



# Seed for Impact Programme (SIP) Tanzania Window

TERM SHEET FOR APPLICANTS



## 1. Programme Overview

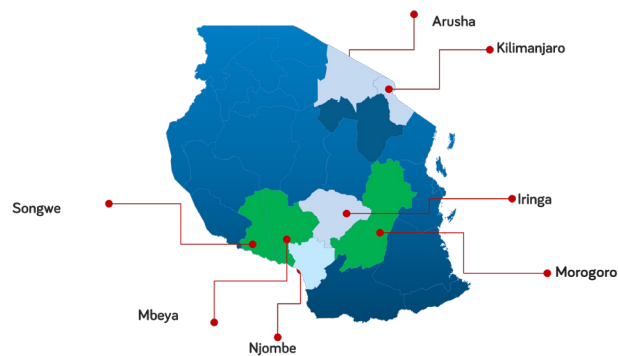
The Tanzania-specific window of funding under the Seed for Impact Programme (SIP 2.0) funded by the Government of Sweden, seeks to address the challenges faced by smallholder farmers (SHFs) in accessing seeds of improved and high-yielding climate-resilient crop varieties. By providing catalytic funds to private seed enterprises through a grant coupled with technical assistance, this initiative aims to empower SHFs to increase agricultural production, mitigate the effects of adverse climate conditions, and promote the consumption of nutrient-dense foods.

In Tanzania, SHFs play a vital role in the country's agricultural sector and food security. However, they often face limited access to high-quality seeds that are adapted to changing climatic conditions. This constraint hampers their ability to achieve sustainable productivity gains and adapt to the challenges posed by climate change. By focusing on improving seed access and availability, the Tanzania-specific window of funding aims to address these barriers and support SHFs in realizing their full agricultural potential.

The core objective of this funding initiative is twofold. Firstly, it aims to increase the availability of seeds of improved and high-yielding climate-resilient crop varieties specifically tailored to the agroecological conditions of Tanzania. This will be achieved through partnerships with private seed enterprises, which will receive catalytic funds in the form of grants. These funds will enable the enterprises to invest in product sourcing and development, production, and seed distribution of these climate-resilient crop varieties. Secondly, the initiative will provide technical assistance to the supported seed enterprises. This assistance will focus on enhancing their capacities in seed production, quality control, and distribution systems. By strengthening the operational and technical aspects of these enterprises, the initiative aims to ensure a sustainable supply of quality seeds to SHFs across Tanzania.

## 2. Geography

The Seeds for Impact Programme (SIP 2.0) is strategically allocating its funds to prioritize the regions of Iringa, Mbozi, Morogoro, Arusha, Njombe and Kilimanjaro. in Tanzania. This approach aims to maximize the Programme systemic impact while building upon existing investments. These regions have been selected based on their predominantly agricultural nature and their high potential as agroecological zones.



We currently have investments in regions highlighted in green and we are looking for businesses in regions highlighted in light blue.

## 3. Focus areas

Prospective applicants are strongly encouraged to develop comprehensive proposals that effectively articulate strategies for scaling up the adoption of climate-smart crop varieties and enhancing accessibility to certified commercial seeds of superior quality. These proposals should not only demonstrate innovation but also contribute to the advancement of Tanzania's seed sector by focusing on improving efficiency, productivity, and fostering market growth. It is important to note that support will only be directed towards availing seeds of food crops, with a specific emphasis on promoting climate-resilient crop varieties. Potential investees are encouraged to explore the commercialization of Irish Potatoes and pulses. By focusing on developing these crops, the proposals should contribute to meeting market demands and enhancing the profitability of the agricultural sector.

In order to ensure the success of the presented business models, it is essential to address the following key factors:

**Ensuring access and affordability of climate-resilient and nutritious crop seeds for smallholder farmers in rural Tanzania:**

The models must include strategies to enable smallholder farmers in rural Tanzania to access and afford seeds of climate-resilient and nutritious crop varieties. This can be achieved through working with sales agents that are located in rural regions as well as demonstrating other viable seed distribution pathways.

**Demonstrating the availability and readiness of the end/output market for the climate-resilient crop varieties:** To ensure the success of the models, it is crucial to demonstrate the existence of a viable market for the crop varieties being produced. This includes considering factors such as market size, location, and growth trends. Additionally, the models should showcase some level of commitment from end buyers to purchase the crop varieties, indicating their readiness to off-take the products.

	<p><b>Understanding end market requirements and developing supply chain investments:</b> A clear understanding of the requirements of the end market is essential. This includes considering factors such as the quantity, variety, quality, and price that the market demands. The models should outline a plan for meeting these market requirements and highlight the necessary investments along the supply chain to ensure the successful delivery of the crop varieties to the end market.</p> <p><b>Facilitating access to a bundled package of inputs for smallholder farmers:</b> To maximize yield, it is important to demonstrate alternative pathways for smallholder farmers to access a bundled package of inputs. These inputs may include not only seeds but also fertilizers, pesticides, and other necessary resources. The models should outline strategies such as group purchasing, cooperative farming, or partnerships with input suppliers to provide smallholder farmers with affordable and comprehensive input packages.</p> <p><b>Engaging women and youth for Programme benefits:</b> The models must address how women and youth will be specifically engaged to benefit from the Programme. This may involve tailored training Programmes, capacity-building initiatives, and targeted support to empower women and youth in agriculture.</p>
<p><b>4. Socio-economic Impact</b></p>	<p>The socio-economic impact of the business concept will be assessed using the following indicators:</p> <ol style="list-style-type: none"> <li>i. <b>Net number of primary beneficiary households:</b> The total number of households benefiting from the business concept will be measured annually. This will provide insights into the reach and scale of the Programme. Additionally, the average net additional benefit per household per year and the cumulated net benefits in US dollars will be calculated to assess the overall impact on the livelihoods of beneficiary households.</li> <li>ii. <b>Net additional jobs created:</b> The number of full-time equivalent (FTE) jobs directly sustained or created in enterprises supported will be tracked. These jobs will be disaggregated by gender and age to monitor the inclusivity of employment opportunities. The data will provide insights into the contribution of the business concept in generating employment and improving livelihoods.</li> <li>iii. <b>Average worker wage and total net additional wages:</b> The average wage earned by workers in the supported enterprises will be determined, indicating the income levels and economic benefits provided by the business concept. The total net additional wages in US dollars will also be calculated to assess the cumulative economic impact. Wage data will be disaggregated by gender to evaluate gender equity.</li> <li>iv. <b>Increased acreage planted by smallholder farmers:</b> The business concept aims to promote improved varieties of crops among smallholder farmers. The increase in acreage planted with these improved varieties will be monitored, providing insights into the adoption and acceptance of the products among farmers. The data will be analyzed by crop type to identify areas of success and potential growth.</li> <li>v. <b>Average increased yield achieved by smallholder farmers:</b> The impact on smallholder farmers' productivity will be assessed by measuring the average increase in crop yield achieved through the adoption of the improved climate-resilient crop varieties. This indicator will provide an understanding of the effectiveness of the concept in improving agricultural outcomes for farmers.</li> <li>vi. <b>Improved business performance of targeted seed companies:</b> The business concept aims to enhance the performance of seed companies. Progress in this area will be assessed by monitoring the number of farmers purchasing improved seed, the growth in seed volumes bought by the same farmers, and the increased availability of Early Generation Seed to seed companies. These indicators will provide insights into the market penetration and effectiveness of the concept in supporting seed companies.</li> </ol>
<p><b>5. Support to Investment</b></p>	<p>In addition to providing direct financial support for business models, the Programme aims to offer successful applicants comprehensive technical assistance in various areas. These include:</p> <ol style="list-style-type: none"> <li>i. <b>Seed production technologies and innovations:</b> The Programme will provide guidance and expertise in the latest advancements and techniques related to seed production. This assistance aims to enhance the quality, yield, and consistent availability of the seeds of improved climate-resilient crop varieties.</li> <li>ii. <b>Business management:</b> The Programme recognizes the importance of sound business management practices. It will help in areas such as strategic planning, financial management, human resources, and operational efficiency to ensure that the business models are effectively managed and operated.</li> <li>iii. <b>Farmer participation in on-farm trials of new improved climate-resilient crop varieties:</b> The Programme will provide support in conducting on-farm trials of new crop varieties and involvement of farmers through open field days. It aims to showcase to farmers the value proposition of using new improved varieties versus the old varieties they are used to.</li> <li>iv. <b>Marketing and distribution:</b> Effective marketing and distribution strategies are crucial for the success of any seed business. The Programme will provide guidance on market analysis, branding, product positioning, and distribution channels to help applicants effectively reach their target customers and maximize their market potential.</li> <li>v. <b>Contract farming and out-grower engagement framework:</b> For seed business models that involve contract farming or engaging with out-growers, Programme will offer assistance in developing frameworks and agreements.</li> </ol>

	<ul style="list-style-type: none"> <li>vi. <b>Seed Processing:</b> The Programme acknowledges the importance of seed treatment to protect against pests and diseases at the seedling stage. It will offer technical assistance in areas such as post-harvest handling of seeds, seed dressers to be used, processing technologies, quality control, and ESG compliance during seed processing.</li> <li>vii. <b>Monitoring and evaluation:</b> To ensure accountability and measure the impact of the supported business models, Programme will provide tools and guidance for effective monitoring and evaluation. This assistance aims to help applicants track their progress, identify areas for improvement, and showcase the positive outcomes of their endeavors.</li> </ul>
<p><b>6. Funds available</b></p>	<p>Applicants are expected to submit a funding application justifying their requirements for funding to support the scaling up of the adoption of climate-resilient crop varieties in the target region, as well as expanding into new markets. They should specify the funding amount and duration needed for these specific objectives.</p> <p>The funding Programme will provide <b>a minimum grant award of US\$200,000 and a maximum of US\$500,000</b> which will be specifically allocated to projects that aim to scale up the adoption of climate-resilient crop varieties in the target region and facilitate expansion into new markets. The grant is performance-based, and the funding will be disbursed in tranches based on mutually agreed milestones that demonstrate progress towards these objectives.</p> <p>Applicants must ensure that the milestones specified in their funding application align with the goals of scaling up the adoption of climate-resilient crop varieties and expanding into new markets. Upon successfully achieving these milestones, recipients will receive the corresponding tranche of funding as agreed upon in the funding application.</p>
<p><b>7. Matching fund contributions</b></p>	<p>AECF requires that applicants demonstrate their interest and commitment by providing matching funds. These funds will be provided at a minimum matching ratio of 1:0.25, meaning that for every unit of funding provided by AECF, the applicant must contribute at least 25% of that amount. It is important to note that grants received from AGRA or Sida through other Programmes should not be included in the calculation of matching funds.</p> <p>The matching funds' contribution should comprise of 75% cash and 25% in-kind resources. In-kind resources refer to tangible assets such as land, machinery, labour, and other relevant resources that can be quantified and valued. These contributions, whether in the form of cash or in-kind resources, serve as a testament to the applicant's genuine interest and commitment to the proposed project or initiative.</p> <p>By requiring a matching funds contribution, AECF aims to ensure that the applicant has a stake in the project's success and is actively invested in its implementation. This comprehensive approach helps foster a sense of ownership and accountability, thereby increasing the likelihood of achieving the desired outcomes, impact, and sustainability.</p>
<p><b>8. Eligible companies</b></p>	<p>To qualify for funding, companies must satisfy the following requirements:</p> <ul style="list-style-type: none"> <li>i. <b>Operational History and Financial Standing:</b> <ul style="list-style-type: none"> <li>• The company should have been in operation for the past three years.</li> <li>• The company must have achieved an annual turnover of at least US\$100,000.</li> </ul> </li> <li>• <b>Private Sector Alignment and Location:</b> <ul style="list-style-type: none"> <li>• The company should be a private sector entity aligned with the designated focus areas..</li> <li>• The company should be located in one of the specified focus regions or willing to relocate part of its business operations such as seed production and sales to the two regions of Mbeya and Songwe.</li> </ul> </li> <li>ii. <b>Commitment to Funding Matching:</b> <ul style="list-style-type: none"> <li>• The company must demonstrate its commitment to match the funding provided by AECF.</li> </ul> </li> <li>iii. <b>Compliance with Regulations:</b> <ul style="list-style-type: none"> <li>• The company should comply with investment regulations in Tanzania.</li> <li>• The company must adhere to international human rights, labour standards, environmental management laws, and seed laws/policies</li> </ul> </li> <li>iv. <b>Legal Registration and Establishment:</b> <ul style="list-style-type: none"> <li>• The company must be legally registered and physically established in Tanzania.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>v. <b>Non-Involvement in Terrorism:</b> <ul style="list-style-type: none"> <li>• The company must not be involved in any acts of terrorism or provide support to terrorist activities.</li> <li>• Regular due diligence regarding this matter must be allowed.</li> <li>• The screening will be conducted for all applicants and associated parties against provisions such as; <a href="https://sanctionssearch.ofac.treas.gov/">https://sanctionssearch.ofac.treas.gov/</a>, <a href="http://www.worldbank.org/debarr">http://www.worldbank.org/debarr</a>,</li> </ul> </li> <li>vi. <b>Demonstration of Additionality:</b> <ul style="list-style-type: none"> <li>• The company should demonstrate how its activities contribute to additional positive impact beyond what would typically occur without the funding (<b>refer to section 11 for more clarification on additionality</b>).</li> </ul> </li> </ul>
<p><b>9. Selection Criteria</b></p>	<p>Each applicant will be evaluated and scored against the following criteria:</p> <ul style="list-style-type: none"> <li>i. Outline a commercially sustainable business model.</li> <li>ii. Outline a business model that presents how the smallholder farmers will sustainably benefit from the Programme.</li> <li>iii. Demonstrate sound leadership and strong team capacity to successfully implement the business model. Provide a track record of successes made and revenues from existing clients / in at least one market.</li> <li>iv. Commercializing crop varieties released and licensed under the Tanzania Seed Act of 2003 and whose production meets the Seed Regulations of 2006 as well as authorized to sale by the Agricultural Seed Agency of Tanzania.</li> <li>v. Demonstrate sound financial health, including three-year record financial accounts, established financial management processes and procedures, and dedicated financial management and extension staff.</li> <li>vi. Demonstrate understanding of the country context and culture where the project is proposing to operate, in relation to the up-take of improved crop varieties, and how this will be integrated with the proposed model.</li> <li>vii. Present a sound plan on partnerships to deal with the weakest links or critical success factors in the model e.g., increase volumes of Early Generation Seed accessed, delivery of bundled inputs (seed, fertilizer, and agro-chemicals), and linkage to sustainable output markets (grain) for continued seed demand by farmers.</li> <li>viii. The company should be willing to comply with AECF's ESG and gender policies.</li> <li>ix. Demonstrate how the model will crowd in women and young people as employees, suppliers/farmers, trainers, or distributors.</li> </ul>
<p><b>10. Investment Principles</b></p>	<p>This section outlines the fundamental principles for making funding decisions within the SIP-Tanzania Window. These investment principles serve as guidelines for evaluating project ideas and determining final award decisions. Outline a commercially sustainable business model.</p> <ul style="list-style-type: none"> <li>i. <b>Private sector demand-driven:</b> The SIP-Tanzania Window operates on a demand-driven approach, leveraging the private sector's initiative and implementation capacity to achieve positive economic and social outcomes for the underprivileged.</li> <li>ii. <b>High-impact models:</b> Projects supported by the SIP-Tanzania Window must demonstrate significant social impact based on key indicators outlined in the Monitoring and Evaluation (M&amp;E) Framework.</li> <li>iii. <b>Systemic change:</b> Funded projects should showcase the potential for generating pro-poor economic and social impact beyond their immediate scope, leading to transformative changes within the market.</li> <li>iv. <b>Address market failure or demonstrate additionality:</b> The SIP-Tanzania Window focuses on funding projects that face market failure in accessing finance within specific markets. Alternatively, projects should demonstrate their ability to bring about additional social and economic benefits that would not have been realized without this support.</li> <li>v. <b>Risk sharing:</b> The SIP-Tanzania Window shares risks with private firms, emphasizing that recipients should have more at stake in the venture than in the Programme. To ensure commitment and resource mobilization, recipient companies are expected to contribute financially to the funded projects/businesses. These financial contributions can take the form of equity finance (external or shareholder equity injections), commercial or concessional loans, and/or grants from other funding sources.</li> <li>vi. <b>Competition:</b> The application process and term sheets of the SIP-Tanzania Window are publicly available, ensuring equal opportunities for all eligible organizations to compete for the available funds and promoting transparency in the selection process.</li> <li>vii. <b>Portfolio approach:</b> The SIP-Tanzania Window adopts a portfolio approach, aiming to create a diversified investment portfolio that encompasses different levels of risk, sector distribution, and economic, social, and market impact.</li> <li>viii. <b>Additionality:</b> Funded projects under the SIP-Tanzania Window are expected to generate social and economic benefits that would not have been achievable without the support provided by the Programme.</li> </ul>

<p><b>11. Classification of additionality</b></p>	<p>While we recognize that additionality is context-specific (e.g., geography, sector, etc.), below is a description of our broad check of it:</p> <p><b>Faster:</b> The company could be expected to invest in other sources in several years to come, meaning development impact is delayed or lost. SIP Tanzania can be used to enable the proposed investment/business to launch sooner, create transformational change quicker and expose the business to attract additional investments.</p> <p><b>Bigger:</b> The company could be expected to invest in other sources, but it would not be as large as SIP Tanzania funding, thus enabling scaling multiples of the development impact and market systems development.</p> <p><b>Wider scope:</b> 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.</p> <p><b>More inclusive:</b> The company will be able to access people closer to the bottom of the pyramid than it would otherwise, enhancing the benefit of women. 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 SIP Tanzania funds will be used to cushion their businesses from such operating environment risks.</p>
<p><b>12. Commitments from successful investees</b></p>	<p>If selected, applicants must be committed to the following:</p> <ol style="list-style-type: none"> <li>i. Be open to the due diligence process and provide all the information that AECF will seek in making an investment decision.</li> <li>ii. Collaborate with AECF to finalize contract milestones and Key Performance Indicators. All indicators and milestones will be mutually agreed upon with AECF before signing the contract.</li> <li>iii. Share data, including performance against indicators and milestones. All data shared will be treated confidentially unless otherwise agreed in advance.</li> <li>iv. Gather, analyze, and share learnings from the project with AECF.</li> <li>v. Report according to agreed schedules and requirements.</li> <li>vi. Participate in AECF/SIP annual Programme reviews.</li> <li>vii. Ensure that financial data and other management systems are accessible for audit purposes upon request.</li> </ol>
<p><b>13. How to Apply</b></p>	<p>One-step application process:</p> <ul style="list-style-type: none"> <li>• Applicants are required to complete a Private Sector Business Window online application form available on the website <a href="http://www.aecfafrica.org">www.aecfafrica.org</a></li> <li>• Eligibility is based on a completed online form.</li> </ul>

**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.



### The AECF

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