



PROGRAMME TERM SHEET

Sudan SME Catalyser Programme Phase II

Supporting Localized Procurement



01 Introduction

The Sudan SME Catalyser phase II is a **EUR 11 million** facility funded by **BMZ** through **German Development Bank (KfW)** and implemented by the **AECF**, a development finance provider based in Nairobi, Kenya and operating across the Sub-Sahara Africa nations. This second phase of the Programme seeks to **support established enterprises** that have the potential to localise production of goods and services procured by multilateral donors in Sudan, but who need investment support to be able to do so. It seeks to support established SMEs operating in parts of the country not directly impacted by conflict, and recovering regions or SMEs that have relocated from areas impacted by fighting, improving the availability of locally manufactured goods and locally provided services, and thereby increasing local employment and incomes.

Fund Objectives

- » **Improve access** to finance for enterprises that produce goods and services in Sudan for humanitarian and development partners.
- » **Provide targeted** business development, technical assistance and capacity building.

Duration of the
Programme

2 YEARS

(October 2026 to September 2028)

02

Geography

Funding available for:

- » Private sector companies that are commercially active in Sudan, with a focus on: **Red Sea, Kassala, Gedarif, Khartoum, and Darfur**, SMEs from other regions can be considered as they look eligible

03 Focus areas

Eligible businesses must demonstrate that they are, or intend to, engage with the humanitarian and development community through local procurement. There are no limitations on the products that can be supplied to the humanitarian and development institutions as long as they are produced within Sudan, and to the chains that will be supported. Imported products are not eligible.



The solutions proposed should, where possible, take a value chain approach to illustrate how they fit within the broader sector.

All products and services must be produced within Sudan.





Manufacturers of goods that have been prioritised for buying by humanitarian and development partners in Sudan. This includes, but is not limited to, food products, hygiene products, therapeutic foods, water purification and transportation equipment and services, storage equipment and infrastructure, education equipment and services, school uniforms and verification and quality assurance services



Applicants who are processors and manufacturing companies must demonstrate that they are creating economic opportunities through employment creation and as suppliers of produce/services along the value chain or sector of operations.

Proposed initiatives can include, but are not limited to, one or more of the **Focus areas** to be eligible for funding:



Production and distribution models that support local entrepreneurship and growth of SMEs



Any SME/company that buys produce from the farmers/fisheries and supplies to humanitarian organizations/, or is willing to or supplies to IDPs camps.

04 Desired socio-economic impact

Business models must demonstrate how they deliver and sustain social impact through working with humanitarian and development partners. 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. A specific focus must be made on employment and increasing the livelihoods of people and communities.

Companies should demonstrate:

- ▶ Commitment of the founders and management in the business operations of the entity.
- ▶ Demonstrable benefits to the local community in terms of increased access to products and services, and increased income.
- ▶ Demonstrated economic development and potential improvement of the 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.

Progress in attaining the above will be measured through:

- ▶ Number of beneficiaries who could access goods and services with the investment made
- ▶ Number of jobs created.
- ▶ Improvement in income for end beneficiaries selling to or buying from grantees.
- ▶ Where applicable, the environmental benefits of reduced CO2 emissions and MWh of renewable energy installed.
- ▶ Improvement of business operations- revenue and profitability



05

Type of support available:

The support package includes

- › Provision of non-repayable grants
- › Provision of targeted technical assistance on business development services as required by the grantee.

06

Funds Available



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 supported to develop a more comprehensive financial model.



Applicants can request a range of funding depending on their proposed business idea/project/requirement:

Minimum funding is EUR 250,000 while the maximum funding per grantee is EUR 1,500,000.



Funding is subject to meeting a certain level of match funding (see Matching Contribution). Businesses should apply for funding depending on their investment requirements and capacity to absorb. Funding will be in the form of non-repayable grants and will be disbursed in US dollars, Euros, and/or local currency equivalent.



Funding payments will be milestone-based, where disbursements are based on mutually agreed milestones that must be achieved/delivered. In most circumstances, the first disbursement will not exceed 30% of the total amount awarded.



Businesses are obliged to dedicate special accounts or open bank accounts via AECF's local banking partner and provide invoices prior to the second milestone disbursement.



Funding payments for Capital Expenditure may be disbursed in US dollars or Euros on behalf of businesses directly to suppliers outside of Sudan. Operational Expenditure shall be disbursed in local currency equivalent at official rates.



Duration of the funding agreement with investees: **12 months**

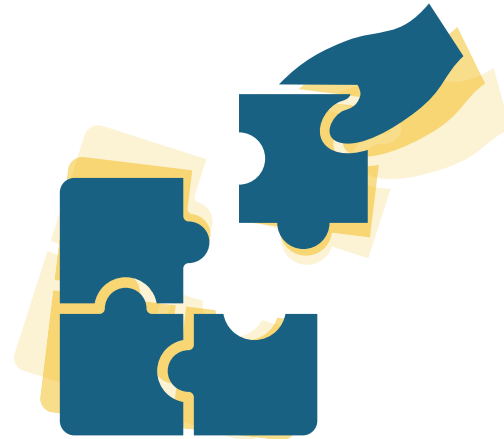
07 Matching contributions

The programme 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 AECF management. Matching contributions are required before the second milestone disbursement.

The match funding requirements are:

- **Matching contribution: 25% of the requested amount (At least 20% in cash and 80% in-kind)**

Applicants who cannot provide matching funding in cash are still encouraged to apply, justifying why they cannot provide it. Applicants who provide cash matching funds will be prioritised 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:



07 Matching contributions

Type	Description	Examples include:
In cash	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.	» 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
In-K ind	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. 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).	» Use of goods, services, and facilities (such as software, real estate) » Founders time » Management time » Provision and access to equipment. » Special materials » Technical assistance

08 Eligible companies

To be eligible for funding, private sector companies must meet the following criteria:

- Request a grant within the stipulated range.
- Be legally registered and physically established in Sudan as a for-profit company and must have operated for a period, preferably more than two (2) full accounting years, at the time of application. Demonstrate similar prior experiences working with similar projects, but must not have received a grant from a similar project within six (6) months before the application time. This does not apply to companies under the Sudan SME Catalyser Phase I.
- 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 able to show commitment to match AECF funding based on the ratios stated in matching contributions.
- Be compliant with fundamental laws and regulations in-country, including tax compliance laws.
- Be compliant with international human rights, labour 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.

08 Eligible companies

- **NOT** be associated with activities prohibited by the government of Sudan, terrorism, money laundering, or a list that prohibits trading with some businesses (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/debarr, 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
- Must have a clean integrity record, no substantiated suspicion/claims of fraud or corruption, no evidence of non-performance/capacity issues, no AML concerns or history, and no court or enforcement orders against the company in the last two years (subject to verification).
- Must be producing or purchasing products to be supplied within Sudan.
- Demonstrate additionality; see the broad view guide in text box 11 below.

09 Selection Criteria

Each applicant will be evaluated and scored against the following criteria:

- › Geographic focus areas in regions of the country outside of direct and active conflict.
- › Evidence that they are interested in supplying the humanitarian and development community, e.g. through registration on the UN procurement portal.
- › 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-upon 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.
- › If selling a product, ensure that it meets UN minimum standards, is certified in line with global standardisation procedures and/ or supplied by a certified product manufacturer, clearly marked as an acceptable quality of a product.



09, Selection Criteria

- For existing companies, provide a track record of earning revenues from their users for existing product/service/demonstrated success in at least one market.
- For existing companies, demonstrate sound financial health, including, where possible, two years of audited financial accounts, established financial management processes and procedures, and dedicated financial management staff – headquarters and in-country.
- Demonstrate the capacity of the management team to implement the proposed business/project (adequate internal resources/capacity) – at headquarters and in-country.
- Demonstrate understanding of the country context and culture where the project is operating or proposing to operate.
- In their business proposals, companies **MUST** describe their environmental impact and waste management policy and procedures and demonstrate alignment with 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



10 Investment Principles

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.

Investment Principles



Private sector demand-driven

SCF is demand-driven and harnesses private sector initiative and implementation capacity to achieve economic and social outcomes.



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.



Address Market Failure or otherwise demonstrate additionality

The SCF funds projects constrained by market failure for access to finance within the context of the specific markets within which they are to be implemented.

10 Investment Principles

Investment Principles



Risk sharing

SCF 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 maximises resource mobilisation 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.



Competition

The SCF 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.



Portfolio approach

The SCF seeks to build a portfolio of investments that is diversified in terms of risk, sector distribution, and economic, social, and market impact.



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.

11 Classification of additionality

While we recognize that additionality is context-specific (e.g., geography, sector, etc.), below is a description of different types of additionalities:



Faster

The company could be expected to invest in other sources in several years to come, meaning development impact is delayed or lost. SCF 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.

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Commitments from successful grantees

If selected, applicants must be committed to:



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.

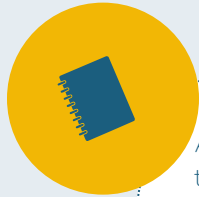


Ensure financial data and other management systems are accessible for audit purposes upon request.



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How to Apply



A concept note submitted through AECF's template, completed online on the AECF website, that provides a summary of the business idea and background to the applicant .

and for shortlisted applicants:



Following the shortlisting process, successful applicants will be required to submit a detailed financial model as part of the next stage of the selection process.

Declaration

This call for application is not binding upon The AECF and no legal right or obligations arises there from.

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.

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