



Sudan SME Catalytic Fund

Small Business Window: Term Sheet for Applicants



Small Business Window - Term Sheet

1	<p>The Sudan SME Catalyser is an initial EUR €12.5 million facility funded by KfW German Development Bank (KfW) and implemented by the AEFCF, a development finance provider based in Nairobi, Kenya and operating across the continent.</p> <p>The Programme seeks to:</p> <ol style="list-style-type: none"> 1. Empower small & medium enterprises (SMEs) in key development sectors such as agribusiness and renewable energy by providing appropriate financing through a context-specific challenge fund model for catalytic investment grants. 2. Support SMEs relocating from areas of conflict within Sudan to re-establish their operations in safer areas of Eastern Sudan and thereby increase employment, incomes and the availability of services and products for low-income households in Sudan. <p>Fund Objectives</p> <ol style="list-style-type: none"> a. Improve access to finance for enterprises that create economic opportunities areas across geographies and value chains, e.g., through employment creation, market linkages (access to market), and suppliers of inputs/produce/services along the value chain. b. Provide targeted business development technical assistance and capacity building for businesses. or businesses. 	
2	<p>Duration of the programme: 2 years (2024-2026) for the initial €12.5M tranche of capital.</p>	
3	<p>Geography</p>	<p>Funding is available for: Small private businesses/enterprises/companies that are commercially active in the respective value chains in Kassala, el Gadarif and Port Sudan in Sudan.</p>
4	<p>Focus areas</p>	<p>Eligible businesses must demonstrate that their offerings are accessible and affordable, directly create jobs and improve livelihoods. Offerings must add value to one or more focus value chains in the renewable energy and agriculture sectors. Proposed initiatives can include but are not limited to one or more of the following focus areas to be eligible for funding:</p> <ul style="list-style-type: none"> • Market aggregators that provide reliable and new market opportunities for economic development. • Agro-processors and manufacturing companies creating economic opportunities through employment creation and as suppliers of produce/services along the value chain. • Innovative digital solution providers • Production and distribution models that support local entrepreneurship and growth of SMEs within the applicable value chains. • Business models that provide incentives for rural areas to access and adopt improved input use, including renewable energy, seed, fertilizer, soil and water management practices, post-harvest handling, improved technology, e.g., irrigation, regenerative agriculture, integrated forestry management practices, etc. • Business models that address climate-smart technology, services, and practices at the manufacturing and farm levels, e.g., solar-powered technology, biogas, bio-slurry use, chemical-free grain storage, etc. <p>Solutions proposed should where possible take a value chain approach to illustrate how they fit within the broader sector.</p>
5	<p>Desired socio-economic impact</p>	<p>Business models must demonstrate how they deliver and sustain social impact in their target markets. Specifically, this means the number of households served by the product, service or a combination of both, improvements in people's income, inclusivity of women, stimulation of market growth, and development of respective value chains across states. The specific focus must be made on employment and increasing the livelihoods of people and communities. .</p> <p>Companies should articulate their strategy to meet the following:</p> <ul style="list-style-type: none"> • Committed founders in the operations of the entity. • Demonstrable benefits to the local community in terms of increased access to products and services, and increased income. • Qualitative indicators such as increase access to solar home systems and productive use of solar energy in the rural and peri-urban communities). • Demonstrate a clear end-user financing mechanism/strategy that enables target communities with low/irregular incomes to access improved technology, practices, and services. • Demonstrated economic development and potential improvement of livelihoods of people and communities. • Projects must be environmentally friendly. Where necessary, environmental impact assessments and mitigation measures approved by pertinent regulatory authorities must be obtained. • Throughout the funding life, companies must demonstrate that they promote sustainable development outcomes in their target communities and market.

5	Desired socio-economic impact	<p>Progress in attaining the above will be measured through:</p> <ul style="list-style-type: none"> • Number of beneficiaries accessing high quality technologies and practices. • Number of jobs created. • Improvement in income for end beneficiaries selling to or buying from grantees. • Where applicable, environmental benefits of reduced CO² emissions and MWh of renewable energy installed.
6	Type of support available	<p>The support package includes:</p> <ul style="list-style-type: none"> • Provision of non-repayable grants. • Provision of targeted technical assistance on business development services as required by the grantee. • Access to further funding through investment advisory and investment facilitation support.
7	Funds available	<p>Applicants are expected to submit a short funding application with their concept, justifying their requirements for the business and/ or idea to be funded, the funding amount and the project duration. Shortlisted applicants will be requested to submit a more comprehensive full proposal and business plan.</p> <p>Funding must be additional – it must be used for a specific project in one or more of the target sectors, e.g., introducing new services or products, scaling up an existing enterprise or replication/expanding to a new market. Grantees can apply for a range of funding depending on their proposed business idea/project/requirement:</p> <ul style="list-style-type: none"> • Minimum funding is EUR 50,000 while the maximum funding per grantee is EUR 250,000. <p>Funding is subject to meeting a certain level of match funding (see Matching Contribution below). Businesses should apply for funding depending on their project requirements and capacity to absorb funding for the proposed project. Funding will be in the form of non-repayable grants and will be disbursed in US dollars, Euro, and/or local currency equivalent.</p> <p>Funding payments will be milestone based, where disbursements are based on mutually agreed milestones that must be achieved/delivered. The first disbursement will not exceed 30% of the total amount awarded.</p> <p>Funding payments for Capital Expenditure may be disbursed in US dollars or Euro on behalf of businesses direct to suppliers outside of Sudan. Operational Expenditure shall be disbursed in local currency equivalent.</p> <p>Businesses are obliged to open bank accounts via AECF local banking partner and provide invoices prior to each disbursement.</p> <p>Duration of the funding agreement with investees: 12 months</p>
8	Matching contributions	<p>The Sudan SME Catalyser requires a matching contribution from the applicant to demonstrate interest, commitment, and trust from the wider investor community. Acceptance of match funding is subject to approval by the Programme Manager. Proof of the availability of matched funding is required during the selection process and prior to any disbursement.</p> <p>The match funding requirements are:</p> <ul style="list-style-type: none"> • Matching contribution: 25% of the requested amount • At least 20% in cash and 80% in-kind <p>Applicants who cannot provide matching funding in cash are still encouraged to apply, providing justification as to why they cannot provide it. Applicants who provide cash matching funds will be prioritized in the selection process. Matching contributions can be made either all in cash or a combination of 'in cash' and/or 'in kind' as highlighted below:</p> <p>In cash</p> <p>Where at least one party (e.g., venture capital firm, impact investor, incubator/accelerator, foundation, or the founder) agrees to provide funding to the applicant. Evidence accepted includes a signed MoU or contract, a bank statement, and a letter confirming the total amount disbursed or to be disbursed by the other party. The submitted documents to the Fund of matching commitments must include all conditions, timescales, and any other considerations.</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Investment funding (equity funding) • Impact investment • Crowdfunding • Grants (from foundations or NGOs) • Internal resources such as loans from founders, family etc • Loans from financial institutions

8	Matching contributions	<p>In-Kind</p> <p>In-kind matching includes any significant and quantifiable contribution to the project that is not financial. Applicants must quantify and demonstrate what results in any match given in kind will achieve for the proposed project.</p> <p>In cases where in-kind matching is offered, the Fund will discuss with the applicant how best to agree on the match funding commitment and valuation. For example, a contractual agreement of support from a local incubator (providing the equivalent monetary value of the service).</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Use of goods, services, and facilities (such as software, real estate) • Founders time • Management time • Provision and access to equipment. • Special materials • Technical assistance
9	Eligible companies	<p>To be eligible for funding, private sector companies must meet the following criteria:</p> <ul style="list-style-type: none"> • Request a grant within the stipulated range. • Be legally registered and physically established in Sudan. • Have been in operation for a minimum of 6 months, with the ability to provide the necessary business permits. • Passes AECF's Know Your Customer, AMT/CFT (anti-money laundering and counter-financing of terrorism), PEP (politically exposed person) and IDD (integrity due diligence) screening), based on the information submitted as part of the concept note • Be compliant with fundamental laws and regulations in-country, including tax compliance laws. • Be compliant with international human rights, labor standards, and environmental management laws. • NOT be involved in any act of corruption. AECF requires that the applicant (including its staff, contractors, and suppliers) not be involved in offering third parties, or seeking, accepting, or being promised by third parties, for themselves or any other party any gift, remuneration, compensation, or benefit of any kind whatsoever, which could be interpreted as an illegal or corrupt practice.] • NOT be associated with activities prohibited by the government of Sudan, terrorism, money laundering, or a list that prohibits trading with some business (IFC, USAID, UN, EU, and any other networks), United Nations Security Council resolutions issued under Chapter VII of the UN Charter. The screening will be conducted for all applicants and associated parties against provisions such as https://sanctionssearch.ofac.treas.gov/, www.worldbank.org/debar World-Check, EU sanctions list, etc • NOT be a representative of a government or a semi-governmental agency of any sort. This includes government owned or partially owned enterprises or companies that have ownership or substantial business ties with government or quasi-government bodies. Any subsequent identification of such links will lead to the immediate termination of the grant agreement. • Allow regular due diligence. • Demonstrate additionality; see broad view guide in text box 12 below.

10	Selection Criteria	<p>Each applicant will be evaluated and scored against the following criteria:</p> <ul style="list-style-type: none"> • Geographic focus areas of Kassala, el Gadarif and Port Sudan • Outline a commercially sustainable business model. The proposal must be technically sound and be aligned with the priority investment sectors. It should spell out how performance is measured and evaluated with all agreed indicators, targets, and milestones. • Must demonstrate a satisfactory performance record of the entrepreneur, technical person (s), or business. Where available, testimonials of past performance should be submitted. • The proposal must include the CV of key personnel with the education and experience required for the technical nature of the proposed project. • The proposal must indicate the methods and degree of coordination with local administration and participating communities. • If selling a product, ensure that it is certified in line with global standardization procedures and/ or supplied by a certified product manufacturer, clearly marked as an acceptable quality of a product. • For existing companies, provide a track record of earning revenues from their users for existing product/service/ demonstrated success in at least one market. • Cashflow & income statement extract for the last 6 months • Demonstrate the capacity of the management team to implement the proposed business/project • Demonstrate understanding of the country context and culture where the project is operating or proposing to operate. • Demonstrate how the business model will deliver and sustain social impact in the target markets , i.e., demonstrate how to leverage AECF funding to secure commercial funding. • In their business proposals, companies MUST describe their environmental impact and waste management policy and procedures and demonstrate alignment to the global and respective national environmental management regulations. Grantees are expected to provide an outline of potential waste in the value/ supply chains and how they intend to manage these. • Demonstrate how matching funds are to be made available, indicating details of when the cash will be available. • Indicate any risks and threats to project implementation and methods that would be used to mitigate such risks.
11	Investment Principles	<p>This section defines the basis of making funding decisions. The AECF investment principles will guide the investment decisions. These principles shall be applied in evaluating project ideas and making final award decisions.</p> <p>Investment Principles</p> <ol style="list-style-type: none"> a. Private sector demand-driven: the Sudan SME Catalyser is demand-driven and harnesses private sector initiative and implementation capacity to achieve economic and social outcomes. b. Systemic Change: the funded projects must illustrate the potential for economic and social impact beyond their immediate Project impact, which will change the way the market works. c. Address Market Failure or otherwise demonstrate additionality: the Sudan SME Catalyser funds projects constrained by market failure for access to finance within the context of the specific markets within which they are to be implemented. d. Risk sharing: the Sudan SME Catalyser shares risk with private firms. The underlying principle is that the fund recipients have more at risk in the venture than in the Programme. For practical purposes, recipient companies make financial contributions to the projects/businesses funded by the Programme as this maximizes resource mobilization and applicant commitment to successful implementation. Companies' financial and in-kind contributions can be in the form of equity finance (external or shareholder equity injections), commercial or concessionary loans, and/or grants from other funding sources. e. Competition: the Sudan SME Catalyser application process and term sheets are available in the public domain to ensure that all eligible organizations have equal opportunity to compete for the available funds and ensure transparency. f. Portfolio approach: the Sudan SME Catalyser seeks to build a portfolio of investments that is diversified in terms of risk, sector distribution, and economic, social, and market impact. g. Additionality: the funded projects seek to create social and economic benefits that would not have been attained without this support. Therefore, funded projects should clearly outline the additionality of the funding provided.

12	Classification of additionality	<p>While we recognize that additionality is context-specific (e.g., geography, sector, etc.), below is a description of different types of additionalities:</p> <ul style="list-style-type: none"> • Faster: The company could be expected to invest in other sources in several years to come, meaning development impact is delayed or lost. SCFS can be used to enable the proposed investment/business to launch sooner, create transformational change quicker and expose the business to attract additional investments. • Bigger: The company could be expected to invest in other sources, but it would not be as large as SCF funding, thus enabling scaling multiples of the development impact and market systems development. • Wider scope: The company could be expected to invest in other sources, but AECF resources will enable it to expand the scope of the goods or services geographically or to different groups of beneficiaries to multiply the development impact, participation, and recognition of effort into its development. • More inclusive: The company will be able to access people closer to the bottom of the pyramid than it would otherwise, enhancing the benefit of Women and youth. Women tend to be difficult and expensive to reach, requiring physical networks, smaller packages of goods with smaller profit margins (or none), longer repayment terms, actualized by irregular payment patterns, and/ or susceptible to greater payment default. Applicants/ companies should be able to demonstrate how SCF funds will be used to cushion their businesses from such operating environment risks.
13	Commitments from successful grantees	<p>If selected, applicants must be committed to:</p> <ul style="list-style-type: none"> • Collaborate with AECF to finalize contract milestones and Key Performance Indicators. Indicators and milestones are agreed upon with AECF before signing the contract. • Share data, including performance against indicators and milestones. All data will be treated confidentially unless otherwise agreed in advance. • Gather, analyze, and share learnings from the project with AECF. • Report according to agreed schedules and the requirements of AECF. • Participate in AECF annual programme reviews. • Ensure financial data and other management systems are accessible for audit purposes upon request.
14	How to Apply	<p>Two-step application process:</p> <ol style="list-style-type: none"> 1. A concept note submitted through AECF's template completed online on the AECF website that provides a short summary of the business idea and background to the applicant. <p>and for shortlisted applicants:</p> <ol style="list-style-type: none"> 2. A full proposal and Business Plan including a three-year forward-looking projection, again using AECF's template completed online on the AECF website. This includes more comprehensive information to enable the assessment of the application in line with the selection criteria above.

This call for application is not binding upon The AECF and no legal right or obligation arises therefrom.

The AECF reserves the right to determine the structure of the selection process, number of short-listed applicants, the right to withdraw from the process, the right to change timetables at any time without notice and reserves the right to withdraw this call for applications at any time, without prior notice and without incurring any liability to indemnify, compensate and/or reimburse any party whatsoever.

The AECF does not charge an application fee for participation in the competition and has not appointed any agents or intermediaries to facilitate applications. Applicants are advised to reach out directly to the AECF.



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