

Call for Concept notes

Terms of Reference for: Strengthening/Revitalizing Farmer Institutions to become centres of service delivery (for Agri-productivity, Agri-financing, marketing, Food security and nutrition):

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Embassy of the Kingdom of the Netherlands in Kampala (EKN)

Duration: 5 years

The Embassy of the Kingdom of the Netherlands in Kampala (EKN) aspires to develop and finance a program that will transform farmer institutions, strengthening their ability to perform better, making them commercially viable, bankable, and functional centres of service delivery (collective action, market access, input supply, contract negotiation, financial access, extension and advisory, insurance, improved bargaining power, processing, storage and reduced transaction costs) for their members. The intervention will in turn enable farmers to increase productivity, reduce post-harvest losses, realize higher returns for their produce through collective action, create employment opportunities and improved livelihoods.

Through this call, EKN is soliciting interested parties to submit concept notes that will lead to the development of the final project proposal.

EKN will evaluate the concept notes, and a maximum of three organizations will be selected to submit a full proposal of which one successful organisation will be selected.

Please find below the context and main features of the envisaged program. Key criteria that will be used in the selection process are described in this paper.

Maximum budget for the program is **total 10 million euro for 5 years**. Please be aware that for unspecified reasons there is a possibility that the program will ultimately not be awarded.

The approval per year is subject to the condition that sufficient funds are made available by the budget legislator.

Questions on the planned intervention/this document can be submitted by email to KAM-OS@minbuza.nl until 10th March 2024. Answers will then be published on the website by 13th March 2024.

Online meeting to further explain the threshold criteria and answer any pending questions: 18th March 2024 at 11:00 to 12:30 Ugandan time. The link to this online meeting will be published on the website by 13th March 2024

Submission deadline: 15th April 2024 at 12:00 Ugandan time (midday)

Submit eventual questions and the concept note for the program to the following email address:

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1 Background

1.1 Policy context

The Netherlands' food and nutrition security (FNS) policy contributes to the objectives of Sustainable development goals (SDG 2): eliminating malnutrition, doubling the productivity and income of small-scale farmers (both women and men) and making food production systems more sustainable.

The main objectives of FSN policy of the Netherlands government are to:

- a) Promote inclusive and sustainable growth. This is measured by the enhancing productivity and income of small holder farmers (SDG 2.3);
- b) Promote ecological sustainable production with the conversion of farmland to sustainable use as the indicator (SDG 2.4 and 2.5);
- c) Eliminate hunger and malnutrition by lifting people out of undernourishment (SDG 2.1 and 2.2).

The above policies are translated into the Multi-Annual Country Strategy ([MACS](#)) for sustainable development and food security. The EKN supports the development of the agricultural sector through its FNS department.

The overarching objective of EKN in Uganda is the development of smallholder agriculture, sustainable land use and nutrition. Central in the strategy is the sustainable increase in income

and production of smallholder farmers (SHF) and their increased resilience to climate risks and market shocks.

1.2 Under the MACS, the key issues which are given specific attention include:

Agriculture provides 24% of GDP, employs 73% of working population and 95% of the farmers are SHF. Agricultural yields are low, often 20-30% of the potential. The effects of climate change are more pronounced every year; unpredictable rains, droughts or floods have enormous impact, especially on smallholder livelihoods. Distortion of markets are common, affecting local and regional markets and render smallholder farmers vulnerable. Diversification of agricultural production is important as market and climate risks render focus/dependency on single value chains a risky affair.

The perspective of EKN is that **improving agricultural production and inclusive economic development in Uganda is impossible without smallholder farmers**. In other words, providing smallholder farmers with the right set of inputs, knowledge and skills, they will be able to increase their productivity and income from their farming activities, which in the long run, leads to the wider outcomes of livelihood improvement, agribusiness growth, reliable household incomes, enhanced food security, and rural development. Smallholder inclusion entails supporting farmers to connect to more profitable markets, helping them overcome barriers to access quality agri-inputs, affordable agri-finance, advisory, extension, training and other services/resources, and assisting SHF with climate adaptation.

Small scale agriculture and reliance on local and regional markets will continue to play an important role for the future, also because alternative livelihoods outside agricultural are limited. The challenge is to develop the farm into sustainable, more productive, resilient, and profitable farming systems.

Increasing agricultural productivity and income of SHF needs a combination of strategies that address production, sustainable land use and market development.

Building resilience for climate change and market shocks is core in the strategies, approaches and programs. The different programs supported by EKN seek to enhance inclusive market development and value chain development. Cross-border market-linkages may offer opportunities for SHFs. **Post-harvest losses (30-40%) require additional attention.**

Access to finance for farmers and Small and Medium-sized Enterprise (SME's) is a bottleneck for agricultural development, especially for SHF and M-SME. **Improved access to finance** is an important strategy that underpins activities to enhance SHF agriculture.

The business climate for small-scale producers and MSME in the agricultural sector is poor. Their position facing market actors, public service providers and policy makers is weak. The embassy recognizes the potential central role that **farmer institutions/organizations** can play to enhance smallholder development. It acknowledges the **need and importance of working with farmer institutions to improve the position of smallholder farmers** in production, post-harvest handling, access to markets and financial services in an integrated manner. Working with farmer institutions/organisations presents an inclusive pathway through which program benefits can reach and impact large numbers of smallholders (including women and youths), and can reduce risks of individual farmers and of direct investments in individual small-scale production.

Given their small size, it is the understanding of the embassy, that smallholders cannot increase their competitiveness in diversified markets without effective farmer organisations at different levels. When smallholder farmers get organized (in strong institutions), it becomes easier for them to collectively access farming inputs (through producer organizations), aggregate produce to reach larger markets (through marketing organizations), reduce costs, improve their bargaining power, increase access to agri-finance (through Savings and Credit Co-operative Society (SACCOs)), and are better positioned to improve their livelihood and move out of poverty. These organizations should allow smallholders and resource-poor agricultural producers to work together, thus granting several benefits to rural farming households. Moreover, **investing in local farmer institutions enhances local ownership** of development programs, increases the ability of local communities to take charge of their own development and ensures lasting impact and resilience.

In order to perform the above roles and achieve the expected impact, EKN believes it is essential that farmer organisations are created from within the communities and are built from the basis in order to assure understanding, commitment and motivation to address SHF issues and defend their interests.

The proposed program is in conformity with Uganda's vision 2040 which aspires to transform the agriculture sector from subsistence to commercialized agriculture. It is well aligned with Uganda's National Development Plan III (NDP III) which has as goal: "To increase HH income and improve quality of life of Ugandans". NDP III recognizes the dominance of smallholder farmers in Uganda's agriculture and their potential to increase the country's overall agricultural productivity given the right conditions.

Under the NDPIII, the agricultural strategy is captured in the Agro-Industrialization Programme (AIP) whose goal is to increase commercialization and competitiveness of agricultural production and agro-processing. The AIP is spearheaded by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). One of the key challenges identified by the AIP is weak and inefficient institutions for implementation of agro-industrialization program, thus recognising the need to strengthen farmer organizations and cooperatives. Furthermore, the AIP intends to support interventions for organising farmers into cooperatives so as to increase their production, improve agribusiness efficiency, enhance collective bargaining and marketing.

1.3 Description and guidelines of the program

In the 2023-2026 MACS, the Embassy envisages to develop and finance a program which aims at strengthening farmer organizations/institutions (eg cooperatives).

Geographical coverage: The program will focus on the following regions:

1. Southwestern Uganda: (Districts include: Kabale, Rubanda, Kisoro, Rukiga, Kanungu and Rukungiri)
2. Western Uganda: (Districts include: Kamwenge, Kyenjojo, Bunyangabo, Kyegegwa, Kabarole and Bundibugyo)
3. Elgon region: (Districts include: Kapchorwa, Bukwo, Bulambuli, Manafwa, Budadiri and Mbale)
4. Busoga region: (Districts include: Luuka, Kamuli, Buyende, Jinja and Kaliro)
5. Northern region: (Districts include: Lango, Alebtong, Lira rural, Amolatar and Dokolo)

2 Problem statement

Smallholders are an important player in agricultural production and value chains. Due to their size, smallholder farmers cannot benefit from economies of scale that would help to reduce production and/or transaction costs. They continue to face various constraints that hinder them from accessing and benefitting from (profitable) market opportunities and quality inputs. These include: weak organization, low volumes of produce to sell, lack of information on prices and markets, lack of information and access to technologies, lack of adequate inputs for agricultural production, variable quality, seasonality and limited storage, high transactions costs, low bargaining power, poor contacts/connections to market actors, and limited ability to meet the high and acceptable requirements of some high value outlets. Additionally, smallholder farmers are disproportionately vulnerable to the impacts of climate change as a result of poverty, marginalisation and reliance on natural resources. As climate change impacts are increasingly observed and felt by smallholder farmers, there is an urgent need to identify approaches which strengthen and enhance the adaptive capacity of farmers, their households and their communities.

Regrettably, most interventions by different players tend to address these challenges/constraints in an isolated instead of integrated manner.

Functional farmer organisations have the potential to make significant contributions to building the adaptive capacity of smallholders by working towards enhancing farmers' access to production

inputs, finance, markets, and extension services. Strong and vibrant farmers' organizations can provide opportunities to smallholder farmers to effectively play a role in the market economy and benefit from it, and can reduce risks SHF are facing.

It is envisaged that the program will revitalize and strengthen farmer institutions/organizations in an integrated way and enable them to facilitate linkages between farmers, processors, traders, retailers to coordinate supply and demand as well as facilitating access to key business development services such as market information, input supplies, and transport services. These organizations bring smallholder farmers together in an inclusive way, allow them to participate in markets more effectively, ensure their bargaining position, and deliver demand driven services to members. This will allow people to take control of their economic future.

2.1 Key features of the program:

The purpose of the program is to strengthen and enhance the performance of farmer institutions/organizations making them functional centres of service delivery for smallholder farmers especially in production, marketing and agri-finance. It aims at strengthening the capacity of the new and existing farmer institutions/organizations and enabling them to offer quality and appropriate services to smallholder farmers.

The program will focus on interventions that strengthen and revitalize the farmer institutions/organizations thus enabling them address challenges of production, post-harvest handling, marketing and financial access in an integrated manner, taking climate risks as an essential element.

By strengthening different farmer organizations in an integrated manner, the targeted smallholder farmers members will improve productivity through access to low cost, high quality inputs; access a range of financial services including credit and insurance (through i.e. SACCOs and other financial service providers (FSPs)); access to profitable markets for outputs, reducing postharvest losses through storage, processing, value addition and packaging thereby extending the shelf life of their enterprises. This will result directly in improved food security, increased incomes, resilience, and better livelihoods.

Through program interventions, the farmer institutions/organizations will be given the necessary support to identify common interest, assess opportunities for collective action, identify appropriate crops/livestock enterprises relevant to their context, provide access to good agricultural practices and technologies; strengthen their administrative and managerial capacities including ICT. They will further be facilitated to improve access to finance (through SACCOs and other means), foster agri-technology adoption and penetration, improve productivity and profitability, improve access to inputs and services, value addition to reduce post-harvest losses, increase access to profitable markets and increase farmer incomes, thereby strengthening their sustainable agriculture based livelihoods. Additionally, the program will engage in activities for mobilizing the (smallholder) farmers to form/join new farmer organisations/institutions especially in geographical locations where they don't exist.

A participatory approach will be integrated in the program to increase awareness among smallholder farmers on how to work together through farmer organizations so as to address systemic constraints in the agri-sector. This approach ensures that the project interventions are well aligned to the farmers' visions and strategies (a shared vision) to increase their productivity, income and fight poverty. Additionally, it enhances farmers' ownership of project interventions, increases farmers' effective engagement, and contribution to finding solutions to their own challenges. It enhances collective action which is important for cooperative development. Through the PIP approach, the smallholder farmers will be trained to develop their visions (aspirations) and action plans, and will then be facilitated to work together through farmer organizations/institutions in line with their visions and actions. This participatory approach will be the foundation and an essential element of the design of the strategy and other subsequent project interventions.

Experience has shown that farmer organisations need to be built on intrinsic motivation and be built from within the farmer community, ownership of farmers of the organisations is key. It is therefore important to stress that the program is expected to not only work with advanced level of farmer organizations but also create and support new ones.

The program strategies and activities will be based on an in-depth knowledge on the status, opportunities, challenges, and priorities of farmer organizations/institutions. There will be a need for a study to analyse and appraise farmer institutions with a purpose of identifying drivers and motivations to join cooperatives, services and products offered by farmer institutions, performance, perceptions, benefits, challenges and opportunities, an understanding of the socio-political economy, and identifying investment opportunities that can promote and strengthen cooperatives. This will lead to interventions will be tailored to the specificities of the different organisations. A general blanket approach will not be suitable to address the specificities of the different organizations.

The program will have a budget to contribute to investment in technology innovations and for basic upgrading essential organizational functional infrastructure/equipment and operational management systems that improve productivity, marketing, financial access . In the design and implementation of these innovations, climate risks will be considered in the analysis.

On the basis of participatory inclusive decision making by the farmer organisation and its members, every farmer organization and its members will be supported to select and engage in at least 3 or 4 productive enterprises/value chains (crop/livestock) that offer different pathways for farmers, helping them to maximise and diversify their agricultural production and post-harvest activities, their income streams, and thereby building their resilience to external shocks. This enables farmers to have a range of enterprise options that best suit their preferences/ecological zones, diversify risk and grow revenues.

Farmer organizations will be supported in the development of production, financial and marketing/business plans and in their implementation. Attention will also be paid to farmer organizations that have the ambition, capacities and willingness to invest in the marketing and/or add value to the selected enterprises.

In short, the project will strengthen farmer organizations, enabling them to deliver services for improving production, post-harvest, enhancing access to markets and access to finance in an integrated manner.

The program offices and all full-time staff will be based in the program locations. Program office and full-time staff will not be based in Kampala.

The program will ensure a high level of flexibility to ensure capacity to adapt whenever new insights or the context require so. This flexibility should be reflected in both the budget and staffing.

2.2 Core areas of attention include:

1. Assessments of opportunities and challenges of farmer organisations, including a political economy analysis
2. Participatory integrated planning and visioning
3. Organizational strategic planning by the organizations
4. Mobilization, registration and formalisation of farmer organizations/institutions into viable entities (Producer cooperatives, Marketing and SACCOs). Mobilizing farmers to form or join farmer organizations (increasing membership)
5. Ensure inclusive membership and the position of SHF, women and youth.
6. Enhance the position of farmer organisations versus other market and government actors, including bargaining power and advocacy skills.
7. Increasing Production and Productivity, Financial and Market Access and storage and Value Addition in an integrated manner.
8. Continuous Organisational development (organisational strategy, support for good governance, membership management, leadership, business orientation, internal operations, infrastructure/equipment support etc) to improve service delivery.
9. Support to organizations to improve financial management (internal financing through membership fees, shares and service charges and external income generation)
10. Integrate strategies and interventions to support adaptation and build resilience to climate change risks for smallholder farmers and the agriculture sector. Including, engage in diversified farm enterprises for diverse income streams, resilience to shocks (risk

- mitigation), etc for farmers. Strategies will be built on low-cost, replicable technologies and information streams in order to ensure sustainable access of SHF households.
11. Development of several specific value chains per farmer organization or per region.
 12. Build capacity of farmer organizations (Producer organizations) to access quality inputs and invest in productive equipment such as seeds, fertilizers, pesticides, new technologies, irrigation equipment, farm equipment, agroprocessing equipment, etc
 13. Strengthen capacity of SACCOs to offer affordable agrifinance to smallholder farmers. Rather than handouts, the program will provide an option of purchasing farm inputs, irrigation equipment, tools, and other technologies on credit (through SACCOs and/or other financial service providers (FSP)).
 14. Access to agricultural advisory and extension services (Good agricultural practices for the selected value chains)
 15. Support activities for registering and contracting with farmer organizations
 16. Aggregating products at the local level, checking quantity, quality, packaging and tracing the products;
 17. Technically support efforts to improve infrastructure such as SACCO offices, storage facilities (at collection/aggregation points), value addition/agroprocessing equipment, packaging materials to increase product quantity and quality as well as service delivery.
 - a. Limited sources are available to support with subsidies.
 18. Explore possibilities of integrating climate risk and agri-insurance strategies and interventions at farmer and organizational levels
 19. Provide and support agricultural extension and service provision by the Farmer organizations
 20. Improving smallholders collective bargaining power and access to quality and inexpensive agricultural inputs.
 21. Improving smallholders' access to market information and improving value chain and market integration
 22. Farm business development, marketing and business services and business advisory services, contracting
 23. Production, marketing and agrifinance activities well integrated (not in isolation of each other)
 24. Post harvest support and value addition products (e.g., improved storage bags, crop drying sheets, basic agroprocessing equipment) to prevent pest-related post-harvest loss.
 25. Support the organizations to draw up their business plans, market their products better and achieve higher incomes Support to farmer organisation can consist of general trainings, however, tailor made approaches will be dominant.

3 Goal, objectives, expected outcome and outputs

Goal: Resilient and inclusive development of SHF livelihoods, through strengthened farmer organizations

3.1 Outcomes

1. SHF enhance their incomes by increased production, post-harvest handling and marketing (target minimum 200,000 households)
2. SHF livelihoods become more resilient to market (input-output) failure (target 200,000 households).

3.2 Result areas

Strengthened Farmer Institutions making them centres of service delivery for agricultural productivity, post-harvest, marketing, and finance:

1. Enhanced performance and competitiveness of farmer organizations concerning provision of technical assistance and resources: inputs, technical knowledge, financial resources, and infrastructure/equipment.

2. Enhanced position of farmer organizations (FO) in dealing with market and government actors.
3. FO enhance access to finance increased through a.o. SACCOs.
4. Inclusive membership and representation of SHF, women and disadvantaged group ensured.
5. FO strengthen farmer capacity through agricultural extension services for enhanced productivity and increased resilience to climate change and market shocks.
6. FO enhance access for SHF to and usage of quality inputs and other services for increased agricultural production and enhancing competitiveness.
7. FO improve timely access to and distribution of guaranteed quality agricultural input supplies/equipment.
8. FO have enhanced access to fair and remunerative markets
- 9.

3.3 Expected outputs

1. Increased farmer knowledge and competencies in production, finance, and marketing
2. Increased adoption of good agricultural and business practices
3. Improved productivity and profitability of farmers
4. Improved access of smallholders to quality inputs and services
5. Improved access of smallholders to information and appropriate innovations/technical solutions for adaptation to climate change.
6. Reduced post-harvest losses
7. Improved marketing conditions for smallholders by better access to, and functioning of markets and processing facilities.
8. Better access to agrifinance for SHF
9. Diversified livelihoods/incomes (risk mitigation) for farm families (including risk insurance)

3.4 Target group

The principal target groups of the program are the smallholder farmers organized into farmer organizations/institutions (producer organizations, marketing cooperatives and SACCOs). The program will also work with other actors who play important role in the functioning of the financial and market landscape such as private sector businesses, processors, input suppliers, market players, public sector and knowledge institutions.

3.5 Expected way of working/strategies/approaches

Participatory planning process aimed at aligning farmers' aspirations, visions and strategies with farmer organization strategies and program activities will be the foundation for the program.

A **diagnostic study/feasibility analysis** will be conducted to assess the context situation of the farmers organizations and level of agriculture in the area. Additionally, the study will cover aspects such as financial, technical, legal, political, socio-cultural, environmental, economic and resource feasibility for farmer organizations/institutions, including an analysis of the impact of climate change on (small holder) farming in the areas of operations. It will identify and analyse the constraints, challenges, opportunities, threats and prospects of farmer producer organizations and how they represent SHF. Furthermore, the study will identify and analyse the main services and products offered by farmer organizations. The analysis will establish a case for strengthening and promoting farmer organizations in the selected areas of operation. It will appreciate the Internal Factors (e.g. Group composition, structure and size, atmosphere, cohesion, standards and norms, leadership styles, balance between group maintenance needs, and individual needs etc) that may influence the performance of the farmer organizations. The study will also help in identifying the potential interventions and understand the specific project implementation context.

It will further develop strategies and activities to strengthen the existing FOs and how to create new ones. Other aspects to be covered in the study include:

- Establish the type, level and performance of existing farmer institutions and their organizational structures.

- Understand the success and failure factors behind existing farmer' organizations;
- Identify appropriate organizational and management structures for farmer organizations in the proposed areas of operation;
- Identify other partners supporting farmer organizations and explore possibilities for collaboration
- Identify options and propose viable intervention for EKN to support the development of viable, strong and sustainable farmer organizations in the areas of operation; and
- Establish holistic capacity needs of the farmers' organizations.

As FO are not the same and face different opportunities and challenges, the approach of the project will assure **tailor-made support processes**.

Key in the strategy is to build understanding and commitment of FO to work for the common interest and to include the interests of the different type of members. Developing **bargaining power and representativity** requires long-term accompanying of SHF.

3.6 Related programs funded by EKN:

EKN finances several projects in Food and Nutrition Security (FNS). Other areas of interest are Sexual and Reproductive Health and Rights, Rule of Law, Private Sector Development and Migration, with gender, climate and human rights as cross cutting themes. An overview of the projects under FNS is presented below.

To enhance farmers' productivity, market access, financial access and resilience, it is required to look beyond crop based market systems and pay closer attention to strengthening farmer institutions.

EKN finances a number of activities with which the farmer organisation project will seek collaboration and synergy:

1. **Bright**: Building Resilience and Inclusive Growth of Highland Farming Systems for Rural Transformation. (IFDC, 2022-2026)

Summary: The project will increase resilience and income of smallholder farmers in the highlands of Rwenzori, Kigezi and Elgon. The project will build resilience for external and internal shocks and stresses, like climate, market, disease, and other shocks. The project will start from the vision and ambitions of smallholder farmers and build support to the farming systems and several value chains. Sustainable land use is an important component of the project as sustainable land use is key for both resilience and production.

2. **CommonGround**. Restoring Resilience of highland farmer communities and agroecosystems in Uganda. (WENR and ISSD, 2022-2026)

Watersheds and livelihoods are under threat in the highlands of Uganda. Increased pressure on land and inappropriate agricultural practices, amongst others, lead to erosion and decreasing carrying capacity of the land. Many interventions to address these challenges are focussed on the fast solutions instead of long-term change based on stewardship by the communities. This project will start from the perception and vision of farmers to develop the smallholder agricultural sector in a sustainable manner-based restoration of resilience of highland watersheds and farming systems. The goal of the activity is: *to build resilient farmer communities and agro-systems based on sustainable farming systems, restored watersheds, and improved marketing opportunities.*

3. Horticulture Market Acceleration Program (HortiMap). Technoserve (2021-2024)

The overall aim of HortiMAP is to support market actors to chart their own course towards a vibrant, sustainable Ugandan horticulture sector. The goal of the program is to transform the horticulture sector to a modern, efficient, competitive, technology and knowledge-driven sector through increased productivity, reduced food losses, improved access to rewarding markets, strengthen resilience to shocks, and a strong and facilitating government. The project contributes to poverty reduction, adequate food and nutrition security and job creation through an inclusive, competitive, and transformative horticulture sector HortiMAP works on three areas: Increased productivity, improved access to markets and strengthened service provision within the value chain project.

4. A-GRIP (Cordaid, 2023-2028)

A-GRIP is implemented by Cordaid and will work in some districts in ALL regions where EKN funded projects are active or planned.

The project will finance Local Governments (LGs) to perform their roles in the following sectors:

- Land registration (CCO)
- Agricultural extension and other services
- Regulation

Based on indicators and targets, LGs will be financed based on results achieved (results-based financing: RBF).

The relation between the other EKN projects with the LG in the concerned districts will change as the projects will no longer directly finance the LG participation and activities. LG can also use RBF to expand the activities of the projects beyond the intervention areas of the projects.

This implies that the financing mode shifts from input to results-based financing. In the districts where A-GRIP is not active, the other projects will continue to collaborate with LG as before.

5. The Integrated Smallholder Dairy Program (ISDAP). (SNV 2022-2024)

ISDAP is a complement to TIDE (closed end of 2023), which was mainly focusing on medium and large farmers. It was noted that the results did not trickle down to SHF as was anticipated. ISDAP is aiming to improve income at smallholder farms (SHF) by improving cow management and productivity. SHF's under ISDAP are characterized by having at least one dairy cow, maximal 6 acres of land and multiple other income resources (crops).

ISDAP aims to improve livelihoods **not** by extension of the dairy component that outcompete other crops, but by strengthening complementarity of dairy production **within** the integrated farm enterprises framework. ISDAP integrates components such as improved forages for better animal nutrition, manure handling for enhanced fertilization of crops and rainwater harvesting. ISDAP is implemented in 11 Districts and 1 city council in the regions of Rwenzori, Greater Ankole and Kigezi.

6. Include (SNV 2024-2028).

The project is in the pipeline and not yet operational. It is a follow-up project of ISDAP, it will work on livestock development for smallholders. It aims to increase smallholder farmer income and resilient livestock-based livelihoods in Busoga, Rwenzori, Kigezi and greater Ankole.

The project will work through a participatory approach that will be the basis for the development of all interventions and help the farmers to strengthen their resilience, and increase sustainable land use, productivity, and access to markets.

7. Dairy and Horticulture Credit Fund. Uganda Dairy Credit Facility (UDCF) for low-cost investments at smallholder farms (PCP 2022-2030)

The project will enhance the access to finance for smallholder farmers (SHF) and Micro Small and Medium Enterprises (MSME) in the dairy and horticulture sector. PCP, the implementer, will provide finance to SACCOs for lending to those target groups. The projects TIDE and HortiMap will provide technical support to the SACCOs to develop credit products, and support SHF and MSME to make efficient use of the available credit.

4 Selection procedure

The selection of the successful applicant will be done in two stages, stage 1 is the concept note (CN) and stage 2 concerns the full proposal (FP):

Stage 1 – A) Threshold criteria check and B) Qualitative assessment of the organization/track record and concept note.

Applications received on time will first be assessed for compliance with the threshold criteria set out in section IV.1.

A. The threshold check comprises criteria which an application must in any case meet to be eligible for a contribution/grant. Applications that do not meet all the threshold criteria will be rejected. Applications that meet all the threshold criteria will go on to part B of the first stage of the selection procedure for a qualitative check of the organization/track record and concept note.

B. The concept note is assessed based on qualitative criteria. Applicants must obtain a score of at least 65% on the qualitative check of the concept note.

Applications that pass the threshold check will be assessed based on the qualitative criteria set out in sections IV.2.1.

Up to a maximum of three applicants whose applications pass the threshold check and with the highest score above 65% on the qualitative check will be invited to develop their concept note into a full program proposal.

The **CN** will be **maximum 10 pages** (excluding front and content page and the annexes on IV.1.1 threshold criteria and the applicant's/consortium's track record). The document will provide information that allows EKN to assess all questions under IV.1.

Selection and decision CN:

Final selection and approval of the quality of the CN's is at the discretion and responsibility of the EKN. Decisions of EKN are final and binding and not open for appeal. Applicants will be informed in writing on the outcome of the selection.

2. Stage 2 – Qualitative assessment of the full program proposal

In stage 2, the quality of the full proposals submitted on time by the applicants invited to do so at the end of stage 1 will be assessed based on the qualitative criteria set out in section IV.2. To be eligible an applicant must score at least 70% on the qualitative check of the program proposal. The application with the highest score will be awarded the contribution/grant.

The **full proposal** will be **maximal 40 pages** (excluding annexes). The main document will be stand-alone document that will allow assessment of the FP as specified under IV.2. Annexes will be only for information and deepening and will not be essential for the assessment process.

4.1 Concept Note (CN), stage 1

4.1.1 Threshold criteria check.

Threshold criteria need to be met. If not, the CN will not be considered. The following **threshold criteria** are applied:

1. The lead partner should be a (inter)national NGO, UN organisation or a private company.
2. The lead partner has proven experience in the management of single-projects of USD 5 million or more in which the lead partner is the lead (or contract) party. The following information is required: name of the project, thematic area, main results, total budget (including currency) and the contact details of the contact person of the donor organization.
3. The current lead partner's in-country budget is more than 50% of the value of the project proposal per year. Annual financial statements of 2020, 2021 and 2022 to be submitted.

4. The lead partner has submitted the following documents:
 - a. Annual financial statements for 2020, 2021 and 2022
 - b. Organizational chart
 - c. Audit reports and management letters of the last three years
 - d. Registration certificate in Uganda
 - e. Corruption/fraud/SEAH policy
5. The lead partner has proven experience with the implementation of projects aimed at strengthening farmer organisations development projects in Uganda. Broader experience and lessons from other countries at a comparable scale in terms of finance and number of beneficiaries will be an added advantage. Details of projects need to be submitted and include at least: duration, budget (including currency), donor, objectives, strategy, and planned/achieved results.
6. The applicant will declare that:
 - a. The Team Leader will be in charge of program operations and supervise ALL program staff (including from other consortium partners).
 - b. The allocated budgets to the partner are indicative and can be changed when deemed necessary by the lead (after consultation with EKN) or EKN.
 - c. The composition of partners may change when deemed necessary by the lead in consultation with EKN.
7. Applicant will declare that the program will be implemented by the applicant itself (with partners if applicable) and that it will not simply act as an intermediary channel to provide financing to other implementing parties or subcontract those to execute most of the work. At least 60% of the activity budget should be implemented directly by the program staff of the applicant.
8. EKN has no objection to/no preference for consortia. If the application is submitted by a lead party on behalf of a consortium, the application must include a partnership agreement signed on behalf of all consortium partners (the lead party and all co-applicants), which has been concluded with a view to implementing the activities for which a contribution/grant is requested, in any case laying down undertakings on:
 - i. how each of the consortium partners will contribute to the consortium's activities;
 - ii. how decisions are made within the consortium;
 - iii. how costs and risks will be shared among the consortium members;
 - iv. how the consortium members will ensure that the lead party fulfils the obligations towards EKN in respect of the contribution/grant, including responsibility for the joint aggregated reports (including IATI-compliant reports);
 - v. how the consortium members will keep each other informed, in particular concerning their financial health;
 - vi. how the partnership can be adapted; both in composition and in budget allocation to the different partners.
 - vii. the role of each of the consortium members in monitoring and evaluating progress in the activities for which a contribution/grant has been received.

EKN will not accept a consortium in which activities and budgets are divided between the partners without a clause that these allocations are preliminary and can be amended at any time during the program implementation if requested by EKN or judged necessary by the consortium lead and approved by EKN. This clause needs to be explicitly mentioned in the partnership agreement, the CN and the FP.
9. Applicants (and possible consortium members) should declare
 - a. having a pre-employment scanning (including on SEAH) in place; The applicant (and possible consortium members) should declare to include this specific requirement in the possible contract with the subcontractors.
 - b. the applicant (and possible consortium members) has a working environment where Diversity, Equity, Inclusion and non-discrimination are being ensured. This requirement will also be included in possible contract with subcontractors.
10. Applicants should have an office in Uganda for at least 5 years. Scanned copy of the organization's registration certificate should be included in the submission package.

4.1.2 Qualitative criteria concerning the Concept Note (stage 1B).

Stage 1.B of the selection procedure comprises qualitative checks of the concept note based on the criteria set out in section IV.1.2.1. Applications must score at least 65 points.

4.1.2.1 *Concept note check: qualitative criteria concerning the concept note (100 points)*

1. The extent to which the draft theory of change (ToC) contributes to the goal, outcomes and intended result areas for farmer institutional development program. (10 points)
2. The translation of the different outcomes, results and major features into a comprehensive and efficient program design, strategy and main interventions. (25 points)
3. The extent to which the concept note shows understanding of, and provides a convincing strategy concerning (each 7 points):
 - a) The importance of participatory approach for planning and implementation in farmer organizational development, and how the results will be translated into the program results framework, strategy, and activities.
 - b) Translation of the challenges and opportunities related to farmer organizational development into concrete outputs and activities.
 - c) The strategy to build bargaining and advocacy capacity of the FO for the interests of SHF members
 - d) Building resilience through farmer organizational development and its operationalization in the strategy, concrete outputs, and activities of the program.
 - e) The strategy and potential for enhancing productivity, marketing and financial access in an integrated manner.
 - f) Analysis of the major risks related to climate change and the strategy to integrate solutions in the activities of the project that will benefit vulnerable households in a sustainable and replicable way.
 - g) Strategy for enhancing access to quality inputs through farmer organizations
 - h) The development of value chains through farmer organizations.
 - i) How gender and inclusivity are integrated in farmer organizational development. And how broader inclusivity challenges (resource rich/poor, well/poor connected, etc.) are integrated in the program strategy and interventions.
4. The concept note provides information on how collaboration with other (Dutch funded) funded projects is planned (4 points).
5. The concept note outlines how the contract party will include sub-contracting local organisations in the implementation of the program and how their capacity will be strengthened, including financially. (5 points)

4.2 Stage 2: Full Proposal (FP)

Stage 2 is comprised of the qualitative assessment of the full proposals that have been invited, are submitted on time, and are maximal 40 pages. To be eligible for funding the applicant must at least attain 70% of the maximum score. The draft evaluation criteria for the full proposal (FP) are presented below, the final criteria and the scoring will be communicated together with the invitation to submit a FP if relevant.

Selection and decision

EKN will select the full proposal that best meets the requirements. Decisions of EKN are final and binding and not open for appeal. Applicants will be informed in writing on the outcome of the selection. After the selection a discussion with the selected applicant will start to discuss potential weak areas of the proposal and to investigate if a successful program can be implemented. A refinement of the proposal may be part of this process. After this stage the selected best applicant will be requested to finalize its proposal based on indications by the EKN . Additionally, an organization assessment (ORIA) will be conducted (by EKN) and will be part of the process of evaluating the full proposal.

Evaluation criteria for the Full Proposal (FP)

1. Quality of the program full proposal (see also chapter II):
 - a. Understanding of the call.
 - b. Theory of Change and summary of the result framework.
 - c. Description of the components of the program and their linkages.
 - d. Strategy and approach of the program.
 - e. Description on how the program strategies and activities will enhance production, incomes, resilience, financial and market access for smallholder farmers.
 - f. Description of how the program strategies and activities will assist small holder farmers with adaptation to climate change.
 - g. Realistic estimation of the number of direct beneficiaries (specified by gender) that the program will reach, for the different components.
 - h. Feasibility of the program, to reach the expected outcomes and impacts.
 - i. Realism of addressing imperfections in production, marketing and financial access through farmer organizations, and the translation into the strategy and activities of the program.
 - j. Realism, relevance and quality of the gender and inclusion strategy and its implementation.
 - k. Collaboration with current existing projects (financed by The Netherlands)
 - l. Main approach and interventions. The below areas of attention should be reflected and elaborated in the FP:
 - I. Integrated participatory planning for farmer organizational development.
 - II. Situational analysis of farmer organizations and actor analysis
 - III. Strategy/approach to improve performance of farmer organizations.
 - IV. Translation of the above (I-III) in strategy and activities specifically in the below points (V-XVI).
 - V. Strategy, approach and activities to strengthen the functioning of farmer institutions/organizations to address productivity, access to finance and (local) markets for SHF in an integrated way.
 - VI. Strategy and approach for the potential value chains development. Selection criteria for the choice of VC.
 - VII. Approach to climate change adaptation through farmer organizations. Strategy and approach to access farming inputs and other technologies (eg irrigation technologies, seeds, agro-chemicals, fertilizers, labour saving technologies, value addition/agroprocessing technologies etc)
 - VIII. Strategies, approach, and activities to involve and collaborate with the different actors: private sector, public sector, knowledge institutions etc.
 - IX. Link between inclusive planning and market development with the infrastructure activities.
 - X. Strategy for infrastructural development and their financing, to strengthen farmer organizations.
 - XI. Financing modalities of innovations and others for strengthening farmer organizations.
 - m. Sustainability; the full proposal should make clear how sustainability will be built in from the start of the program.
 - n. Risks: both internal and external main risks will be described, their probability and potential impact on the program and its mitigation measures.
 - o. Budget, showing the major budget categories and details on staff cost composition. Maximum allocation for personnel costs is 30% of the total budget. The program team should be capable to manage the program, therefore no major costs for support by general office staff can be budgeted.

And any other relevant matter, please use the outline and features presented in chapter II and III as your reference.

2. Description of activities, planning and results of the inception period.
3. Argumentation on how the program will achieve scale and sustainability.
4. Organisation (contract organisation and partners):
 - a. Although the broad spectrum of features, themes and approaches may indicate the need for collaboration with different other organizations, one organization will be contracted. This organization may sub-contract to other organizations or form a

- consortium. The description of the capacities of the implementing organization and possible sub-contracted parties in relation to the described program should highlight their complementarity and the comprehensive coverage of all relevant areas described under the outline of the program (chapter II).
- b. Relevant experience of the lead/consortium partners organisation with the key components of the program.
 - c. Evidence of the organisation's capacity and flexibility to field a well-performing team and to adapt the team when necessary.
 - d. Elaboration of the relationship with sub-contracted local organisations, clarifying the way of working, the way the local organisations overall capacity will be build, and the overhead allocations.
 - e. Set up of the organisation:
 - i. Division of tasks.
 - ii. Staffing for the different components.
 - iii. Job description of principal staff
 - iv. CV of proposed candidates for the TL position.
 - v. Division of roles between the partners.
 - vi. Set up of program structure and organisation to ensure proper coordination and synergy between the components.
 - vii. Geographical organisation of the team.
 - f. The document should clearly spell out how the different components will be sequenced and guarantee the proper implementation of the different phases described under the way of working. Proof of experience of the organisation and main partners with the different components and their interlinkages is required.
 - g. It is required to show how flexibility will be assured. Shift in, for example, priorities or strategies should be possible, even if budget reallocation is required between the partners.
 - h. Partnership agreement or MoU between partners that stipulate that division of activities and budgets between the partners are preliminary and can be amended at any time during the program implementation if requested by EKN or judged necessary by the consortium lead and approved by EKN.
 - i. The document should clearly indicate measures in case of under/non-performance of a partner.
5. Adequate quality of the program team regarding:
- a. Composition of the team: the proposed functions in the team cover the different subject matters of the program.
 - b. The TL will have a broad international experience, with at least 10 years' experience, and be able to steer the different components.
 - c. An experienced professional will head each main component.

Inception period:

An inception period of maximal 6 months can be proposed.

The program proposal will clearly specify the results and achievements of the inception period.

The minimum requirement will be that the features/strategies/approaches mentioned under the above bullets 1-5 will be developed and started. This will require an early start of field activities.

Activities related to Participatory Integrated planning The start of activities related to feature 1 (inclusive planning process at household level) and relevant studies will be carried out in the first months of the inception period to ensure a proper foundation is laid for the development of subsequent program interventions.

Non-performance during the inception phase may be reason for termination of the contract.

Full Proposal document:

The full proposal will have at least the following chapters:

- a. Understanding of the call
- b. Context analysis and problem statement
- c. Theory of change, and results framework
- d. Target groups description
- e. Strategy and approach

- f. Program components: strategies, activities and implementation
- g. Cross-cutting themes and their implementation
- h. Inception phase
- i. Organisation and management
- j. Monitoring evaluation and learning
- k. Risks and mitigation
- l. Budget

Annexes:

- CV's of the candidates for two lead positions (Team leader and one senior position of strategic interest for the project). The proposed candidates need to be available for the implementation of the project. If, due to delays at the embassy, no contract or agreement has been concluded within 8 months of submitting the concept note, a replacement can be proposed if needed)

Any other chapter that the applicant considers important to assess the proposal on the outline of the program and evaluation criteria.

5 Indicative timeline

<u>Concept note.</u>	
Questions on this planned intervention/this document can be submitted	Not later than 10 th March 2024
Answers will be published on the website	Not later than 13 th March 2024
Online meeting to explain the Threshold criteria to be met and to answer some questions	18 th March 2024 at 11:00 to 12:30 Ugandan time. Note: The link to this online meeting will be published together with the answers on the website by 13 th March 2024
Deadline for Submission of the Concept Note	15 th April 2024 at 12:00 Ugandan time (midday).
Decision on CN submitted	No later than 10 th May 2024
<u>Full proposal</u>	
Invitation to submit a detailed full proposal	No later than 10 th May 2024
Submission of full proposal	15 th July 2024 at 20:00 Ugandan time.
Decision on full proposals submitted on time	No later than 12 th August 2024
Discussion with selected applicant	19 th -23rd August 2024
Submit revised proposal	23 rd September 2024
Contract and start of activity	One month after final approval of the full proposal