

# **Support to Transformative Food Security Finance (TFSF) Investment in Bangladesh**

**CALL FOR PROPOSAL  
2021**



**Unlocking Public and Private  
Finance for the Poor**

## Background

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. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and by showing how localized investments through fiscal decentralization, innovative municipal finance, and structured project finance can drive public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a number of different SDGs.

In Bangladesh, approximately one-quarter of the population (roughly 40 million people) is food insecure, of which 11 million suffer from acute hunger. A notable portion of people is still severely food insecure and malnourished. Hunger and hidden hunger directed to malnutrition which leads to the numbers of health risk. The hunger problem is killing more people and create long term morbidities than many deadly diseases like corona, malaria, and tuberculosis. There are almost one billion chronically hungry people in the world, the majority of them are women. Malnutrition has lasting effects. Children deprived of adequate nutrition during the first 1,000 days of life often have stunted growth, poor cognitive development and low immunity to disease. But malnutrition can be reduced when women are empowered.

To keep the production up to the mark with quality and quantity as well as time-bound Harvesting, there is the need to focus on leveraging science, technology, and innovation to support production, harvesting and marketing technology strategies. There is the need to promote and ensure climate-smart technologies to maximize impact on agriculture sector growth. Public and private extension services need support to deliver information to farmers to grow by using time-saving and cost-effective technology and tools, agricultural products market value chain initiatives.

In Bangladesh, a large number of organizations have been implementing and supporting various agro-based projects for five decades. Many of the organizations

have demonstrated successes and may have sustainable achievements near future. Under this call for proposal, such proposals are highly expected that facilitate to support broader food security interventions.

UNCDF, in partnership with development partners, is planning to implement a three-year project referred to as Transformative Food Security Finance Investment. The key objective of the project is to consolidate stability of agro-based food security initiatives that facilitate improved nutrition, market value chains, income generation and employment and strengthen the foundations for sustainable and inclusive socio-economic business development. With respect to this call for proposals, UNCDF is focusing on improving access to affordable medium-term finance for SMEs engaged in agricultural value addition/agro- processing through a dedicated facility for business development services with a blended finance mechanism.

### **Scope and support to transformative food security finance (TFSF) investment facility**

The Transformative Food Security Finance (TFSF) investment facility is designed to support food security and nutrition in Bangladesh. The facility is intended to offer access to affordable medium-term finance for agricultural value adding projects in all districts of Bangladesh through provision of grants, reimbursable grants, guarantee or loan to the Enterprises.

The Transformative Food Security Finance (TFSF) facility is structured as blended financing facility, which will provide a customized mix of business development services, project development services and financial services. The multisectoral approach of development and business are managed by engaging different sectors including technical service providing agencies/partners/consultancy service providing organization, agricultural institute, business association, financial institute, private sector business development organizations and UN agencies particularly United Nations Capital Development Fund (UNCDF) respectively.

### **Call for Proposal (CfP)**

Through CfP, the Transformative Food Security Finance (TFSF) facility is inviting innovative proposals for commercially viable transformative food security investment projects focused on **agro-processing, nutrition, climate adaptive agriculture, blue food production, food value chain, post-harvest management and technologies, marketing, distribution, storage, processing plants, digital technologies to handle agro-processing, and any other agricultural value addition projects.**

Priority will be given to enterprises engaged in agricultural products value chain projects that create business opportunities and contribute to economic empowerment, particularly women and youth, contribute to development of local community and leverage the targeted beneficiaries for local development as well as to projects that aim at reducing environmental risks and ecological scarcities. Other innovative agricultural practices may also be considered.

### **Services offered by the transformative food security finance (TFSF) investment facility to project developers**

- 1) Business Development Services-Support in development of expansion business proposal, technical and management training.
- 2) Project preparation and development services- Targeted technical project development and financing support to project developers (e.g. enhanced project documentation, due diligence and financial structuring), Preparation of project investment documents, Provision of project technical assistance grants, credit enhancements/guarantees.
- 3) Financial services - link developers to financial institutions and investors
- 4) Monitoring and management of agreed activities.

### **Geographical coverage**

The geographical coverage for the transformative food security finance (TFSF) investment facility is all over Bangladesh.

### **Eligibility Criteria & Investment/funding Size**

#### **a) Size of financing**

- Capital expenditure required must be at least 75% and above of the total project cost.
- Non- capital costs which are direct to the Project and necessary for carrying out the Project may be accepted up to 25%.
- The approximate investment/funding window to cover the project for each organization from BDT 42,50,000 to BDT 42,50,00,000 (US\$50,000 to US\$50,00000) based on the proposed project size and requirements.

#### **b) Sector**

- Food and nutrition security in both Green and Blue Food production and processing

### **c) Project characteristics**

- Capital intensive (i.e., its capital cost is relatively high in relation to annual sales)
- Employs proven technology
- Has a relatively long physical and economic life
- Revenues are in the form of commercially reasonable charges for its output, sufficient to pay all project operating expenses and debt service (if applicable), plus provide an adequate return on equity to the project's investor(s)

### **d) Technology employed**

- Bio-food production and processing
- Agroforestry and carbon sink technology
- Required equipment/technology
- Food Quality control mechanism
- Mobile primary processing and packaging equipment
- Secondary processing and packaging equipment
- Technologies for effective storage chains, including mobile storage units, combined drying/storage systems
- Effective cold chain management systems
- Application of digital technologies to handling, processing and storage.

### **e) Developer/Applicant**

- Must be a legally registered organization/enterprise/business entity
- Having at least three years business experiences successfully
- Having a market feasibility study and product is market viable
- Successfully implemented investment project financed by Bank/financial institution
- Directly responsible for the preparation and management of the action with their partners and not acting as an intermediary
- Stable and have sufficient financial resources to ensure the continuity of their organization throughout the project
- Able to demonstrate their experience and capacity to manage activities corresponding in scale and complexity with those for which financial support is requested
- Can provide, either from its own resources or in combination with other shareholders, equity equal to at least 50-60% of the total cost of the project.
- Have demonstrable/verifiable ownership of title or right of beneficial use of assets on which the project will be carried out
- Does not use or tolerate forced or compulsory labor or child labor.

## **f) Economic and social impact**

### **1) Development of the local food supply chain**

- Improve quantity and quality of local food production
- Improve Local Food System and effectiveness of local food markets
- Improve position of women and young people in the local food supply chain

### **2. Local economic impact**

- Increase in locally retained monies
- Increase in household revenues
- Increase in demand for local primary production
- Improved local resilience and adaptation to climate change

### **3. Transformative impact**

- Increase in the added value of a product created locally
- Application of new technologies
- No adverse social and environmental impacts
- Strong contribution to the local fiscal space and the role of local authorities

## **g) Developer's equity contribution**

The equity contribution of owner/organization is mandatory and may come in a variety of forms (e.g. land, plant & equipment, not only cash). This requirement will be considered in light of the very generous collateral requirement due to collateralization of future financial flows. If the equity is contributed in kind in the form of physical assets and/or in the form of other products resulting from certain prior activities, the applicant must prove the relevance of these assets for the project and produce evidence of ownership of such assets.

## **h) Eligible Costs**

The funding is primarily designed to cover the capital costs of the project. However, funds may be used to cover non-capital costs so long as they are demonstrated to be critical to the core business.

## **i) How to Apply for Facility Support**

The following instructions are significant for applicants planning to submit their proposals.

- 1) The complete business proposal including goal, objective, implementation strategy, plan, number of employment creation, business project cost, funding structure, source of fund (equity, bank finance, grants, CSR fund) etc. (Not more than five page) along with the required documents (1. Business certificate or trade license, 2. Existing buyers list, 3. Existing staff list and organogram, 4.

Last three year's balance sheet) must be sent to this email only:  
[asim.karmakar@uncdf.org](mailto:asim.karmakar@uncdf.org)

- 2) Proposals submitted in hard copy form or by mail will not be accepted.**
- 3) The required documents must be completed/sent carefully to ensure all the required information is provided. Submission of incomplete information is an automatic ground for rejection of the proposal.
- 4) Relevant supporting documentation must be sent onto the relevant email at the end within the stipulated time.
- 5) Only one application will be accepted per entity and per proposal.
- 6) Any significant errors or any major inconsistency in the application may lead to the rejection of the proposal

**j) Important Notice**

1. **Language of proposal:** Proposals can be submitted either in Bangla or English.
2. **Deadline for submission:** The deadline for submission of project proposals is **15th of December 2021** by 5:00 PM (BD Time).
3. **Please note:** Applicants who do not submit the applications through the email within the deadline will not be considered.
4. **Please ensure:** All required documents must be sent in one email. No proposal will be accepted if all the required documents have not been sent. Please check the file size prior to sending the email.
5. **Inquiries:** For additional inquiries about the application process please send your inquiry to the email: [asim.karmakar@uncdf.org](mailto:asim.karmakar@uncdf.org) with the subject "INQUIRY".
6. **Caution to Applicants:** No applicant should accept to pay any fees/commission to any individual/consultant to the extent that they will be assisted to get approval under the authority.

**k) For more information, please contact**

1. **Mr. Asim Karmakar**, Coordinator, UN Capital Development Fund, Bangladesh  
Email: [asim.karmakar@uncdf.org](mailto:asim.karmakar@uncdf.org)

**l) Financial proposal: The primary short-listed organizations will be asked to submit their financial proposals through emails afterwards.**