiveness, efficiency, safety, and resilience of agri-food systems.

The project further seeks to target the youth, women, and refugees who belong to farmer groups, apex farmer organizations, MSEs, as well as individuals who aspire to become entrepreneurs in micro and small agri-businesses or associated market systems.

2. SCOPE OF WORK

This intervention is one of three RFAs launched under the collaboration between UNCDF and WFP-AMS which' goal is: Youth, women and refugees receive BDS and entrepreneurship support.

The specific objective of this RFA include:

1. Increased access to relevant financial services for youth, women, refugees, and their MSEs

The GFM is expected to directly contribute to the objectives by undertaking the following:

Design finalization

The GFM shall, working with UNCDF and its partners, finalize the design, structure, and tools of the intervention putting special focus on the criteria that MSEs need to meet to access the micro-grants, the process that will be followed in executing activities under this intervention, and digitizing the tools, processes, and activities within the intervention.

Origination and Evaluation

Whereas UNCDF and its partners will provide pre-investment technical assistance, BDS, and coaching MSEs, resulting in an initial pipeline for the GFM, the GFM is expected to further evaluate these MSEs, based on pre-agreed criteria, to determine who goes to the next stage of Due diligence and who needs further support to become more investment ready.

Due Diligence

The GFM shall conduct due diligence on selected MSEs to validate information, determine key risk areas and potential mitigants as well as their ability to execute and meet the required objectives, etc.

Disbursement:

The GFM should be able to manage the grant fund amounting to UGX 3,852,000,000 (aprox USD 1,070,000) plan available resources in the fund and disburse micro-grants of up to \$1000 to MSEs that will have passed the DD stage.

Creating financing linkages and crowding in private capital

The GFM is expected to create channels and opportunities for seed fund beneficiaries (MSEs) to access follow-up capital from other sources such as FSPs (banks, MFIs, MDIs etc), impact investors, etc. The Grant Fund manager can raise their own funds to provide further financing or partner with other stakeholders that can provide this financing.

Engagement Monitoring and reporting

The GFM is expected to regularly engage with UNCDF (and its partners) during implementation and part of the engagement includes reporting on the findings from continuous monitoring of the performance and impact of the grantees, the grant portfolio, and the market. Note that reporting may continue for up to 1 year after project closure.

A data-driven approach should be adopted by the GFM to measure and track the number of Youth, women, refugees, SHF enterprises, and MSEs that have benefited from increased access to finance and digital tools/solutions to improve their businesses. This approach should include relevant metrics and indicators that allow for easy visibility of progress and impact, facilitating effective monitoring and evaluation.

The main outcome of the activities/interventions under this RFA is at least 4000 beneficiaries of seed grants. This feeds into the **UNCDF, WFP-AMS, and Mastercard Program** whose outcomes are as follows:

- Youth, women, refugees, SHF enterprises, and MSEs have increased access to digital services that improve access to credit, marketing, market information, ag-extension, and ag-inputs by youth, women, and refugees.
- Digital services providers (Agtechs, FinTechs, etc.) have improved business models and services for targeted participants that enhance employment or business opportunities for youth, women, refugees or SHF enterprises and MSEs.
- Increased access to relevant financial services (especially credit) for youth, women, refugees, and their MSEs.

Under this RFA, UNCDF will select the applicant who can provide fund management services using digital tools and financing solutions that apply to youth, women, and refugee agribusinesses and value chains. These should be appropriate, effective, and efficient digital tools/ solutions that can be scaled up.

Entities that have the capacity and are licensed to provide fund management and/or financing to agribusiness MSEs and value chain actors in the Northern, Southwestern, West Nile, and Karamoja regions of Uganda are encouraged to apply.

2.1 How UNCDF works with partners

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

- **Product Research:** Sharing market research and knowledge to deepen partners' understanding of customers' behaviors, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- **Product design:** Providing human-centered 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 analyzing the transaction data from a customer lens.
- **Customized technical assistance:** Providing technical assistance to help design, pilot, deploy, and scale up impact solutions. 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 the Pacific.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centered products and services to be piloted and potentially scaled.

In the RFA, applicants are encouraged to identify and suggest areas where technical support from UNCDF and its network of expertise might be needed.

2.2 Expected results

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

The targets will be considered in the evaluation of the applications. During the negotiation process of the performance-based agreement, the selected GFM 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.

No.	Indicator	Disaggregation	Target
1.	Number of beneficiaries that have received grants from the grant fund manager	Refugees, Youth, Women	4,000
2.	Value of grants disbursed	Refugees, Youth, Women	tbd
3	Value of non-grant capital / private crowded in.	Refugees, Youth, Women	tbd
4	Total number of beneficiaries served by the MSEs that have had access to grant financing.	Refugees, Youth, Women	tbd

Please note that during the negotiation process of the Performance-based-Agreement, the GFM shall 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

Applications

- Applicants can apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players are acceptable if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to inclusive finance solutions for the targeted beneficiaries.
- Applications from consortiums of organizations must show that the partnership was established before this call for applications.

Entity registration and Country of operation.

- Where applicable, the applicant or the lead applicant (for consortiums), must be a registered entity duly incorporated according to the rules of Uganda with the necessary legal permission and or licensing to do fund management. Applicants must have at least 2 years' experience in fund management/grant administration.
- The applicant should have audited financial statements for at least 2 years and latest management accounts. Where the applicant is a consortium, each of the partners in the consortium should provide audited financial statements for at least 2 years and their Latest management accounts.
- The applicant or local consortium partner must have at least 2 years of operations in Uganda with a demonstrated ability to provide services in the Northern,

Southwestern, and West Nile regions of Uganda.

Solutions to be supported

- The applicant /lead applicant must have an existing fund management solution that is either already operational or is ready to undergo pilot testing in Uganda.
- The applicant /lead applicant should be ready to deploy the solutions in South western, Northern, West Nile, and Karamoja regions of Uganda.

Project funding & Membership

- To support sector self-regulation, the applicant or the lead applicant (for consortiums) must belong to at least one recognized membership organization within the digital finance space. The applicant may be required to provide a recommendation letter from that membership organization.

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 members 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 activities
 - Manufacture, sale, or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons, or nuclear weapons
 - 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

Applicants shall have fulfilled all 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 and /or operation. Where necessary, proof of adherence, such as the most recent tax clearance certificate, might be required.

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

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

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.

	<u>Criteria</u>	Max
1	<u>Organization profile and experience</u> The applicant shall be scored on track record, reputation, and experience in similar projects (Fund management and disbursement especially to MSEs.) in the country/region. Where applicable, the applicant shall also be scored on if and how well they implemented other projects with UNCDF.	15
2	<u>Team</u> The applicant shall be scored on how well their proposed team structure and experience is suited for the purpose of the RFA (Fund management and disbursement especially to MSEs) gender - responsive integration, skills for management, technical knowledge, on the field footprint, monitoring, and result measurement capacities)	15
3	<u>Methodology</u> The applicant's proposed methodology and approach will be scored on the following: suitability for the purpose, If the workplan is realistic, if and how well the project strategy covers risk management, quality control, reporting and other best practices of project management.	20
4	<u>Additionality & Value for money</u> The applicants' additionality & value for money will be scored based on the following considerations: UNCDF's funding to the applicant will create faster, larger, or better development impact.	15
5	<u>Sustainability and business plan</u> The applicant's proposal has a sustainable plan that could support linkages for beneficiaries of the seed grants to access other financing like credit, more grants and encourage the crowding in of other financial service providers.	20
6	<u>Result Measurement</u> The applicant has provided a coherent a data management and measurement plan.	15
	Total	100

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 expenditures, 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.

4. AGREEMENT PARAMETERS

Applicants shall give evidence that their approach is aligned with the following parameters.

4.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in section 3.1 in case of a consortium of entities applying to the RFA, 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.
- Fulfilling all obligations set out in the Performance-based Agreement.
- Ensuring the allocation of funds amongst the partners in the consortium in

compliance with the Performance-based Agreement.

- Ensuring the allocation and the fulfillment of the tasks amongst the partners in the consortium in compliance with the Performance-based Agreement.

4.2 Target segment

The project will target Smallholder Farmer Enterprises and MSEs by youth, women, and refugees.

4.3 Geographical scope

The solutions proposed shall target Smallholder Farmer Enterprises and MSEs by youth, women, and refugees in the Northern, Southwestern, Karamoja, and West Nile regions of Uganda.

4.4 Project duration

The overall duration of UNCDF support for the successful applicant will be up to the end of September 2026. Reporting may continue for up to one year after the end of the project.

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 UGX 4,212,000,000 (USD 1,170,000) to UGX 4,320,000,000 (USD 1,200,000)

The breakdown of this is

- I) Innovation Challenge Fund of UGX 3,852,000,000 (USD 1,070,000) and the
- II) Grant to the applicant ranging between UGX 360,000,000 (USD 100,000) to UGX 468,000,000 (USD 130,000) for administering the fund

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

5. 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
 - Audited financial statements for the last two years.
 - Latest management accounts [Year to date]
 - Official document confirming that the applicant is in order related to tax and social security payments
 - Technical submission form (using UNCDF's template)
 - Budget and workplan (using UNCDF's template)
 - CV form (using UNCDF's template)

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 23:59 EDT time on 19 March 2024. An extension of the deadline, if any, will be communicated on the UNCDF Application platform.

<https://apply.uncdf.org/prog/240227 - uga - administration of seed grants to youth women and refugee-led agribusiness mses to catalyze business growth and job creation in the karamoja west Nile as well as the northern and southwestern regions>

However, please verify if the deadline has not been extended in the same platform.

Selection process:

1. Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 3.1.
2. Evaluation of eligible applications based on the evaluation criteria set out in section 3.2.
3. Due diligence – due diligence on the applications and their applicants will be conducted on applications that receive the minimum qualifying score (70/100).
4. Notification of applications – all applicants will be notified of the status of their applications.
5. Pre-Grant negotiation and Performance-based Agreement – the selected applicant will finalize the scope of the grant and finalize budgets, indicators, targets, and a work plan. Disbursements of the Grant will be released on the achievement of agreed milestones.
6. Approval of the selected applicant /application The application will be presented to UNCDF Impact and Investment Committee (IDIC) to review and give the final approval of the grant. Any further due diligence requirements, risk analysis, or milestone recommendations from the Investment Committee will be followed in later steps.
7. Notifications – The successful applicant (GFM) will be notified of the status of their applications after final approval from IDIC

5.3 Timeline

27 February 2024	Application windows open
15 March 2024	Deadline for questions
18 March 2024	FAQ documents published
19 March 2024	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 mildred.wengozi.b@uncdf.org. Please use in the subject email “**GFM - Provision of Seed grants to agribusiness MSEs, VSLAs, and Cooperatives**”