



REQUEST FOR APPLICATIONS

AAI Food Security Accelerator in Africa (FSA) - Direct and Portfolio-level Investments in Innovative & Resilient Food Systems Solutions.

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United Nations Capital Development Fund (UNCDF)

in partnership with

Africa Adaptation Initiative (AAI) & Sustainable Solutions for Africa (SSA)

REQUEST FOR APPLICATION FOR AAI Food Security Accelerator in Africa:

Direct and Portfolio-level Investments in Innovative & Resilient Food Systems Solutions

240105 - NAT

1. Executive Summary

The United Nations Capital Development Fund (UNCDF)

The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyze 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.

To deliver the actions necessary to fulfil the targets outlined in the Global Biodiversity Framework, UNCDF has established a nature-based financing service line – the Nature Asset Team (NAT). In collaboration with UN agencies, national and international governments, private sector institutions and other key partners, NAT works to strengthen institutional capacities, catalyze resource flows, and improve access to technical expertise, thereby creating the context for sustained investment in nature assets and long-term distribution of co-benefits.

The Africa Adaptation Initiative (AAI)

The Africa Adaptation Initiative (AAI) was launched at COP 21 in Paris as an African-led initiative to ensure that the continent urgently adapts to the adverse impacts of climate change in the short, medium, and longer terms. As an African-led initiative, AAI is mandated to lead climate change adaptation efforts, in full recognition of the African's development priorities articulated in the agenda 2063, the blueprint and master plan for transforming the continent. The AAI's mission is to: (i) Raise awareness of climate adaptation; (ii) Facilitate knowledge management, capacity building, and capacity-strengthening; (iii) Support and facilitate resource mobilization for implementation; (iv) Promote cooperation and partnerships (at sub-regional and regional levels) for synergy, scale and maximize shared benefits; (v) Track progress through monitoring and evaluation of an action. In order to achieve this mission, AAI is developing and implementing multiple large scale adaptation projects to benefit the entirety of the African continent.

Sustainable Solutions for Africa (SSA)

Sustainable Solutions for Africa (SSA) is a non-profit organization created in 2021 committed to mobilizing resources and finding innovative solutions for the fight against climate change in developing countries. SSA is specialized in consulting and capacity building; support for public and private states and institutions in the mobilization of resources and financing as well as the identification of technological solutions.

SSA will serve as the Technical Partner of the AAI Food Security Accelerator. The Technical Partner, based in Africa, will support in sourcing new solutions and opportunities, and advise on new trends in adaptation innovation. The Technical Partner will also support facilitating investment into the deals, structure co-financing deals from Global Funds, and provide Technical Assistance and impact monitoring in line with adaptation indicators. The Technical Partner may also mobilize additional financing.

The AAI Food Security Accelerator (FSA)

The AAI Food Security Accelerator (FSA), an initiative strategically designed by the Africa Adaptation Initiative and in collaboration with the U.S. Department of State, invests in climate-adaptive food system solutions, with a particular emphasis on nature-positive, adaptation-centric businesses in Africa's emerging and frontier markets.

This Request for Applications (RfA) seeks to identify high-potential businesses (especially micro, small, and medium enterprises (MSMEs)) that the FSA can support to implement and scale up nature-positive adaptation solutions for Africa's food systems.

UNCDF has been mandated to support the implementation of the AAI Food Security Accelerator (FSA) Programme in Africa. The FSA is purpose-built to invest in climate-adaptive food systems solutions, specifically nature-positive and gender-sensitive adaptation focused businesses. The targeted investments in climate-adaptive food system solutions will be channeled through two avenues:

1) Avenue 1 – Direct Investments window:

To enhance adaptation and resilience of African food systems, the AAI Food Security Accelerator will directly invest in food systems innovations with the focus on gender-responsive and climate-resilient solutions. Locally registered businesses can apply for financing in the form of reimbursable grant, concessional/flexible loans, convertible debt, and guarantee, ranging **from USD 125K to USD 500K**.¹ Notionally, 15-20 businesses across 20 priority countries in Africa are expected to be awarded.

2) Avenue 2 – Fund to Funds window for investments in African investment funds' portfolio.

To advance locally led sustainable economic transitions, the AAI Food Security Accelerator will provide concessional funding to de-risk portfolios of African investment funds committed to advancing food security, climate adaptation, nature conservation, and gender equity in entrepreneurship. Local investment vehicles with a consolidated pipeline representing a portfolio of African investment funds can apply for funding ranging **from USD 250K to USD 1 million**, in the form of quasi-equity, subordinated debt, and other financial solutions. This funding window aims to aggregate a substantial number of investments into local businesses, potentially impacting 15-20 SMEs across 10 priority countries.

¹ See note on UNCDF's capital mandate in Section 1.

Scope: All companies that have met the requirements set forth in section 3.4 below.

Period: 2024-2028

Budget: From USD 125,000 up to USD 500,000 for direct investments in businesses and from USD 250,000 up to USD 1,000,000 for Fund to Funds interventions (investments in African investment funds' pipeline) for each selected case.

Available financial instruments: available financial instruments differ per window. Below, the available financial instruments are listed per window, including a short description per instrument.

1. **Avenue 1 – the Direct Investments window:** this first window includes four main financial instruments. Applicants can apply for one or multiple financial instruments that fit their support needs.
 - 1.1. **Reimbursable Grant** is an interest-free financial provision to be given as a lump sum, primarily intended for identified activities that hold the potential for revenue generation. The reimbursable grant will be tailored for scenarios where there is ambiguity regarding the precise revenue amount or its realization timeline during the project or programme's formulation stage. Recipients are obligated to repay the grant at the conclusion of the financing period, excluding predefined instances of default.
 - 1.2. **Concessional/Flexible Loans** are loans that will offer debt financing with terms more favorable than typical market conditions. Such loans will have combination of features, such as reduced interest rates, waived or reduced negotiation fees, simplified security requirements, extended repayment schedules, subordination terms, grace periods, specific project finance covenants, and the potential for interest rate adjustments throughout the loan's duration.
 - 1.3. **Convertible Debt** is an unsecured debt or note (debenture) that can be converted into equity, typically preferred shares, either at a predetermined financing event or at the end of the debt's tenor. The conversion serves as an alternative to repaying the principal along with the accrued interest. If the borrower fails to fully repay the obligations, the outstanding balance will be converted into equity, potentially at a conversion discount or subject to a valuation cap. Such debt will be issued subject to UNCDF's rules and regulations (see relevant clauses below on hybrid financial instruments and UNCDF's capital mandate).²
 - 1.4. **Guarantee** is a financial instrument that provides security to lenders and investors against a borrower's failure to repay due to certain predefined events. The FSA will provide either a minimum guarantee (protecting a segment of a third-party investment throughout its duration) or a back-end guarantee (covering the complete third-party investment after a specified period) in case of default.

Note: FSA will offer technical assistance, equivalent to non-reimbursable grants, to all participants and provide additional technical assistance services upon special requests, aiming to amplify the impact and co-benefits for businesses with significant impact and scalability potential in food security.

² See note on UNCDF's capital mandate in Section 1.

2. Avenue 2 – Fund to Funds window for investments in African investment funds’ portfolio: this second window includes three main hybrid financial instruments. Applicants can apply for one or multiple financial instruments that fit their support needs.

2.1. **Quasi-Equity Investment (Via Eligible Third Party)** encompasses characteristics of both debt and equity, especially in terms of ownership and asset claims in the event of default. The risk-return profile of quasi-equity investments typically falls between debt and equity, aiming to de-risk the investment platform's capital structure. In some situations, this financial instrument will incorporate conversion features that can be activated by events such as default, breach, or the achievement of specified milestones.³

2.2. **Subordinated Debt** is a concessional debt that in the event of a project default will be repaid after all other "senior" debt has been settled in full. It serves as a de-risking mechanism, enhancing the capital structure and making credit risk assessment more favorable for potential investors.

2.3. **Other Financial Solutions** will incorporate alternative of strategies and tools aimed at de-risking investment vehicles, thus facilitating the mobilization of blended finance for Food Systems Solutions in Africa.

Note on UNCDF’s capital mandate: Quasi-equity or equity-like hybrid financial instruments will be deployed to qualified applicants through eligible third parties with support from UNCDF. As a general rule, UNCDF’s capital mandate is limited to direct investments through grants, concessional debt, and guarantees only.⁴

Eligible candidates: Applications will be accepted from companies meeting the requirements set forth in section 3.4 below.

Applicants are allowed to apply for a combination capacity building and technical assistance with most relevant eligible instruments as listed above.

All applications must be submitted via UNCDF’s e-investment platform:

https://apply.uncdf.org/prog/240105 - nat - aai_food_security_accelerator_in_africa_direct_and_portfolio-level_investments_in_innovative_resilient_food_systems_solutions

no later than **1 March 2024 by 23:59 Eastern Standard Time**. However, please visit UNCDF’s Apply platform to check if the deadline has not been extended.

Inquiries to this request for applications may be submitted by email to uncdf.rfa@uncdf.org cc. john.sankara@uncdf.org.

Selected applicants will sign a funding agreement, including guarantee agreement, loan agreement or other applicable legal agreement with UNCDF as negotiated during the selection process.

³ See note on UNCDF’s capital mandate in Section 1.

⁴ In the event of any exceptions, UNCDF will consult closely with UNDP Legal to ascertain that UN rules and regulations are adhered to strictly.

2. Introduction

More than 140 million people across Africa are experiencing severe food insecurity according to the Global Report on Food Crises (GRFC)⁵. Food supplies and prices across the region are highly susceptible to climate change, with an average decline between 5-20% in food security following each flood or drought⁶. If the current and projected tendency of extreme and erratic weather events caused by climate change – heat waves, intense rains, prolonged dry seasons, droughts, and floods – persists, the region will see increased soil erosion, less productive agricultural land, destruction of critical infrastructure, and increased levels of malnutrition. Further, the deepened reliance on few primary commodities, inadequate access to capital and lack of strong market systems continue to hinder the potential for bridging the climate funding gap for adaptation and mitigation; the funding gap is between what is necessary and actual funding is estimated at least US\$30–50 billion/year for Africa⁷.

To produce greater yields and compensate for limited access to affordable agricultural inputs, small-scale farmers utilize unsustainable agriculture techniques (e.g., slash-and-burn) while large-scale producers rely on pesticides and chemical fertilizers, exacerbating forest degradation and progressive deterioration of agro-ecosystems. As the required expansion of agricultural production ensues, due to natural growth in populations and exogenous shocks to crops, pressure on surrounding landscapes and communities will amplify. When these vulnerable ecosystems and communities are pushed beyond their coping capacities, tensions over limited access to land and natural resources multiply conflicts within and across communities and geographies and perpetuate inequalities - more than 80% of the 137 million Africans facing acute food insecurity live in conflict-affected settings⁸. These overlapping crises and systemic structural deficiencies demonstrate the need for a multi-layered response to unlock pathways to capital and strengthen market systems to enable a diversified, nature-positive economic transition.

While most current financing comes from the public sector, there are strong opportunities to support private investors and micro, small and medium enterprises (MSMEs) to engage in food system adaptation. As private resources generally offer substantially longer-term financing than traditional grants, mobilizing the private sector holds significant potential to accelerate the pace of adaptation across Africa while also helping local agri-food MSMEs and economies in general to transition to more resilient and nature-positive pathways. However, supporting private investments in food system adaptation requires significant efforts to (1) build the capacity of private actors to work on adaptation efforts, (2) provide access to starting capital for private actors to implement actions; and (3) and to support de-risking private investments, for example by blending' public and private finance in ways where public financial resources de-risk private finance, e.g. by providing guarantees or functioning as first-loss capital.

The Africa Adaptation Initiative

The Africa Adaptation Initiative (AAI) was launched at COP 21 in Paris as an African-led initiative to ensure that the continent urgently adapts to the adverse impacts of climate change in the short, medium, and longer terms. As an African-led initiative, AAI is mandated to lead climate change adaptation efforts, in full recognition of the African's development priorities articulated in the agenda 2063, the blueprint and master plan for transforming the continent.

The AAI's mission is to: (i) Raise awareness of climate adaptation; (ii) Facilitate knowledge management, capacity building, and capacity-strengthening; (iii) Support and facilitate resource mobilization for

⁵Global Report on Food Crises (GRFC), 2022.

⁶Salgado Baptista, D. M., et al. (2022). Climate Change and Chronic Food Insecurity in Sub-Saharan Africa, *Departmental Papers*, 2022(016), A001. <https://www.elibrary.imf.org/view/journals/087/2022/016/article-A001-en.xml>

⁷IMF. Adapting to Climate Change in Sub-Saharan Africa. 2020.

⁸Africa Center for Strategic Studies. *Conflict Remains the Dominant Driver of Africa's Spiraling Food Crisis*. 2022

implementation; (iv) Promote cooperation and partnerships (at sub-regional and regional levels) for synergy, scale and maximize shared benefits; (v) Track progress through monitoring and evaluation of an action. In order to achieve this mission, AAI is developing and implementing multiple large scale adaptation projects to benefit the entirety of the African continent.

Sustainable Solutions for Africa

Sustainable Solutions for Africa (SSA) is a non-profit organization created in 2021 committed to mobilizing resources and finding innovative solutions for the fight against climate change in developing countries. SSA is specialized in consulting and capacity building; support for public and private states and institutions in the mobilization of resources and financing as well as the identification of technological solutions.

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Food Security Accelerator

To unlock nature-positive investment at the scale necessary to enable transformative adaptation of food systems and address interconnected drivers of food insecurity, The Africa Adaptation Initiative (AAI) together with its technical partner Sustainable Solutions for Africa (SSA) established **the AAI Food Security Accelerator for Africa** with the support of UNCDF. **With the aim to ultimately benefit last-mile populations of Africa that are often excluded from accessing the catalytic potential of private investment, the AAI Food Security Accelerator will develop capacity for mainstreaming climate adaptation and mobilize private capital in innovative cross-cutting solutions for food systems resilience.** By building and investing in a portfolio of African Investment Funds dedicated to growing innovative business models in food systems with the potential to deliver Sustainable Development Goal (SDG) co-benefits, the AAI Food Security Accelerator will increase African food business's access to global and/or regional capital markets and abilities to raise funds directly from investors. The Accelerator will also provide **direct financial support to local innovative entrepreneurs and producers** who are at the heart of building resilience for African communities through direct investment in a select portfolio of adaptation businesses.

Moving beyond business-as-usual approaches to increasing agricultural yields, the AAI Food Security Accelerator posits food systems productivity as fundamentally linked to the overall health and stability of ecosystems. Thus, the AAI Food Security Accelerator will infuse ecological resilience and stability within its approach to breaking down barriers in investment and engagement toward accelerating food systems adaptation in Africa. This includes identifying and connecting investors to solutions across the peace, development, climate, and food security nexus to address drivers of food insecurity and scale-up ground-breaking adaptation innovations.

The Goals of the AAI Food Security Accelerator are to:

- (1) Foster the enabling environment for investment and innovation in African food systems solutions;
- (2) Catalyze investment and innovation that enhance adaptation and resilience of African food systems;
- (3) Foster the advancement of locally led sustainable economic transitions.

The Accelerator will therefore have the potential to tackle both internal and external constraints, and to mitigate financial and non-financial risks in those perceived high-risk markets.

The AAI Food Security Accelerator will leverage grant funding provided by key donors and draw on the expertise of strategic partners in order to deliver the following key objectives.

- Catalyze investments in research and technology to foster African-led, science-based and climate-resilient agricultural innovations;
- De-risk African investment funds to a level compatible with DFIs' and investors risk appetites in order to mobilize resources at the scale necessary to enable food systems resilience;
- Directly invest in viable adaptation solutions to improve access to cost-efficient, proven adaptation technologies;
- Provide technical assistance and increase access to financial advisory, adaptation expertise and capacity-development support for African investment fund managers;
- Develop standard investment models in new adaptation solutions to replicate across Africa;
- Bridge international capital and know-how with African talent and enterprise, supporting the continent's transition toward enhancing capacities and capabilities for sustainable development.
- Promote knowledge sharing and network-building across markets to improve access to information, local insights, and catalytic capital.

With this mission at the forefront – AAI and UNCDF NAT are launching a competitive Request for Applications (RfA) to identify companies and portfolio of African investment funds contributing to climate resilient African food systems solutions that provide a high potential for increased adaptation impacts when receiving support from the Food Security Accelerator.

Companies and local investment vehicles representing African investment funds pipelines at various stages of growth will be considered, including start-ups, newly formed companies with high potential for growth, and mature enterprises with established track records. Thematic alignment of the applicants' solutions will be a key qualifying metric.

3. Purpose & Scope of Work

3.1 Scope of Work

The AAI Food Security Accelerator aims to have a positive impact on local economies, create green jobs, and reduce existing pressure on natural resources by investing through two avenues in food systems adaptation businesses.

Window 1 – Direct investments

Through direct investments in enterprises, the Accelerator will scale up access to essential green services, creating a ripple effect across the value chain. This will generate opportunities for growth and improve the liquidity of smaller companies.

Window 2 – Fund to Funds (investments in African investment funds portfolio)

Through a Fund of Funds approach, quasi-equity/concessional investments (i.e., capital that has a higher risk appetite to help de-risk a portfolio) will be provided to selected African investment funds to catalyze additional capital for African entrepreneurs working to achieve food systems adaptation.⁹ Catalytic investment will serve to strengthen, and de-risk African investment funds committed to advancing food security, climate adaptation, nature conservation and gender equity in entrepreneurship. By pooling de-risking capital and innovation knowledge around a portfolio of African investment funds, this output will lay a foundation that builds the capacity of these funds for sustainable growth and financial sustenance of the region's adaptation sector.

⁹ See note on UNCDF's capital mandate in Section 1.

Both Windows’ applicants will be included in capacity building sessions for positive food systems adaptation impact. Thorough assessments will be conducted to ensure that the investments will not negatively impact the surrounding communities or the ecosystems and that any construction is carried out in a manner that is least socially and environmentally disruptive.

The selected applicants will need to demonstrate how their proposed solutions contribute to enhancing long-term sustainability and resilience for food and nutritional security in Africa of one or more of the following outcomes:

	Outcome	Desired Change
1	Sustainable, nature-positive agricultural innovations enhancing food systems productivity and nutrition is promoted.	Promote the development and adoption of innovative agricultural practices that are sustainable and nature-positive, aimed at enhancing food systems productivity and improving nutrition. Special emphasis will be placed on advancing gender equality, including targeted programs and incentives for women farmers and entrepreneurs in the agriculture sector.
2	Access to cost-efficient, sustainable adaptation solutions and its financing is increased.	Promote and facilitate easier access to cost-efficient, sustainable adaptation solutions and their associated financing for stakeholders in the food systems value chain. This includes creating partnerships with famers and food chain operators, financial institutions, and de-risking investments in climate-resilient technologies and practices. The goal is to make it financially feasible for smallholder farmers, agricultural cooperatives, and SMEs to adopt sustainable, climate-resilient solutions that enhance food security and productivity.
3	Locally led, climate-resilient sustainable nature-positive economic transitions with a gender equality focus is advanced	Accelerate locally led sustainable economic transitions that enhance climate-resilient food security. The focus must be on valuing critical nature assets and enhancing the resilience of high-value ecosystems. Gender equality should be actively promoted by involving women in leadership roles, decision-making, and benefiting directly from the economic transitions.
4	Adaptive capacities of smallholder farmers and food value chain operators to climate risks is ensured	Strengthen the adaptive capacities of smallholder farmers, particularly women, enabling them to better manage climate risks and improve food productivity sustainably. This should represent nexus of sustainable capacity building programs, stable access to food security resources, and policy interventions designed to uplift farmers and food value chain operators, in a gender-sensitive manner, providing them with the tools, technologies, and knowledge to adapt to climate changes effectively.

The businesses will be selected based on ability to disrupt, enhance, and bolster adaptation and food security. Solutions demonstrating the potential to achieve several outcomes will be prioritized. The achievement of those outcomes will be assessed through the result indicators in section 3.3.

3.2 Project Typologies & Target Pipeline

The types of climate-resilient and nature-positive businesses that can contribute to the achievement of the outcomes and are eligible to this RfA are outlined as follows:

Typology of project or solution	Description
1) Climate-resilient, nature-positive diversified agricultural production	<p>Operations designed to reduce risk and improve resilience against a variety of challenges:</p> <ul style="list-style-type: none"> - crop-adaptation strategies (drought-resistant crops, salt-tolerant varieties, seed banks and gene banks, participatory plant breeding, resilient seed swap and distribution programmes, altered planting seasons), - pest management (integrated pest management (IPM) incl. biological, chemical, and mechanical practices to control pest populations), - soil management (cover cropping, organic amendments, reduced tillage, nutrient and soil pH management plans, biochar application, crop rotation and poly-cropping, erosion control), - water management (rainwater harvesting systems, efficient drip irrigation and micro-sprinklers, water quality monitoring, water budgeting and auditing, groundwater recharge techniques, tailwater recovery and flood mitigation infrastructure, soil moisture sensors), - livestock adaptation (heat-tolerant livestock, rotational grazing), - use of off-grid and other renewables-based adaptation in food supply chain, - diversified crop variety (sorghum, high protein grain legumes, fruits, essential oils (like Patchouli), medicinal trees, like artemisia), - recycling and waste management (use of biofuels or compost).
2) Climate-Smart and Digital Solutions for Sustainable Agriculture	<p>Use of technology to accelerate information sharing on weather, prices, and best practices through digitally led agroclimatic services. Build supply chain scale and advance machinery that increases output while lowering costs. This can also include precision agriculture: satellite monitoring for soil mapping, crop, livestock, and fisheries management, weather prediction, drones, in-situ crop sensors, and traceability technologies that enable monitoring and ensure compliance with regulatory standards. Implement smart irrigation systems, intensification technology, and equipment, and improve access to more resilient seed varieties. Priority should be given to supporting small-scale producers.</p>
3) Integrated Farming System	<p>Integrated Farming System (IFS) is an agricultural approach where different agricultural activities are combined in an integrated manner. This means that various farm enterprises like crops, livestock, fishery, etc., are combined in such a way that one supports the other. Here are some examples of integrated farming systems. Examples include but not limited to crop-livestock integration, crop-fish integration, agroforestry integration, crop-poultry integration, rice-fish farming, horti-sericulture, horti-pastoral system, crop-dairy integration, crop-apix (bee) system, agri-horti-livestock integration.</p>
4) Climate-proofed economic strategies in food value chain	<p>Climate-proofed economic strategies in food security unlock a broad spectrum of opportunities. These include the creation of long-lasting commercial food products such as juices, jams, canned goods, dried foods, fermented foods, pickles, and oils, as well as the dehydration and processing of excess or unsellable produce; enhanced connectivity along the food value chain and improved infrastructure for transportation, processing, and storage also</p>

	contribute to food security; agri-tourism (farm stays, tours, and educational programs); market diversification through direct sales and Community Supported Agriculture (CSA), fair trade practices, and access to export markets. Additional revenue streams can be generated through zero-deforestation certification and trading of carbon and biodiversity credits via nature assets organizations.
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These examples are not exhaustive. AAI and UNCDF NAT are open to hear what potential applicants have in mind outside these examples as long as the scale, viability and impact objectives are aligned.

3.3 Expected Results

All applications must include targets on the indicators listed 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 the reason.

The targets will be considered in the evaluation of the applications. Before signing the Financial Agreement, selected applicants will work with the technical partners supporting the Food Security Accelerator Implementation in order to develop a monitoring framework. This may include additional indicators and targets, tailored to the scope of the proposed solution, activities, and expected results. All applicable project-specific indicators must be estimated as listed below.

Indicators	Related Outcomes	Disaggregation	Source of Indicator
# of enterprises using products, services, and infrastructures stemming from interventions	1,2,3,4	Total: Women-led resilient agri ventures: Youth resilient agri ventures:	Institutional (UNCDF)
# of new or improved products, services and infrastructures scaled up or crowded in	1,2,3,4	Total:	Institutional (UNCDF)
# of people engaging with products, services and infrastructures	1,2,3,4	Total: Women-led resilient agri ventures: Youth resilient agri ventures:	Institutional (UNCDF)
Percentage change in the number of full-time equivalent jobs	1,2,3,4	Total:	Institutional (UNCDF)
# of new full-time equivalent green jobs in food value chain	1,2,3,4	Total: Women-led resilient agri ventures Youth resilient agri ventures:	Institutional (UNCDF)

Percentage change in yield and production levels increased or preserved in food production	1,2,3,4	Total:	Project specific
USD of additional food value that will be created by this intervention	1,2,3,4	Total:	Project specific
Percentage reduction of food product cost due to new technology and innovation implementation	1,2,3,4	Total:	Project specific
#ha under improved soil and water management for sustainable food production	1,2,3	Total:	Project specific
# of climate resilient varieties scaled-up	1,2,3,4	Total:	Project specific
# of people with improved climate resilience, food security, and nutrition levels due to these interventions (encompassing community, authorities, and food supply chain's direct and indirect beneficiaries))	1,2,3,4	Total: Women-led resilient agri ventures: Youth resilient agri ventures: Direct beneficiaries: * Indirect beneficiaries: **	Project specific
# of farmers, food chain operators, authorities, financial institutions, and NGOs, among others, joining partnerships to promote and facilitate easier access to cost-efficient, sustainable adaptation solutions and their associated financing in the food systems value chain	1,2,3,4	Total: Women-led resilient agri ventures: Youth resilient agri ventures:	Project specific
USD of capital mobilized in this project stage (i.e., ability to attract and mobilize capital)	1,2,3,4	Total:	Project specific
USD of capital that this project will unlock through improving access to food value chain financing, or by completing pilot and	1,2,3,4	Total:	Project specific

scaling up implementation, among others.			
#ha of ecosystems with improved resilience (i.e., area of land rehabilitated, restored or protected, plus area of non-forest ecosystems restored or improved; plus areas of degraded land restored through regenerative agriculture)	1,2,3,4	Total:	Project specific
Percentage change in income of smallholder farmers and other small food value chain operators due to this intervention in support of poverty eradication	1,2,3,4		Project specific

*) employees, owners, direct users

**) vendors, service providers, customers, family members off direct beneficiaries, community members, farmers and entrepreneurs with improved capacity due to this intervention

3.4 Geographic Focus

3.4 Eligible companies will be headquartered on the continent of Africa. Priority will be given to companies with African majority ownership. Given the focus on sustainable food production, smart-agriculture, and targeting of marginalized populations experiencing poverty, UNCDF expects eligible companies to serve remote rural areas and high value ecosystems. Companies should be currently implementing and/or aiming to implement nature-positive and gender-responsive adaptation innovation solutions that support creating resilient agri-food systems as part of their business models, and may include African Investment Funds with a pipeline of such companies. Applicants may apply independently or in a consortium, provided that the consortium has a pre-established partnership prior to when this request for applications was issued.

3.5 Target Beneficiaries

The target beneficiaries of the investments made by supporting companies and local investment vehicles are low-income households, farmers, farming communities, women, youth, and marginalized populations including indigenous communities that live and work in and around areas experiencing the adverse effects of food insecurity, climate change, and biodiversity loss.

Selected applicants must apply a gender lens and gender-sensitive methodologies in their interventions. A baseline assessment of environmental and social safeguards will be required as a pre-condition for engagement with selected applicants. Applicants will be further encouraged to analyse and propose ways to resolve the differentiated experiences of women and men using their interventions. Every effort will be made to ensure that women and men can benefit equally from solutions proposed by applicants.

Inclusion of minority, marginalized, and indigenous communities will be a core requirement. Applicants will have to highlight concrete policies (both existing and planned) to promote inclusion within their organization and in their interventions.

Furthermore, the applicants must demonstrate how this intervention will support poverty eradication, nutrition improvement, and contribute to climate resilience, health, peace, and security of the beneficiaries, where applicable.

3.6 Collaboration with the Food Security Accelerator Team

The selected companies will be expected to prioritize and actively engage with the focal points from AAI, SSA, UNCDF and relevant partners. The applicants should maintain clear lines of communication and engage regularly to discuss progress, share insights, and address any challenges or concerns. In accordance with the programmatic frameworks, the applicant will be required to provide semi-annual narrative and financial reports summarizing financial standing, development results, key milestones and updates. The Food Security Accelerator takes a tailored approach to engagement with partners, working with each throughout to identify stakeholder needs, and helping to design, pilot and scale up solutions along the way. Some examples of the ways in which FSA could work with applicants in this project include:

- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale up solutions for impact. Technical assistance is provided by experts who are experienced in product design, business model development and go-to-market strategies in some of the most challenging markets in Africa.
- **Partnerships:** Identifying co-financing opportunities and facilitating strategic partnerships with stakeholders to support resource mobilizations efforts. FSA 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.
- **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.
- **Data collection, monitoring and evaluation:** Ensure results indicators are designed and implemented in alignment with applicable global and regional frameworks, such as the Global Biodiversity Framework, national biodiversity strategies, etc.
- **Provide final technical design and capacity building support:** Offering final technical design services and capacity-building initiatives to support proper project implementation and recommendations for resource mobilization strategies. Promote knowledge sharing and network-building across markets to improve access to information, local insights, and catalytic capital.

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

4. Eligibility for Application and Evaluation Criteria

4.1 Eligibility Requirements

Only applicants that meet the eligibility requirements and minimum criteria for the submission will be scored:

- **Entity registration:** The applicant or lead applicant must be a registered business (for profit or non-profit)
- **Consortia:** Applicants may apply independently or as part of a consortium, provided the consortium partnership was established prior to issuance of this request for applications

- Joint applications between market players in the target country or countries are encouraged if the solution proposed expands delivery networks and promotes rural and/or other last-mile access to nature positive business models.
- Applications from consortiums of organizations must show that the partnership was established prior to this RfA.
- The lead applicant and their institution must be a registered entity as per applicable laws and must have statutory accounts and audited financial statements for at least two operating years.
- **Country of operation:** Eligible organizations must meet the requirements set forth in section 3.4 above.
- **Relevant operation licenses:** The lead applicant must be legally authorized to provide services required to perform the RfA activities.
- **Revenue generation:** Applicants must have a clear business model with clearly identified revenue streams and demonstrable climate resilient and SDG-positive impact.

Window 1 – Direct investments

Financial eligibility requirements	
Creditworthiness	Demonstrate ability to service all debt obligations with a DSCR (Debt Service Coverage Ratio) of 1.5 or greater (covering other debts and the UNCDF loan), and a current ratio of 1.8 or greater, using financial statements and cash flow projections for the time of the financing.
Funding requested.	Start-ups/Greenfield: from USD 125,000 to 250,000
	Later stage/Brownfield: from USD 250,000 to USD 500,000 (could be increased to USD 1,000,000 exceptionally)
Capital commitments (self-generated)	Applicants must show the organisation’s own commitment to retaining earnings for food security projects.
Other criteria	The gearing ratio should not exceed 80%. Applicants must provide a detailed account of past costs incurred for the project, along with a list of any outstanding obligations. 3-year financial statements, with at least last year to be audited. Detailed 3-year financial projection, including monthly cash flow and annual financial statements. Demonstrate and justify increasing sales and profitability in the 3-year financial projection with net profit margin more or equal 10%.
Creditworthiness	Applicants must demonstrate ability to service all debt obligations with a DSCR of 1.3 or greater, and a current ratio of 1.5 or greater, using financial statements and cash flow projections for the time of the guarantee.
Funding requested.	From USD 125,000 to 500,000
Other criteria	The gearing ratio should not exceed 85%. Applicants must provide a detailed account of past costs incurred for the project, along with a list of any outstanding obligations. 3-year historical financial statements, with at least last year to be audited Detailed 3-year financial projection, including monthly cash flow and annual financial statements with Net profit margin more or equal 10%. Demonstrate and justify increases in sales and profitability in the 3-year financial projection.

Window 2 – Fund to Funds (investments in African investment funds’ portfolio)

Financial eligibility requirements	
Funding requested.	From USD 500,000 to USD 1,000,000
Evidence of co-financing from other sources	<ul style="list-style-type: none"> - Applicant must demonstrate evidence of: - Raising minimum 100% of funding requested in the previous 24 months. <li style="padding-left: 20px;">AND: - Funding match of minimum 400% of funding requested.
Capital commitments (self-generated)	<ul style="list-style-type: none"> - Applicants must demonstrate the commitment of the local investment vehicle's shareholders to allocate retained earnings for food security projects. - Participation from African investment funds should account for a minimum of 200% of the funding requested.
Other criteria	<ul style="list-style-type: none"> - The gearing ratio should not exceed 85%. - Applicants must provide a detailed account of past costs incurred for the project, along with a list of any outstanding obligations. - 3-year historical financial statements, with at least last year to be audited. - Detailed 3-year financial projection, including monthly cash flow and annual financial statements with DSCR more or equal 2.0, current ratio more or equal 2.0, return on assets (ROA) more or equal to 5%, net profit more than 10%. - Provide detailed information of projects which will benefit from this intervention including financial model and business plan. - Demonstrate and justify increases in profitability in the 3-year financial projection.

Applicants are allowed to apply for a combination of technical assistance and financial instruments. Available financial instruments differ per window. For window 1, these include reimbursable grants, concessional/flexible loans, convertible debt and guarantees. For window 2, these include quasi-equity investment, subordinated debt, and other financial solutions.¹⁰

Applicants can apply **only once** under this RfA, whether independently or in a consortium.

4.2 Exclusionary Criteria

Only applicants that meet the eligibility requirements and minimum criteria for the submission will be scored:

- 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.
- No applicant – including individual employees and members of its board of directors – shall be included on any United Nations financial sanctions lists, particularly in the fight against the financing of terrorism and against attacks on international peace and security¹¹.
- Applicants must not be involved in any of the following activities:
 - Manufacture, sale or distribution of controversial weapons or their components,

¹⁰ See note on UNCDF's capital mandate in Section 1.

¹¹ See <https://www.un.org/securitycouncil/sanctions/information>

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 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.

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

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

4.3 Evaluation Criteria

The Evaluation will be undertaken in two steps.

Step 1: Completeness check and eligibility

Step 2: Assessment will be undertaken to score the applications according to the below evaluation criteria.

	Criteria	Max Score
1	<u>Model relevance to achieve targeted Outcomes.</u> <i>Score the applicant's adaptation solution in regard to the areas and targeted impacts defined in the proposal, relevance, feasibility, innovation, sustainability.</i>	20
2	<u>Organization profile and Team experience</u> <i>Score the applicant's profile, track record, reputation, experience in similar projects and in the country/region.</i> <i>Score if the applicant's proposed team structure and experience is suited for the purpose of the RfA (skills for management, technical know-how, on the field footprint, monitoring and RM capacities...)</i>	15
3	<u>Methodology</u> <i>Score the applicant's proposed methodology and approach: if it is suited for the purpose of the RfA, if the workplan is realistic, that the project strategy covers risk management, quality control, reporting and other project management good practices.</i>	15
4	<u>Additionality</u>	20

	<p>Score if FSA funding to the applicant will create:</p> <ul style="list-style-type: none"> - Financial additionality: If the applicant cannot obtain funding from local or international private capital markets with similar terms or quantities without official support. - Non-financial value: Value that the private sector is not currently offering, and which will lead to better outcomes e.g., by providing or catalyzing knowledge and expertise, promoting climate resilience, social or environmental standards or fostering good corporate governance... - Impact: Faster, larger, or better development impacts than the applicant would be able to achieve working alone. 	
5	<p>Gender perspective</p> <p>Score if the applicant has foreseen a gender focus in the proposed intervention, to have women both external (users) and internal (staff) benefited equally than men.</p>	10
6	<p>Sustainability and business plan</p> <p>Score if the applicant's proposal has a sustainable financial perspective and business plan that could generate an investment pipeline for UNCDF.</p>	10
7	<p>Result measurement</p> <p>Score if the applicant has provided coherent measurement plan and data management plans.</p>	10
TOTAL		100

Only applications that score at least **70 out of 100** will be considered successful. The successful applications will move to the due-diligence stage by the UNCDF Investment Platform (LDC-IP).

4.4 Eligible Costs

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 Agreement and up to the end of the project period).
- Eligible costs should be indicated in the estimated overall budget of the action attached to the Agreement and should be reported.
- 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 support. 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 support 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.

4.5 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; and
- Indirect costs, also called overheads.

5. Agreement Parameters

5.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium, as long as they comply with the eligibility requirements set forth in section 4.1. 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 and the fulfilment of the funds amongst the partners in the consortium in compliance with the Performance-based Agreement;
- Ensuring the allocation and the fulfilment of the tasks amongst the partners in the consortium in compliance with the Performance-based Agreement.

5.2 Contract Duration

The contract is expected to have a 24-month duration. Activities under this Financing Support agreement and review of evaluation reports are expected to be terminated no later than June 30, 2026.

5.3 Budget

FSA's contributions will be in the range of USD 125,000 to 500,000 for direct investments in businesses and from USD 250,000 up to USD 1,000,000 for Fund to Funds interventions (investments in African investment funds' pipeline) for each successful case. The final amount and terms will depend on the scope of intervention and UNCDF's assessment of the applicants' ability to drive impact.

FSA may provide financial support to up to 15-20 businesses via direct investments across 20 countries in Africa and 15-20 SMEs via Fund to Funds investment across 10 countries in accordance with the Evaluation Criteria as set forth in section 4.3.

Successful applicants may qualify for technical assistance and financial instruments. Available financial instruments differ per window. For window 1, these include reimbursable grants, concessional/flexible loans, convertible debt and guarantees. For window 2, these include quasi-equity investment, subordinated debt, and other financial solutions.¹²

Applicants may apply independently or in a consortium, provided that the consortium has a pre-established partnership prior to when this request for applications was issued.

6. Application Requirements and Process

6.1 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
- Technical submission form (using UNCDF's template)
- Budget and workplan (using UNCDF's template)
- CV form (using UNCDF's template)
- Prospective applicants are encouraged to include any pertinent supplementary materials, such as the investment deck for the company or project (Optional).

All submissions must be completed in **English or French**.

Only applications that follow the submission formats and include all the necessary documentation will be considered.

Applicants are requested to thoroughly review the documents provided at the following link during the formulation of the application. It is crucial to ensure a comprehensive understanding of these contents in order to prepare the submission accordingly:

https://apply.uncdf.org/prog/240105 - nat - _aai_food_security_accelerator_in_africa_direct_and_portfolio-level_investments_in_innovative_resilient_food_systems_solutions

¹² See note on UNCDF's capital mandate in Section 1.

6.2 Application Deadline

All applications for this application window must be submitted by 23:59 EST TIME of 1 March 2024 at this link:

<https://apply.uncdf.org/prog/240105 - nat - aai food security accelerator in africa direct and portfolio-level investments in innovative resilient food systems solutions>

Subsequent application windows will be communicated at a later date.

6.3 Selection Process:

- **Step 1:** Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 4.1.
- **Step 2:** Evaluation of eligible applications based on the evaluation criteria set out in section 4.3.
- **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-investment negotiation and Legal Agreement – the selected applicants will finalise the scope of the investment and finalize budgets, indicators, and targets, workplan and disbursements of the investment that will be released on achievement of each milestone.
- **Step 6:** Approval of the selected applications by the UNCDF Corporate Investment Committee will be reviewed, discussed, and approved. 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 the Food Security Accelerator Steering Committee.

6.4 Timeline

The RfA will be open after publication on 5 January 2024. UNCDF and AAI will organize a webinar to field questions and share information with prospective applicants as outlined below. **The indicative timeline provided below is subject to change. Kindly monitor the UNCDF website and our Frequently Asked Questions (FAQs) for up-to-date information on webinars organized by UNCDF, deadline extensions etc.**

05 January 2024	Application window opens
26 January 2024	Webinar (registration details to be provided via UNCDF website)
09 February 2024	Deadline for questions in writing
16 February 2024	FAQ document published
1 March 2024	Deadline for submission

Real-time assistance from UNCDF: For requests and queries, email john.sankara@uncdf.org cc. uncdf.rfa@uncdf.org.

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