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Third Call for Applications

Guidelines for applicants for financial support

Reference No: FED/2017/154913/12

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NOTICE

This is a third call for AgriFI Kenya Challenge Fund that targets to fund a total of 50 agri-enterprises over the lifetime of the project. However, the actual number of funded agri-enterprises will depend on the actual size of the proposals selected for funding.

In the first instance, only concept notes should be submitted for evaluation. Thereafter, applicants who have been pre-selected will be invited to submit a full project proposal.

To apply to this call, agri-enterprises must register online through the on-line platform AfriCUBE and fill in the concept note template in order to submit their application. The aim of using this platform is to enhance the efficiency of the application process and management for the call for concept notes. It will also offer a better service to businesses through functionalities such as on-line submission and the ability of following up on the approval status of submitted applications.

This guideline is meant to direct businesses to successfully submit applications.

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1.0 BACKGROUND

The AgriFI Kenya Challenge Fund is a € 18,000,000 initiative by the European Union to support productive and market-integrated smallholder agriculture through the provision of financial support to agri-enterprises. The aim is to contribute to improvements in the capacity of smallholder farmers/pastoralists to practice environmentally sustainable and climate-smart agriculture as a business in inclusive value chains. The programme is funded by the European Union, co - funded by SlovakAid and is implemented in parallel with a European Investment Bank (EIB) facility provided to Equity Bank (Kenya) Limited.

Self Help Africa and Imani Development Limited are the Fund Managers for the Challenge Fund.

The Challenge Fund is part of the wider AgriFI programme funded under the 11th EDF to unlock, accelerate and leverage investments within value chains.

The Fund's specific objective is to integrate 100,000 smallholder farmers/pastoralists in sustainable value chains. By supporting and enabling at least 50 agri-enterprises to increase their turnover (by at least 25%), this will in turn increase incomes and food security for at least 100,000 smallholders/pastoralists and create a minimum of 10,000 net equivalent jobs.

The financial support will require match funding from the agri-enterprise making the application. The match funding may be through own resources available to the agri-enterprise or may be sourced through external finance such as credit or external equity investment. Match funding can also come from co-applicants.

The European Investment Bank (EIB), under the same AgriFI Kenya programme, is providing long term local currency financing to Equity Bank (Kenya) Limited for on-lending to eligible food and agriculture sector projects. This facility is also available for match funding to the applicants.

In line with AgriFI Kenya Challenge Fund objectives, agri-enterprises will be considered for funding based on a set of weighted criteria including its potential for positive impact on smallholder farmers. The specific areas for assessment include:

- a) **Economic viability:** This assessment area looks at business model fit and growth prospect in regard to profit, turnover, cash flow, efficiency and market potential. In addition, the business capacity is assessed in terms of governance, financial and risk management.
- b) **Social impact:** This assesses how the applicant will include smallholder farmers and pastoralists and increase their incomes, create employment opportunities. Other social issues to be considered include impact on food security, food safety and improved nutrition, inclusion of women and youth in the proposed project. Creation of opportunities in Arid and Semi-Arid counties will add value to the proposal.
- c) **Environmental impact:** This assesses how the proposal plans to minimize its environmental footprint and includes climate smart approaches both at farm and SME level.

- d) **Additionality and effectiveness:** This assesses whether the project would not proceed without AgriFI support and the degree by which the applicant is leveraging on the requested financial support.

1.1 Financial allocation

The AgriFI Kenya Challenge Fund is looking to award an indicative amount of EUR 18,000,000 to agri-enterprises as financial support. The funds will be allocated through three (3) separate calls for proposals. This is the 3rd call.

The Challenge Fund will award financial support to cover a maximum of 50% of the total value of the proposal. The balance (i.e. the difference between the total cost of the proposal and the amount requested as financial support) must be financed from matching funds in the form of cash/cash equivalents, credit or equity from external financiers.

2.0 RULES FOR THIS CALL FOR CONCEPT NOTES

2.1 Location

Activities must take place in the Republic of Kenya. Initiatives are not limited to specific value chains and/or geographical locations within Kenya however there is keen interest in reaching ASAL regions.

2.2 Eligibility Criteria

The AgriFI Kenya Challenge Fund is aiming to support projects put forward by small and medium sized agri-enterprises with business models that are integrating smallholder farmers/pastoralists into value chains. The agri-enterprises need to demonstrate how they are benefitting smallholder farmers/pastoralists. This may be through the establishment of a new activity or expansion of existing activities in specific or all nodes of the value chain. *(For new activity it is intended new investments from existing companies: the call will not fund start-ups)*

The following are the general and specific eligibility criteria for the agri-enterprises.

2.2.1 Lead Applicant

In order to be eligible for financial support, the lead applicant must comply with all the criteria listed below:

2.2.1.1 General Eligibility Criteria

- a) Must be an agri-enterprise duly incorporated in Kenya as a company or a cooperative;
- b) Must be compliant with all national and local laws and regulations including but not limited to tax regulation, health and safety and environmental standards;
- c) Must be a for-profit entity; not-for-profit organizations and government bodies are not eligible to apply as lead applicants. However, they can contribute to projects as co-applicants;
- d) Must provide evidence in the project proposal of current or future integration of smallholder farmers/pastoralists in existing or new value chain(s) in the project's areas;
- e) Must not be a recipient of financial support from AKCF in previous calls as lead applicant.

2.2.1.2 Specific Eligibility Criteria

- a) Must have a yearly turnover for the last three years in the range of EUR 200,000 to EUR 50,000,000;
- b) Must have an asset base of less than EUR 43,000,000 (balance sheet total);
- c) Must be willing and able to contribute at least 50% of the project cost through a blend of cash and cash equivalents, credit or equity from own or third-party sources;
- d) The business must have at least three (3) years of uninterrupted operations in Kenya with focus on eligible actions under the AgriFI Kenya Challenge Fund programme.
- e) Must have audited accounts for the three (3) most recent years. The audited accounts should have been prepared in accordance with International Financial Reporting Standards by ICPAK accredited accountant.

NB: Applicants may submit their business plans in consortium with other organizations; in this case, the above specific criteria will apply only to the lead applicant however the general criteria should apply to the consortium (Lead and co-applicants). The lead applicant must meet all the eligibility criteria in its own right and will be held

accountable for the implementation of the action including the management and accountability of the partner organisation[s]. Therefore, applicants are encouraged to carefully vet their partners to ensure they are operating legally in line with the laws of Kenya and have the capacity to fulfil the role outlined in the proposed project. In the case of a Financial Service Provider as a partner, financial support provided by the AgriFI Kenya Challenge Fund cannot go into revolving funds.

2.3 Exclusion Criteria

Any agri-enterprise will be excluded from participation in this grant procedure if:

- a) It is bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under national laws or regulations;
- b) It has been established by a final judgment or a final administrative decision that the agri-enterprise is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the law of the country in which it is established;
- c) It has been established by a final judgment or a final administrative decision that the agri-enterprise is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the agri-enterprise belongs, fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract;
- d) It has been established by a final judgment or a final administrative decision that the agri-enterprise or its principals have been guilty of fraud, corruption, conduct related to a criminal activity, terrorist related offences or financing, money laundering, child labour or other offenses concerning trafficking in human beings;
- e) The agri-enterprise, advisors or principals were previously involved the preparation of the call documents for the AgriFI Kenya Challenge Fund;
- f) Shown significant deficiencies in performance of a contract or agreement financed by the European Union budget which led to termination or penalties;
- g) Entering into agreement with other economic operators with the aim of distorting competition;
- h) They are in any of the situations listed in section 2.3.3 of the Practical Guide of the European Union.

2.4 Duration of Financial Support

The maximum duration of the financial support will be 24 months from the signature date of the contract. During this period the financial support funds will be disbursed based on a negotiated milestone structure.

For applicants that will be able to access credit line from Equity Bank, the maximum loan tenure will be up to 7 years. The individual projects tenure in this regard will be reviewed on case by case basis as per Equity Bank's internal policies, processes and procedures and as per the terms agreed upon between Equity Bank Kenya and European Investment Bank. (*Refer to the annexed Equity Bank eligibility guidelines for more details on this facility*).

2.5 Size of financial support

Any financial support requested from AgriFI Kenya Challenge Fund must fall within the following range:

Range	Amount
Minimum	EUR 200,000
Maximum	EUR 750,000

The Challenge Fund will award financial support to cover a maximum of 50% of the total value of the proposal

3.0 ELIGIBLE ACTIONS TO BE FUNDED

This call will fund for profit initiatives, which results in a measurable positive impact on thousands of smallholder farmers/pastoralists either as customers or suppliers. The nature of actions that can be funded through financial support under this programme include the following:

- a) Initiatives that reach smallholder farmers to improve agricultural productivity including livestock, fisheries, market access, post-harvest handling, food safety or other impact. The initiatives may include (but are not limited to):
 - Improving the quality and/or access to inputs;
 - Provision of extension services to smallholder farmers;
 - Promoting the production of high value nutritious foods;
 - Promoting climate smart, soil and water conservation technologies;
 - Promoting the smallholders' capacity to comply with quality and standards certification;
 - Reducing post-harvest losses and/or improved handling;
 - Promoting access to innovative and affordable financial services for smallholder farmers.

- b) Initiatives that develop the management, operational and supporting business processes that are directly linked to improving the integration of smallholder farmers/pastoralists within the supply chain of a businesses and improve on their productivity; this may include promoting the adoption of energy/water saving technologies.

The above projects can also be considered for financing through Equity Bank credit line. Refer to the guidelines (Annex 1) for full details of eligible projects and excluded projects under the Equity Bank's credit line.

4.0 COST ELIGIBILITY

4.1 Eligible Cost

The AgriFI financial support will be invested in costs that results into better integration of smallholder farmers/pastoralists and improved business technical capacity. This will include:

- a) Costs related to farmer organization and capacity building in good agricultural/animal husbandry practices, climate smart adaptation, food safety, smallholder and staff safety in the context of Covid 19 response and adaptation mechanisms, post-harvest management among other related areas.
- b) Costs supporting improvement of institutional capacity/business processes for effective smallholder integration.
- c) Cost related to acquisition, installation, upgrading /management of systems and applications geared towards efficient management of business and farmer integration processes in general and in the context of Covid 19 adaptation mechanisms.
- d) Capital expenditure will only be eligible if it directly leads to integration of a substantial number of smallholders/pastoralists. Otherwise, applicants are encouraged to use the matching fund instruments provided for capital expenditure.

4.2 Non-Eligible Cost

- a) Credit to third party (including input credit);
- b) Debts and debts service charges (interest);
- c) Provisions for losses, debts or potential future liabilities;
- d) Costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union financial support (including through the European Development Fund);
- e) Purchases of land or buildings and/or refurbishment;
- f) Currency exchange losses;
- g) Salary costs of the personnel of national administrations;
- h) Taxes and import/export tariffs.

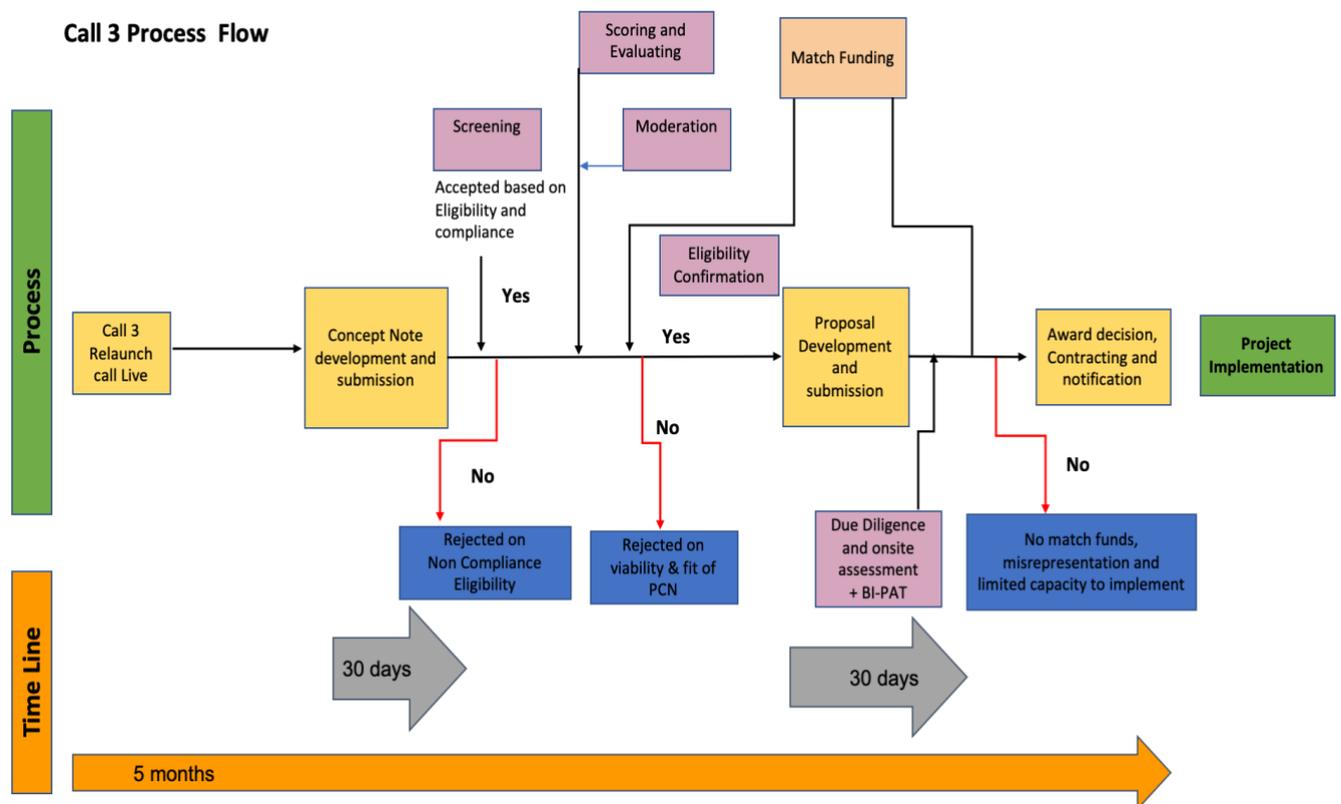
Please note that projects can include the aforementioned costs provided that the costs are covered by the match funding component and not the financial support provided through this call.

5.0 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

The applicants are advised to read the: 1) AgriFI Challenge Fund Brief, 2) AgriFI Challenge Fund Call Guidelines, 3) FAQs to inform themselves of their eligibility and overall fit for their organisation and project to the objectives and criteria of the Challenge Fund.

The selection process from concept note to contracting will last five months as represented below.

Figure 1: Process Flow



5.1 Concept Note Development

The applicant agri-enterprises will need to submit a project concept note (PCN). The application form will be accessed through the on-line platform AfriCUBE which allows the applicant to register and submit concept notes. Applicants will have to agree to the terms and conditions (Annex 2) when submitting the concept note.

Applicants will be able to download the application questions from the website www.agrifichallengefund.org for offline understanding of details and preparation. The call will be open for a minimum of 30 days.

The PCN will require applicants to outline:

- The applicant profile and partners;
 - The applicant bears the financial liability and is the funded party. The assessment process considers the prior history of the applicant in its relationship with the co-applicant or similar – hence partner management. It also considers the applicant’s direct experience in generating the intended outcome.

- An implementation partner plays a supporting role to that of the main applicant. An implementation partner cannot be on more than two applications in any single Call (the lead applicant should check this).
- The project description: How the project addresses and contributes to the challenge and its commercial viability;
- Expected social and environmental impact as a result of the project;
- Sustainability and need for financial support funding;
- Estimated budget and outline of match-funding sources as per the respective eligibility criteria on match funding.
- Proposed activities, approaches, outcomes and impact;
- Estimated budget and outline of match-funding sources (which must be minimum 50% of the project budget).
- Completion of a self-declaration of eligibility.
- Present evidence of meeting key eligibility criteria by uploading references for company registration, tax compliance and recent annual financial statements when requested.

Information sessions will be organised for the applicants to provide an opportunity to ask questions and seek clarifications. The schedule for these sessions will be available on the Fund website www.agrifichallengefund.org and through media outlets.

Questions may also be sent by e-mail no later than 7 days before the deadline for the submission of concept notes to info@agrifichallengefund.org. The Fund Manager has no obligation to provide responses to questions submitted later. Responses will be published on the website www.agrifichallengefund.org periodically. The final responses will be published 5 days before the call deadline. Individual replies will not be given to questions. It is therefore advisable for applicants to consult the above-mentioned website regularly in order to be informed of the questions and answers published.

To ensure equal treatment of applicants, prior opinion on eligibility of a specific action or detailed responses on the nature of activities will not be given. All answers to questions will be made public.

Members of the AgriFI Kenya challenge fund (AKCF) team as well as all staff of Self Help Africa and Imani Development are forbidden from providing information outside the above process. Companies attempting to solicit information outside the process outlined in this document will be excluded from this call for proposals and any future calls. Action may be taken at any point in the application and implementation process should evidence of actions contrary to the Call Guidelines come to light.

5.2 Concept Note Submission

The concept notes must be submitted in English language. Upon submission of a concept note online, the applicant will receive an automatic confirmation of receipt to the email provided in the application. Only complete applications will be evaluated and therefore, applicants are urged to review their applications for completeness before submission. **Please note that incomplete concept notes will be rejected.**

The deadline for the submission of concept notes is 27th August 2020 at 12.00 pm (noon) EAT (East African Time).

Applicants are permitted to submit one concept note in this call. Named Co-applicants as part of the consortia are limited to being engaged in a maximum of two (2) applications under this call for proposals and may not be on more than one (1) grant

awarded under this call for proposals. For explicit clarification a resource partner/co-applicant on multiple bids may only receive funding for one application, so may jeopardise the applications of other lead applicants.

Any concept note submitted after the deadline will be rejected.

5.3 Evaluation of Project Concept Notes

All applications will be assessed according to the following criteria.

- a) If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated above in section 2.2 (sub sections 2.2.1.1; 2.2.1.2) and compliance, the application will be rejected on this sole basis i.e. will not reach the evaluation stage.
- b) The relevance and added value of the co-applicant for the proposed action.
- c) The concept notes that pass the eligibility and compliance check will be evaluated on the relevance of the proposed action in line with below criteria.

All concept notes submitted will be scored according to the below criteria. A shortlist of projects will be created based on the scores achieved, taking into account the total amount of funds for financial support available in this call. Agri-enterprises will be notified of the outcome of their application at this stage. Successful agri-enterprises will be invited to submit a full proposal.

Concept Notes Evaluation Criteria :

	CRITERIA	SCORING SYSTEM
1	COMMERCIAL VIABILITY	Max. 35 Points
1.1	Business growth prospect	Max. 20 points
	Business model fit and projected growth in business performance (profitability, liquidity, turnover) as a result of project implementation.	10
	Demonstrated potential market demand for product or services in the target markets	10
1.2	Business Capacity	Max. 15 points
	Internal capacity of the agri-enterprise to implement the project (management, governance, financial management and efficiency)	5
	Financial health of the agri-enterprise (growth in turnover, profitability, financing structure)	5
	Business risk identification and mitigation capacity	5
2	SOCIAL IMPACT	Max 35 Points
2.1	Demonstrated integration of smallholder farmers in the project (numbers and services extended) and the increase in smallholder incomes as a result of the project. Consideration for women and youth inclusion should be included	10
2.2	Demonstrated opportunities for employment creation at the agri enterprise level as well as potential indirect jobs.	10
2.3	Demonstrated strategies for increasing resilience in food security and improved nutrition for smallholders/pastoralists	10
2.4	Demonstrated outreach to ASAL counties (supplying, sourcing, services and benefits)	5
3	ENVIRONMENTAL IMPACT	Max 20 Points
3.1	Demonstrated application of climate smart approaches at the farmer level and in the interactions with smallholders. Potential for substantial increase in acreage under climate smart.	10
3.2	Demonstrated application of climate smart approaches at the agri-enterprise level	10
4	ADDITIONALITY, SUSTAINABILITY AND REPLICABILITY	Max 10 Points
4.1	Demonstration that the project would not proceed without AgriFI Kenya Challenge Fund financial support, is sustainable and easily replicable	10
	TOTAL SCORE	100 Points

5.4 Full Proposal Submission

The selected agri-enterprises will be subject to an eligibility confirmation before being fully admitted to the Full Proposal stage.

The selected agri-enterprises will be given 30 days to complete and submit a full proposal. They will be invited to a proposal development workshop (could be delivered online as a webinar) to provide information on what is required to successfully complete the proposal.

At this stage, applicants will be expected to provide detailed budgets and to develop monitoring tools that will be required during the contract period. The tools will include a results chain which will in a schematic way, show how the activities undertaken by the agri-enterprise will lead to improvements for smallholders/pastoralists. A schedule of milestones linked to the work plan will form the basis for the disbursement schedule.

The Fund Manager will facilitate access to the full proposal platform. This will be via a **secured** online Salesforce site where the Fund Manager will set up an account for each shortlisted applicant. During the full proposal stage the applicants will have to submit an expanded concept note, a full project budget and other supporting documents.

All proposals should provide evidence of the match-funding in the form of a board resolution for internal funds or a letter of intent or similar from third parties providing 3rd party finance in the event that there are any changes in status from concept stage. The project will not be contracted until formal and final approvals are received from 3rd party financiers.

Only the fully filled proposal template and applicable annexes can be submitted via Salesforce for evaluation. It is therefore of utmost importance that these documents contain ALL the relevant information concerning the action. Clarifications will only be sought from the applicant when information provided is unclear and thus prevents the conducting of an objective assessment.

Applicants are strongly advised not to wait until the last day to submit their full applications, since heavy internet traffic or a fault with the internet connection (including electricity failure, etc.) could lead to difficulties in submission. The Fund Manager cannot be held responsible for any delay in submissions due to such mentioned difficulties.

The deadline for the submission of full proposals 16th October 2020 is at 12.00 pm (noon) EAT (East African Time).

Any application submitted after the deadline will be rejected.

5.5 Pre-award Assessment

A pre-award assessment and compliance check will be completed for each full proposal submitted.

The AKCF team allocated to each applicant will conduct an assessment using a purpose-designed Business Investment and Planning Assessment Tool (BI-PAT) that will aim to:

- a) Verify and assess the agri-enterprise's capacity to implement the proposed project as well as ability to integrate smallholder farmers into agricultural value chains as outlined in the full proposal.
- b) Assess the capacity of the co-applicant to support project implementation (Internal capacity to implement the project activities including management, team expertise) and Financial health in case they will provide part of the complementary funds.

Each pre-award assessment will require the applicant to prepare key operational documents in advance. In addition, there will be a compliance check. Documents to be

checked will include audited accounts, tax compliance, ownership records and deeds of land and buildings, staff records, and certifications.

The compliance check will review the financial statements for:

- Turnover and asset figures
- A declaration by the auditor that the financial statements meet International Financial Reporting Standards (IFRS)
- Details of the auditor's registration with the Institute of Certified Public Accountants of Kenya (ICPAK). The database will be checked to confirm the auditor's legitimacy.

Web searches will be conducted using key words to identify details in the public domain of potential wrong-doing by applicant companies or their principals.

AKCF team will assess whether figures in audited accounts reflect a realistic valuation of assets and operations on the ground. A draft schedule for which documents will be verified is attached in the annex 3.

The following will be checked during the pre-award assessment:

- Staff capacity adequacy to implement the proposed activities to achieve the desired results. This will involve interviews of the critical team in charge of the implementation process to gather their level of engagement and awareness and recommend appropriate capacity building interventions where necessary.
- System adequacy to capture monitoring data and/or ease of modification to enhance M&E processes. This will entail review of institutional reports generated by the existing systems, interviews with the relevant staff to gain in depth understanding on what can be achieved from the M&E platform, identify what support is necessary to achieve satisfactory reporting and data management levels for RBF monitoring.
- Adequacy of processes and procedures to facilitate accountability, transparency and objective reporting. The controls in place to mitigate falsification of claims, enhance responsive and timely feedback. Identify gaps which may need to be addressed for successful implementation of the programme.
- Financial strength for the beneficiary to undertake the activities without interrupting the core business activities, ability to source for credit support for the enhancement of the programme objectives or mobilise resources for the success of the initiatives.
- In depth review of funding lines within the business. Critical to this is to understand if existing donor funding is in place and the role it plays within the organisation. This focus is to avoid the risk of double funding/fraud.
- Extent of institutional outreach, product diversity and client base. Would there be a ready client base and product platform to roll out the initiatives with ease or would it call for intensive capital investment to actualise results?
- Adequacy of proposed budget in relation to proposed interventions, client contribution, alignment of proposed incentive/interventions with assessed position.
- Extent and nature of current business relationship with smallholder farmers.

The AKCF team will prepare a report based on the BI-PAT tool for shortlisted agri-enterprise, which will form part of the compliance check.

Should the AKCF team find that the information in the project concept note and/or full proposal document misrepresents the true position of the business, AKCF should make note of this in the assessment report and recommend the applications to be rejected at pre-award screening.

5.6 Evaluation of the Proposals

The evaluation will be based on the full proposal submitted by the agri-enterprise, the pre-award assessment, agri -enterprise pitch and other verification done by the Fund Manager. The proposals will be evaluated to verify whether the applicant has:

- a) Stable and sufficient sources of finance to maintain their activity throughout the proposed action;
- b) Access to complementary funding where appropriate;
- c) The management capacity, professional competencies, qualifications and experience required to successfully complete the proposed action.

This will be based on the criteria below.

SN	CRITERIA	Scoring system
1.0	PROJECT RELATED	Max. of 55 Points
1.1	Value Proposition	25 points
	<ul style="list-style-type: none"> ▪ The extent to which the project is expected to contribute, directly or indirectly, to improved incomes, livelihoods and opportunities for smallholder farmers and pastoralists (technical soundness). 	
	<ul style="list-style-type: none"> ▪ The number of beneficiaries that the proposal will aim to target. ▪ Degree of social and environmental considerations contained in the project approach (social and environmental viability). ▪ 	
1.2	Market Prospect	20 points
	<ul style="list-style-type: none"> ▪ The extent to which the project is shown to be responding to market demand (or enabling a need to become an effective demand). ▪ If (a new) product or service, the level of certainty that the product/service has an assured market in Kenya or internationally. ▪ 	
1.3	Sustainability and Replicability	10 points
	<ul style="list-style-type: none"> ▪ The level of confidence in the sustainability of the project (or its impact), once the AgriFI Kenya financial support has been utilized. ▪ The likely opportunities for replicating the project. 	
2.0	APPLICANT RELATED	Max. of 35 Points
2.1	Governance and Management Related	20 points
	<ul style="list-style-type: none"> ▪ The overall calibre of the applicant's management and technical team (Including demonstrated capacity by the applicant to address environmental and social issues). ▪ The ability of the applicant to deliver the intended outputs. ▪ Where relevant, the suitability of the coordination mechanism in place to ensure all organizations involved in the project fulfil their roles and responsibilities effectively ▪ The role the project will play in strengthening an existing business model, develop a new sustainable model, and/or generate profitable outcomes for businesses involved in the project. 	
2.2	Financial Performance Related	

	<ul style="list-style-type: none"> ▪ The financial health and likely commercial sustainability of the lead company and its partners ▪ The quality of the financial plans (e.g. source and application of funds, and likely cash flow). ▪ The quality of the financial accounting and reporting system that will be used to implement the project by the project partners ▪ The level of understanding (by the applicant) of the risks of the project, and measures proposed to manage these risks 	10 points
2.3	Monitoring and Evaluation Related	
	<ul style="list-style-type: none"> ▪ The degree to which the achievement of the project's objectives can be measured. ▪ The degree to which adequate arrangements for assessing the progress and impact of the project have been built into the proposal ▪ The regularity of the collection of data to monitor performance of the project 	5 points
3.0	ADDITIONALITY, SUSTAINABILITY AND REPLICABILITY	
	<ul style="list-style-type: none"> ▪ Demonstration that the project would not have proceeded without AgriFI challenge fund support. ▪ Degree to which the project is sustainable and easily replicable in other areas and contexts. 	Max. of 10 points
	OVERALL SCORES	100

Notification on the application

The applicant will be informed in writing of the decision concerning their application and, if rejected, the reasons for the outcome. This letter will be sent by email and will appear online automatically in the Salesforce profile of the user who submitted the application.

The decisions to approve or reject applicants are final and cannot be appealed. The decisions may include a provision for adjustment of activities and budget lines, however, the overall amount of financial support will remain constant.

6.0 CONTRACTING AND REPORTING OBLIGATIONS

6.1. Contract

The applicants will be required to enter into a formal contract once the project proposal is approved and match funding **is fully secured**. The contract will be issued by Self Help Africa for the purpose of this programme. The full proposal and the budget will form part of the contract.

Additionally, Agri-Enterprises will be required to sign Child Protection, Conflict of Interest, Anti-Corruption, Bribery and policies and any other policy applicable to Self Help Africa related parties.

6.2. Contract Negotiation

The negotiations will be based on recommendations by the Independent Investment Committee and will focus on provision for adjustment of activities, timelines and budget lines, however, the overall amount of financial support will remain constant.

6.3. Reporting Requirements

The contracted agri-enterprises will be required to report regularly to the Fund Manager. The reports will include both narrative and financial reporting. The reports will follow the formats provided by the fund manager

The key reporting requirements for applicant will include:

- Quarterly narrative and financial progress reports on agreed milestones related to the project.
- Annual financial reporting for the overall agri-enterprise.

The disbursement of funds will be linked to the reporting cycle or achieved milestone and after verification and approval of expenditures by the Fund Manager.

6.4. Monitoring

The Fund Manager will monitor the project regularly. However, the agri-enterprise will be required to report on metrics that are collected at the agri-enterprise and farmer level such as numbers of smallholders in the supply chain; sales; new jobs/total jobs; turnover/profit; staff numbers and services to smallholder farmers/pastoralists.

During the implementation period quarterly visits to the agri-enterprises will review progress against milestones, results chain indicators, collect additional information against indicators, and validate that self-reported information is accurate.

In addition, the Fund Manager will conduct surveys of the smallholders active in the project. These surveys will focus on impacts at household level and will be carried out at the cost of the Fund Manager. However, cooperation from the agri-enterprise is also expected.

6.5. Checks and Audit

The successful applicant shall allow any external auditor authorized by Self Help Africa to verify, by examining the documents and to make copies thereof or by means of on-the-spot checks of original documents, the implementation of the contract and conduct a

full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the project.

The successful applicant shall ensure that on-the-spot access is available at all reasonable times. The successful applicant shall ensure that the information is readily available at the moment of the audit and if so requested, that the data be handed over in an appropriate form. These inspections may take place up to 7 years after the final payment.

Furthermore, the successful applicant shall allow any external auditor authorised by Self Help Africa carrying out verifications as required to carry out checks and verification on the spot in accordance with the procedures set out by Self Help Africa in your contract which reflect appropriate European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities. To this end, the successful applicant undertakes to give appropriate access to any external auditor authorised by Self Help Africa carrying out verifications as required to the sites and locations at which the project is implemented, including its information systems, as well as all documents and databases concerning the technical and financial management of the action and to take all steps to facilitate their work. Access given to agents of any external auditor authorised by Self Help Africa carrying out verifications shall be on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject. Documents must be easily accessible and filed so as to facilitate their examination and the successful applicant must inform Self Help Africa of their precise location.

The successful applicant guarantees that the rights of any external auditor authorised by Self Help Africa carrying out verifications as required to carry out audits, checks and verification shall be equally applicable, under the same conditions and according to the same rules as those set out in this Article, to the successful applicant's partners, and subcontractors.

6.6. Evaluation

The AgriFI programme will be evaluated for its effectiveness and efficiency periodically. The agri-enterprises will also be expected to participate in these activities such as baseline, mid-term and end term evaluation.

7.0 VISIBILITY

The applicants must take all necessary steps to publicise the fact that the European Union and SlovakAid has financed or co-financed the action in the AgriFI Kenya Challenge Fund through Self Help Africa. As far as possible, actions that are wholly or partially funded by the European Union and Slovak Aid must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the action and the EU support for the action in the country or region concerned, as well as the results and the impact of this support. Applicants must comply with the objectives and priorities and guarantee the visibility of SlovakAid and the EU financing¹

8.0 ETHICS CLAUSES, CODE OF CONDUCT, FRAUD, BRIBERY AND CORRUPTION

Applicants are expected to aspire to the highest responsible business standards:

8.1. Absence of conflict of interest

The applicant should not have any conflict of interest and must have no equivalent relation in that respect with other applicants or parties involved in the AgriFI programme/AgriFI Kenya Challenge fund. Any attempt by an applicant to obtain confidential information, enter into unlawful agreements with competitors or influence the evaluation committee or the contracting authority during the process of examining, clarifying, evaluating and comparing applications will lead to the rejection of its application and may result in administrative penalties.

8.2. Respect for human rights as well as environmental legislation and core labour standards

The applicant, its staff and partners must comply with human rights. In particular and in accordance with the applicable acts, applicants who have been awarded contracts must comply with the environmental legislation including multilateral environmental agreements, and with the core labour standards as applicable and as defined in the relevant International Labour Organisation conventions (such as the conventions on freedom of association and collective bargaining; elimination of forced and compulsory labour; abolition of child labour).

Zero tolerance for sexual exploitation and sexual abuse: The European Commission and the Fund Manager applies a policy of 'zero tolerance' in relation to all wrongful conduct which has an impact on the professional credibility of the applicant. Physical abuse or punishment, or threats of physical abuse, sexual abuse or exploitation, harassment and verbal abuse, as well as other forms of intimidation shall be prohibited.

8.3. Anti-corruption and anti-bribery

The applicant shall comply with all applicable laws and regulations and codes relating to anti-bribery and anti-corruption in Kenya. The European Commission and the Fund Manager reserves the right to suspend or cancel project financing if corrupt practices of any kind are discovered at any stage of the award process or during the execution of a contract. For the purposes of this provision, 'corrupt practices' are the offer of a bribe,

¹ See the Communication and Visibility Manual for EU external actions specified and published by the European Commission at http://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-euexternal-actions_en

gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the award of a contract or execution of a contract already concluded with the AgriFI Challenge Fund.

8.4. Unusual commercial expenses

Applications will be rejected or contracts terminated if it emerges that the award or execution of a contract has given rise to unusual commercial expenses. Such unusual commercial expenses are commissions not mentioned in the main contract or not stemming from a properly concluded contract referring to the main contract, commissions not paid in return for any actual and legitimate service, commissions remitted to a tax haven, commissions paid to a payee who is not clearly identified or commissions paid to a company which has every appearance of being a front company. Financial support beneficiaries found to have paid unusual commercial expenses on projects funded by the European Union are liable, depending on the seriousness of the facts observed, to have their contracts terminated.

8.5. Breach of obligations, irregularities or fraud

The AgriFI Kenya Challenge Fund reserves the right to suspend or cancel the procedure, where the award procedure proves to have been subject to substantial breach of obligations, irregularities or fraud. If substantial breach of obligations, irregularities or fraud are discovered after the award of the contract, the AgriFI Challenge Fund may refrain from concluding the contract and seek to recover any funds disbursed.

8.6. Fraud, Bribery and Corruption

Self Help Africa is completely against fraud, bribery and corruption.

All Self Help Africa and Imani Development staff including members of the AKCF team or Management Board are expressly forbidden to support the development of concept notes and full proposals with or on behalf of applicants.

Companies who solicit the support of AKCF team members will be excluded from participation.

Any breach by a member of staff is a disciplinary offence under SHA and Imani employment guidelines.

Any companies involved in collusion or in receipt of unauthorised support may be subject to a financial recovery order should they be in receipt of funds and subsequently discovered during project implementation.

Self Help Africa will not ask for money in relation to the development of concept notes or proposals nor in the implementation of projects. If approached for money or other favours, or if you have any suspicions of attempted fraud, bribery or corruption by staff or other applicants, please report immediately and provide as much detail as possible with any reports. All reports are treated confidentially.

Likewise, if any fraud, bribery or corruption during the call process is discovered, Self Help Africa reserves the right to terminate the cooperation with the agri-enterprise in question.

8.7. Reporting channels and procedures

Report through any of the channels below:

Email: confidential.reporting@selfhelpafrica.org

Call our HQ at +353 1 677880 and ask to be called back

Send an SMS to +353 87 2404343 and ask to be called back
Phone Expolink* 0800723132 (toll-free)

Email: selfhelpafrica@expolink.co.uk

Web reporting facility: <https://wrs.expolink.co.uk/selfhelpafrica>

*Expolink is an independent company. Your conversation will not be recorded. You can choose to remain anonymous with only details concerning your report passed back to Self Help Africa senior management board level at HQ. Any costs incurred in making a report will be reimbursed.

9.0 ANNEXES

9.1. Annex 1: Equity Bank (Kenya) Limited F & A Loan eligibility criteria

The beneficiaries of the Equity Bank/EIB credit line will be required to meet the following basic criteria;

1. Applicants must be legal entities duly incorporated under the laws of Kenya and duly licensed to carry out business and carrying out business in Kenya
2. The business must have obtained all mandatory and relevant certifications for their line of agri-business enterprises
3. The applicants' business must be operational and must have been in existence in Kenya for at least a period of 3 consecutive years
4. The business must have operated profitably or can empirically prove that a positive trend has been registered over the last immediate 3 years.
5. Applicants must be agro-based entities who have integrated small holder farmers on valid commercial agreements. Such integration may include but will not be limited to farm inputs supply contracts, produce offtake contracts, technical support to farmers, agricultural technology and solutions to small holder farmers, etc.
6. The applicant must have an existing (or is willing to set up) a strong and effective management structure with appropriate and relevant skills and experience to implement the project being funded
7. Applicants must have or be willing to open and operate an active account with Equity Bank Kenya
8. Applicants' business must prove that its operations promote adoption of Good Agricultural Practices (GAP) by the smallholder farmers that they partner with.
9. Applicants' business must not be in the list of restrictions/exclusions of sectors and activities as per the NACE classification codes for business activities.
10. Both the applicant and the directors of the applicant's business must have positive listing status with approved Credit Reference Bureau (CRB)
11. The applicant or its affiliates must not be involved in any actions of crime or anti-money laundering activities
12. The activities of the applicant's business must not have any adverse environmental and social impact.
13. The applicant must prove existence of market for produce (where applicable) sourced from the smallholders integrated in their business operations
14. All incorporated entities should have audited financial reports for the previous 3 years and management account

Additional criteria will be applied based on the specific loan applicant's business.

9.2. Annex 2: Application Terms and Conditions

The following terms and conditions will be part of the initial application process and will need to be agreed to when applicants submit their concept notes.

Terms & Conditions

1. The call for project concept notes is not and shall not constitute an award commitment on the part of the AgriFI Challenge Fund.
2. All awards will be subject to the AgriFI Challenge Fund terms and conditions and are entirely contingent on the availability of funding.
3. Self Help Africa reserves the right to accept or reject any project concept note or cancel the solicitation process at any time, and shall have no liability to the proposing organisations submitting the project concept notes for such rejection or cancellation of the request for concept notes.
4. All information provided by Self Help Africa in this call is offered in good faith. Individual items are subject to change at any time without notice to applicants. Self Help Africa shall not be responsible for any use of the information submitted by applicants or for any claims asserted therefrom.
5. Self Help Africa is a corruption and fraud free organization and any attempt to solicit for information/support contrary to the call guideline during concept note submission process will lead to direct rejection.
6. Any conflicts of interest (including any family relations to staff of the fund manager, the funders or other parties with prior information regarding the call) arising from the submission of a proposal must be fully disclosed to the fund manager in the application.
7. Self Help Africa has no obligation to provide individual response to any questions raised by the applicant in the process of submitting this project concept note. We will publish all the responses on www.agrifichallengefund.org and it's upon the applicant to regularly check for response to his/her questions.
8. Self Help Africa will keep the applicant's data in accordance with the EU General data protection and regulation. This data will be retained for a period of 5 years beyond the financial support period unless the applicant requests to have their data removed from our systems, in which case we will respond to the request in full within 24 hours.
9. Company information such as email address, phone numbers, business registration, PIN Number and physical address shall remain private and will be used for purposes of evaluating investment opportunities, including pre-award assessments, anti-terrorist and sanctions checks etc., under the fund and other related services. Any other use of this information will not be without direct authority from the applicant.
10. Self Help Africa guarantees Intellectual Property right and will not use contents of this concept note in a manner that infringes, violates or misappropriates the applicant's intellectual property rights or other proprietary rights.

11. The applicants shall meet their own costs in submitting the project concept notes.
12. You certify that all information provided as part of this application is true and correct to the best of your knowledge and belief. You also agree that Self Help Africa is within her right to suspend the application in case of provision of untrue or incomplete information by the applicant.

9.3. Annex 3: Pre Award Assessment Compliance check/Document verification

Section	Documents to be viewed	Received and Reviewed .	Remarks (Description / Observations / Validity/ document no. etc.)
Leadership, Governance, Strategy	Vision Statement Mission Statement, core values and list of goals if available		
	Organisational Chart (organogram)		
	Business permit		
	Board minutes (sample)		
	Registration certificate in case of partnership		
	Certificate of incorporation in case of company		
	Address of proprietor/partner/director		
	Address of business office/registered office		
	Articles of associate or equivalent document		
Administration	Administrative Policy/Procedure Manual		
	Transport & logistics Procedure Manual		
	Procurement Policies		
	Fire/Safety/Health/NEMA certificates		
	Lease agreement if office is registered		

	Physical Inventory Reports		
Human Resources Management	Job descriptions for each category of staff/Staff contracts.		
	Recruitment guidelines and retention strategy (incentives, progression /educational development opportunities)		
	Organisational Chart (organogram)		
	Operational Manual (sections on HR, Staffing, finance, procurement, logistics)		
	Staff handbook		
	Salary Payment Vouchers		
	Payroll; NHIF/NSSF/PAYE/NITA documents		
	List of Employee benefits documented in HR manual		
	Performance Appraisal Form criteria		
	Volunteer/Intern Management Manual/Policy		
Volunteer/Intern Job Descriptions			
Financial Management	Details of the enterprise's primary bank accounts (bank name, branch address, and bank account details)		
	Financial Audits/Management letters		
	Financial Reports, bank statements, Profit & Loss, Balance Sheet, Cash flow statement, Cash book, Budget vs Actual analysis, Bank reconciliations.		
	KRA PIN		

	VAT certificates		
	KRA tax compliance certificates		
	Fixed Asset Register		
	Budget, Plan/Procedures and Reporting.		
Organisation al Management	Strategic Plan		
	Annual/ Monthly Work plans		
	Policy regarding and evidence of organisational policy and procedure review and how often		
	Business Plan		

For more information regarding AgriFI financial support, contact

Self Help Africa

Bank of Africa (BOA) House, Karuna Close,

off Waiyaki Way, Westlands,

P.O. Box 14204 00800 Nairobi.

Email: info@agrifichallengefund.org

| Web: www.agrifichallengefund.org

For more Information regarding Equity Bank's credit line, contact

Equity Bank (Kenya) Limited

Upper Hill- Hospital Road, Equity Center, 9th floor

P.O. Box 75104-00200
Nairobi, Kenya.

E-mail: info@equitybank.co.ke



**Self Help
Africa**