



Competition Term Sheet / Selection Criteria for Kakuma Kalobeyei Challenge Fund (KKCF)

PRIVATE SECTOR WINDOW AND SOCIAL ENTERPRISE WINDOW: ROUND TWO (PSW&SEW R2)

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The following term sheet provides a general overview of the Kakuma Kalobeyei Challenge Fund (KKCF), the objective of the Competitive Business Challenge, the scope of the Private Sector Window and Social Enterprise Window-Round Two - including funding ranges, financing and technical assistance offered, and window-specific eligibility and selection criteria. The term sheet is designed to inform prospective applicants in preparation of the full application process.

KKCF is IFC's first refugee and host community focused program in sub-Saharan Africa implemented jointly by IFC and AECF in Kakuma refugee camp, Kalobeyei settlement, and the host communities.

- 1 KKCF aims to facilitate greater economic inclusion and self-reliance of displaced populations and their hosts in the Kakuma and Kalobeyei refugee hosting area within Turkana County.

Specific objectives of KKCF are to:

1. Attract new private companies and social enterprises to the Kakuma and Kalobeyei area which should lead to better employment opportunities for refugees and the host community and increase access to products and services.
2. Provide opportunities to scale-up the operations of private sector companies and social enterprises already present in Kakuma and Kalobeyei area.
3. Develop and grow refugee and host community owned businesses.

Managed by AECF in a competitive business challenge format, KKCF will support established companies to implement commercially viable and sustainable businesses models that have the potential to raise incomes, provide goods and services, create jobs and/or improve living standards in both the camp and host community. Private sector companies will compete for performance-based grants showing additionality as well as co-financing for proposed initiatives. AECF will also make customized technical assistance available.

- 2 **Programme Duration** 5 years (from 2020 to September 2024)

- 3 **Geography/ focus area** The target area is Kakuma Town, Kakuma Refugee camp and Kalobeyei settlement and town in Turkana County, Kenya.

Kakuma area has hosted refugees for the past 28 years and additional support is needed to ease the social and economic pressures of hosting an increasing number of forcibly displaced persons. Kakuma town is the economic hub for Turkana West sub County and has attracted thriving businesses supporting both refugees and host communities as customers and employees.

To exploit the economic opportunities, KCCF envisages making funding available for businesses that are commercially active or have a strategic plan to enter the Kakuma and Kalobeyei area. Thus, all funding is earmarked for activities specific to operating in this geography.

4 Eligibility

To be eligible for funding, businesses must meet the following criteria:

- Request a grant within the stipulated range.
- Be legally registered as a for-profit firm (e.g., corporation, LLC, etc.), be a branch/subsidiary of an international for-profit company and in the case of the social enterprise window, be a firm that demonstrates ability to commercialize products and services intended to improve well-being. The business must be physically established in Kenya at the time of awarding and investment by AECF.
- Have been in operation for a minimum of two years and produce two years of audited accounts [these could be from the parent company, if recently established as a branch/subsidiary in Kenya].
- Compliant with all government statutory requirements.
- Pass AECF's KYC (know your customer), AMT/CFT (anti-money laundering and counter-financing of terrorism), PEP (politically exposed person) and IDD (integrity due diligence) screening.
- Comply with applicable national laws relating to human rights, labor and social and environmental management and respect internationally recognized human rights standards, as expressed in the International Bill of Human Rights and in the core labor standards established through the International Labor Organization.
- Businesses not listed on the International Finance Corporation (IFC) Exclusion List, i.e. businesses supporting terrorism, production/trade of weapons, radioactive materials, tobacco, etc.

5 Sectors

The **KKCF Private Sector Window round two (PSW-R2)** is open to businesses in any sector, with the following indicated as priority sectors:

- Light manufacturing/ Processing
- Cold chain management systems
- Aquaculture
- Retail Services
- Financial Services

The **KKCF Social Enterprise Window round two (SEW-R2)** is available for social enterprises (organizations that apply commercial approaches to maximize improvements in financial, social, and environmental well-being). This may include maximizing social impact alongside profits for social enterprises that are active in, or plan to enter, the Kakuma-Kalobeyei area. Initiatives could include increased access to water, sanitation, recycling and childcare.

6 Funds available

Applicants are expected to submit a funding application (concept note) presenting a project to be funded explaining how the applicant meets KKCF's objectives, funding requirements, and state the funding amount and the proposed project duration. Funding must be used for a specific project in Kakuma and Kalobeyei areas e.g., surmount barriers to entry to the market or, scaling up an existing enterprise.

Applicants can apply for a range of grants depending on their need:

Window/Award limit	Minimum fund award*	Maximum fund award
PSW	USD 100,000	USD 750,000
SEW	USD 100,000	USD 750,000

* a minimum of \$100,000 will be considered for deserving women- and/or youth-led businesses.

Funding will be in the form of grants, where disbursements are based on mutually agreed milestones that must be achieved. Disbursements will be made in USD.

Maximum duration of the agreement: 3 years

7 Financial contributions from applicant

KKCF requires a financial contribution from the applicant to demonstrate commercial viability and readiness to share risk. Acceptance of match funding is subject to approval by the KKCF and relate only to the proposed KKCF project expenses.

AECF funding requirements from the applicant for the Private Sector Window Round Two is 1 (KKCF) to 0.5 (applicant) based on the application value i.e., 2:1.

AECF funding requirements from the applicant for the Social Enterprise Window Round 2 is 1 (KKCF) to 0.25 (applicant) based on the application value i.e. 4:1

Financial contributions to the project can be made either all in cash or a combination of cash and/or 'in kind' as illustrated below:

7 Financial contributions from applicant
(continued)

Types of financial contribution accepted:

1. Cash

Where at least one party (e.g. venture capital firm, impact investor, incubator / accelerator, mobile operator, foundation or the founder/ other shareholders) agrees to provide funding to the KKCF funding applicant. Evidence accepted includes a signed MoU or contract, a bank statement and letter confirming the total amount disbursed or to be disbursed by the other party. The submitted documents to the KKCF of co-funding commitments must include all conditions, timescales and any other considerations.

Examples Include:

- Investment funding (equity finance)
- Impact investment
- Crowdfunding
- Grants (from governments, foundations or NGOs).

2. In Kind

In kind contribution includes any significant and monetizable contribution to the project that is not financial. Applicants must be able to quantify and demonstrate what results any contribution given in kind will achieve for the proposed project. In-kind contributions should be incremental/ would not have happened without the project.

In kind contribution is capped at 25% of the total contribution from the applicant. In cases where in kind contribution is approved, the KKCF Project Team will discuss with the applicant how to best agree the contribution commitment and valuation.

Examples Include:

- Use of goods (i.e. inventory), utilities and/or facilities (e.g. rent for factory and/or office space)
- Services (e.g. marketing services specific to the project)
- Provision and access to equipment (including software)
- Management time (this includes un-paid overtime or reduced pay for time contributed)
- Technical assistance

8 Disbursement milestones/ requirements

The first disbursement will be an advance payment. Subsequent disbursements will be contingent on verification of the use of the previous funds disbursed, achievements of pre-agreed milestones, and fulfilment of reporting requirements.

At the time of contracting, disbursement milestones and reporting requirements will be agreed on between AECF and the applicant upon which the applicant will be required to meet to be eligible for each scheduled disbursement.

9 Additional support available

Technical assistance (TA) will be available under this funding window. TA refers to non-financial assistance provided as a value-add service to the targeted beneficiaries to optimize the quality of project implementation outcomes, business sustainability and impact. TA will primarily encompass Business Development services (BDS) and Investment Readiness (IR) support.

Technical assistance services include, but are not limited to:

- Pre-contract/preparatory technical assistance support in the form of webinars to all interested applicants, providing information on the competition including the opportunity for funding, the competition process and market intelligence on Kakuma;
- Onboarding will provide information on logistics, security, lodging, local partners, etc.
- Contracting technical assistance will be provided to enhance the understanding of business contracts and set expectations related to compliance of such; and
- Post-contract technical assistance provided to those investees awarded funding, throughout the duration of their engagement with KKCF. This assistance includes the following:
 - General business trainings/workshops for all funded companies;
 - Individual, tailored advisory services, addressing identified capacity development needs; and
 - Investments advisory support to access additional financing from impact and commercial investors in addition to KKCF funding.

10 Required socio - economic impact

KKCF will support increased economic activity in Kakuma and Kalobeyei to boost the socio-economic inclusion of the refugees and host communities, raise incomes and job creation for the refugees and the host population and ultimately facilitate economic development in the area. Applicant applications must make it clear how the business will incorporate local players already active in their sector of engagement, thus avoiding economic displacement.

The KKCF will incorporate a Gender Lens Investing (GLI) approach to ensure that women and youth gain equal opportunities for employment and business support as the rest of the target market. Gender will be incorporated into every stage of the competition with the use of gender scorecards and gender assessment tools. Throughout the programme duration support and engagement on gender policies and gender actions plans for continuous improvement at the business level will be instituted.

With respect to markets, submitted concept notes must clearly demonstrate how the project will deliver and sustain systemic change in the target markets and create measurable improvements to the livelihoods of refugees and host communities. Illustrative content includes improvements in job creation or access to services, and or enhancement in the quality of services already provided. The applicant must be able to communicate the envisioned results in the application and clearly connect these to proposed activities.

11 Selection criteria

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

- Geographic focus areas of Kakuma and Kalobeyei and the project intends to benefit either host or refugee communities, or both.
- Capacity of the project to deliver and sustain social, environmental, or economic impact, particularly on refugees and women and youth.
- Strength of the project's commercial viability (including consideration of price point of product/service if relevant) and sustainability.
- If needed, demonstrate potential to attract further commercial funding, beyond the grant provided by KKCF,
- Demonstrated capacity of the applicant's management team to implement the proposed business / project (adequate internal resources/capacity) - headquarters and in-country.
- Demonstrated understanding of the forced displacement context, gender issues and culture of Kakuma refugee camp and host community.
- Adherence to the blended finance principles, see a high-level guide in the text box in section 13, below.

Women and youth-owned/led businesses will be highly encouraged to apply.

12 Application process

Applications will be accepted between **8 December 2021 and 31 January 2022**. The application window closes at 11:59 pm EAT on **31 January 2022**. All applicants must submit their application through AECF's online platform. The application package can be found here <https://kkcfke.org>

13 Blended finance principles

The five blended finance principles below will be applied when evaluating applications to ensure the effective and efficient use of KKCF grants:

- 1. Promoting High Standards:** uphold the utmost standards in corporate governance, environmental impact, social inclusion, transparency, integrity, and disclosure.
- 2. Economic Case for Concessionality:** a clear development impact, provides additionality through scope or scale and addresses specific operational barriers that commercial funding would not allow it to.
- 3. Minimum Concessionality & Crowding-In:** an appropriate level of concessionality determined and supported by data; the concessionality does not cause unfair competition; and the concessionality supports cost-sharing and crowding-in of other sources of funding.
- 4. Commercial Sustainability:** confidence that the project and subsidy will support the applicant to achieve commercial sustainability, ensuring that the activities supported by the project will continue and/or expand after the funding terminates.
- 5. Reinforcing Markets:** the project will address root causes of market failures, in collaboration and coordination with complimentary players, including other development and private sector actors, that are seeking to address the same or related market failures.

14 Commitments from selected applicants

If selected, applicants must be committed to:

- Uphold the highest level of integrity to achieve specified goals.
- Collaborate with AECF to finalize contract milestones and KPI's. Milestone indicators are agreed with AECF before signature of the contract.
- Commitment to gather, analyse and share learnings from the project with AECF.
- Report according to agreed schedules and requirements.
- Participate in AECF/IFC annual program reviews.
- Ensure financial data and other management systems are accessible for audit purposes upon request.
- Comply with all applicable laws and regulations.
- Comply with KKCF Environmental and Social requirements, those of NEMA and IFC's Environmental and Social Performance standards.

For more information
www.kkcfke.org

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