

TERMS OF REFERENCE

IMPLEMENTING PARTNER: SUDAN INNOVATION STUDIO FOR RESILIENCE

1. Introduction

FSD Africa seeks to contract a firm (hereafter referred to as “Implementing Partner”) to support implementation of the Sudan Innovation Studio for Resilience (ISR) project. The project will source, co-develop and provide technical assistance and grant support to on-the-ground private sector-led innovations that seek to address financing challenges in addressing food security and re-building agrifood systems in Sudan, preparing successful ones for scale and laying the foundation for post-conflict recovery. It will run as a 15-month pilot, with results and learnings from the project helping to inform the design of follow-on programming.

The ISR was borne out of a [Rapid Assessment](#) in 2023 commissioned by FSD Africa and British Office Sudan (BOS, also known as FCDO Sudan) which provided insights on the situation and critical challenges across agri-food and payment systems in Sudan. The assessment was followed by consultations with organisations actively working in the country, which also contributed to the project’s design. The context in Sudan is unpredictable and constantly shifting due to the ongoing conflict. This makes a conventional market development programme unsuitable, as carefully drafted project designs, implementation plans, and business models may be rendered moot by evolving developments in the conflict situation. The ISR is intended to be a flexible response to this challenging context, complementing the work of other organisations implementing private sector programming.

2. Project Background

2.1. About FSD Africa

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across Africa. Based in Nairobi, FSD Africa’s team of financial sector experts work alongside governments, business leaders, regulators and policy makers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government. More details about FSD Africa are available on our website at www.fsdafrica.org.

FSD Africa will leverage its financial system strengthening expertise through the ISR to test, support and learn from private-sector-led financing solutions in a particularly highly fragile and complex environment. FSD Africa will fill a gap in the market by supporting these innovative and prospectively scalable financing interventions to restore/strengthen Sudan’s agri-food systems and increase food security. This is in line FSD Africa’s Early-Stage Finance pillar’s objective of catalysing the financing of enterprise-led innovation. Sudan today represents an acutely challenging context that requires significant innovation to address urgent short-term needs and find pathways to longer-term recovery and sustainable growth.

2.2. About British Office Sudan (BOS)

The ISR underpins BOS’s current work on food security and links to the UK-funded World Bank food security programme. The ISR will help inform the technical detail of the World Bank programme as it continually evolves. Work under the project will form a substantive part of BOS’s Country Plan under the Economy Goal, which aims to give people opportunities to make a living despite the conflict, with emphasis on food security.

2.3. Project Context

The conflict in Sudan is causing the highest levels of food insecurity ever recorded in the country. A report by the Integrated Food Security Phase Classification (IPC) projected that between October 2023 and February 2024, 17.7

million people faced acute levels of food insecurity¹. There are ongoing humanitarian efforts to address short-term needs, but there is also an urgent need for investment in the private sector, to both support Sudan's food security resilience and lay the foundation for post-conflict economic recovery and growth. The war has caused significant damage to agricultural value chains and financial systems. Broad-based disruptions to basic market functioning result from damage to logistics systems, increasing transport costs, fragmented payments systems and severely reduced access to working capital and asset finance. Encouragingly, the rapid assessment highlighted that Sudan's private sector is highly innovative and is adapting and evolving to operate in the fast-changing context, but it needs critical support. This provides a strong rationale for interventions to leverage the capabilities in Sudan's private sector to innovate and deliver solutions to rebuild and strengthen core market functions.

FSD Africa in collaboration with BOS seeks to improve the food security situation and help re-build agri-food systems in Sudan through addressing impacts from the war on agricultural production and distribution. The Innovation Studio for Resilience (ISR) project is designed to achieve this. Its purpose will be to identify, co-develop, and pilot scalable innovations with on-the-ground private sector partners, specifically to address financing challenges in Sudanese agrifood systems by providing support and strategic investment to the private sector.

The ISR will be based on action learning and lean start-up principles, aiming to provide a test lab for innovation and early-stage finance in one of the most challenging operating environments on the continent and to rigorously document and share learnings and prepare innovations for scale by engaging other donor initiatives and private sector partners early.

The key outcomes sought from the project are:

1. Enhanced resilience of SMEs within the agri-food value chain through financing innovation, leading to improved access to agricultural produce and food resilience.
2. Increased employment and income generation opportunities for SMEs and low-income and marginalised groups and women.
3. Context-specific evidence generated on how to overcome market failures of the war economy in the food security sector and its related financing.
4. Demonstrated scale up potential of successful innovations and design post-pilot intervention(s).
5. Market intelligence widely shared which boosts financing and productivity of SMEs and other programmes across Sudan by overcoming the challenge of lack of market information.

3. Project scope and objectives

3.1. Project governance

The project Governance Committee will include FSD Africa and BOS representation as well as select partners and donor stakeholders. The Committee will make funding decisions, enabling the ISR to pilot and iterate innovations quickly. It will provide overall accountability and oversight for the ISR, combining rapid decision-making and cycles of evaluation and learning. Final decision-making power will rest with FSD Africa as implementers of the project, in consultation with BOS.

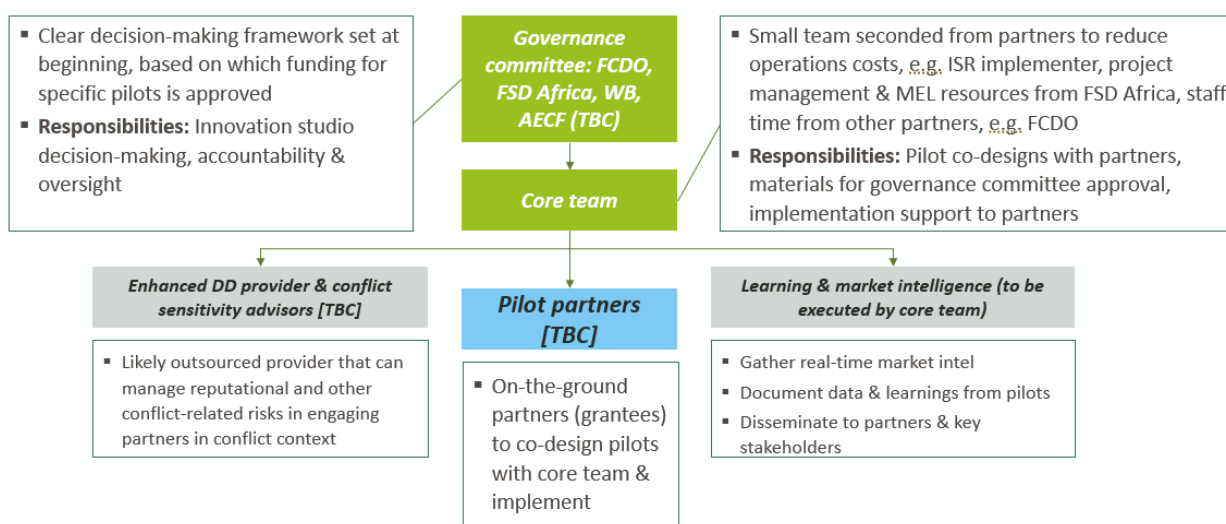
The project will have a Core Team comprising the Implementing Partner, the FSD Africa project manager and BOS representation. The Implementing Partner, with support from the Core Team, will co-design the pilot innovations with partners for consideration by the Governance Committee, together with contextual insights in support of these innovations. The Core Team will provide support to the Implementation Partner in the day-to-day management of approved innovations and related reporting, as well as in delivering the project's learning and market intelligence activities. The Core Team will draw operational support from FSD Africa staff to develop, maintain and report on the project's risk framework and mitigation strategies, inform the enhanced due diligence, execute procurement and contracting, payments and project reporting. The project will leverage strategic partnerships and involve them in the workstreams in ways that will be defined and refined during implementation. One such partnership will be with the Sudan Independent Monitoring & Analysis Programme (SIMAP) which is

¹ [October 2023 - February 2024 \(IPC analysis completed in December 2023\)](#)

designed to support BOS's bilateral policy and programme portfolio in Sudan, including the ISR project, to improve effectiveness through providing timely and objective information on delivery and contextual developments. OPM, the implementer of SIMAP, will deploy thematic and contextual experts throughout Sudan to conduct in-person and/or remote monitoring and capacity building activities. The ISR project will also benefit from regular BOS briefings on politics and economics. Specifically, the Implementing Partner will work with the Core Team to engage with SIMAP on the following: (a) assurance & capacity building through third-party monitoring and support of Monitoring, Evaluation, & Learning (MEL) systems; (b) learning & innovation to support cross-programming learning in Sudan, and (c) strategy & analysis to inform decision-making through the delivery of on-demand research pieces to fill gaps in evidence.

The Core Team and the implementation partner will also benefit from insights and advice provided by the [Conflict Sensitivity Facility \(CSF\)](#), a multi-donor funded resource with significant Sudan-specific and general conflict sensitivity expertise. CSF was established in 2021 with 1 year of pilot funding from FCDO to support donors and implementing agencies in adopting conflict-sensitive practices in project implementation, offering targeted capacity support as well as an online knowledge hub

The project governance structure combining intended accountability with flexibility and rapid decision-making is depicted below.



3.2. Scope of work

The ISR Implementing Partner will be responsible for delivering on core aspects of the project. This will include pipeline sourcing, prioritisation and selection of innovations in agreement with the Core Team and Governance Committee, The Implementation Partner will also assist with enhanced due diligence (EDD) and risk management processes which will be contracted and led by FSD Africa's risk and compliance team. Firms to undertake EDD on the selected innovations will be identified by FSD Africa in consultation with the Implementing Partner and BOS. The project's envisaged key workstreams are outlined below. These are not necessarily exhaustive and sequential; some will be undertaken concurrently.

Workstream 1: Establish project governance and decision-making processes: Align on governance mechanisms and decision-making rules, and the composition of the Governance Committee and Core Team. FSD Africa will lead on this activity. The ISR Implementing Partner will be part of the Core Team, which will draw on resources and insights from BOS and pilot partners. The implementing partner will require as part of its team Sudanese representation from the agriculture and financial sectors, to maintain real-time visibility into on-the-ground developments and insights that may affect innovation studio operations and pilot implementation. This high level of connectedness to the evolving situation on the ground will be critical for success of the ISR. The Governance Committee will monitor project progress by reviewing/approving monthly reports prepared by the Implementing Partner with support by the core team.

Workstream 2: Identify pipeline, design and seek approval for innovation pilots: A pipeline of opportunities will be identified in the pilot start-up phase, building on the shortlist developed during the rapid assessment as well as drawing prospective pipeline from active private sector programming partners such as AECF and the World Bank. The Implementing Partner will co-design select innovation pilots with identified innovation partners using a project design template that encompasses project selection criteria, proposed innovation objectives, activities and budgets, development impact and results frameworks and learning agendas. The Implementing partner will design the project templates with the support of the Core Team.

These innovation pilots will encompass TA and/or grant support. They will be tailored to the needs of the innovation pilot, with expectation that they will average c.£170,000 of support per innovation, with an expected total budget of £1,020,000 of grant/TA support provided to 4-6 innovations.

The ISR will be innovation and partner-need driven, rather than limited to specific regions in Sudan, working with partners in regions in which where they operate. The initial rapid assessment pipeline will enable the ISR Implementing Partner to rapidly engage and progress with 1-2 early Innovations, with additional pipeline identified thereafter once the ISR is set up and the ongoing monitoring of the situation in Sudan is underway.

The Implementing Partner with support from the Core Team will evaluate and present qualifying proposals for approval by the ISR Governance Committee. The selection criteria for g the pilots will be informed by the Implementing Partner in consultation with the Core Team and Governance Committee but are likely to encompass:

1. **Alignment with critical challenges:** Address financing and prospectively other markets failure(s) identified across prioritised food security value chains.
2. **Additionality:** Complement and fill gaps in existing private sector financing and food security initiatives rather than replicating them.
3. **Alignment with FSD Africa and BOS strategic priorities:** Include significant component(s) addressing early-stage finance, green economic transformation and gender.
4. **Scalability:** Be suitable for rapid proof-of-concept pilots that can provide a demonstration effect for other programming initiatives and be designed for scale.
5. **Local partner capability:** Local innovation partner available with demonstrated track record of business operations in Sudan, local team in-house or access to on-the-ground team and resources, no previous or current political, commercial, or personal ties to political or military/militia organizations within Sudan, etc.
6. **Learning potential:** Offer significant learnings for FSD Africa and other development partners in early-stage finance and financial innovation for challenging contexts.

Workstream 3: Provide tailored implementation support to pilot partners: The Implementing Partner with the support of the Core Team will provide TA and/or grants which will be provided to pilot partners to increase chances of pilot success and capture learning. The type of support (TA and/or grant) to pilot partners will be assessed on a partner-by-partner basis with the Implementing Partner managing the process. Where the Implementing Partner cannot provide technical assistance required by the innovation pilots given their unique needs, FSD Africa will sub-contract specialist third party service providers based on these identified needs, with prospective sources of this outsourced technical assistance being identified by the Implementing Partner. The ISR will minimise Innovation implementation risks by sequencing its financing to prospective pipeline, i.e. starting with 1-2 initial innovation pilots, before evaluating learnings and providing support to additional pilots.

Workstream 4: Gather market intelligence and document and share learnings: The Implementing Partner with the support of the Core Team will conduct day-to-day management reviews with innovation partners and adapt pilot implementation as needed based on learnings and / or changes in local context. The Implementing Partner and core team will evaluate quarterly reports of pilots based on the agreed project results framework. Shareable pilot learnings (e.g. through discussions, blogs, webinars, published documents) will be disseminated to stakeholders implementing private sector programming in Sudan. Dissemination of pilot learnings will be an important avenue for amplifying the impact of the ISR and influencing other partnership in their approaches.

The ISR will also conduct monthly rapid market intelligence gathering exercises related to the agrifood value chains and related financing sectors that the chosen innovation pilots are targeting, to augment the information comings from the pilots themselves. This information will be disseminated to other interested stakeholders in Sudan, e.g. through an email update and discussions. A dedicated market intelligence function was identified by

stakeholders during the rapid assessment validation process as a key need. For example, stakeholders highlighted the need for more regular updates on payment systems functioning, consumer food pricing and changes in logistics access between food production and consumption areas. The Implementation Partner will lead the documentation and dissemination of learnings and the market intelligence reports with support from the Core Team, also drawing from other expertise available to the project, notably SIMAP. The ISR will be engaging with potential donor partners and relevant ongoing initiatives. The ISR itself is small compared to many other initiatives - actively pursuing partnerships will allow the ISR to have outsize impact. For example, ISR learnings and market intelligence updates can influence other initiatives and help partners adapt their own programmes to changing conditions on-the-ground. Partnerships with ongoing private sector programmes, notably including the KfW/[AEFC Sudan SME Catalyser](#), will allow the ISR to share pipeline and complement the activities of these larger private sector support programmes. Coordination with the World Bank and EU could offer a pathway to scale for innovation pilots. Part of the market intelligence will track updates in other ongoing programmes and actively search for opportunities to complement and collaborate with other donor programmes and initiatives focused on food security and resilience in Sudan. The rapid assessment has already identified relevant key ongoing agri-related donor initiatives. The ISR will continue to liaise with programme implementers and funders of these initiatives. The ISR's learning agenda will draw both from the innovations and from regular relevant market intelligence gathering. Aside from monitoring progress and making decisions in relation to the innovations themselves, the intention here is to share insights with other mission-aligned Sudanese programmes to deepen understanding of financing needs and influence private sector financing approaches

Workstream 5: Post-pilot project design: The ISR pilot described herein is designed to test and refine an approach, with a view to informing post-pilot programming and scale-up, both by FSD Africa and BOS. Based on the experiences of the pilot, the Implementing Partner supported by the Core Team will provide recommendations for the design of post-pilot programming in support of FSD Africa and BOS's objectives to support the financing and scaling of food security and resilience-building focused innovations in the longer-term, ideally as part of Sudan's post-conflict restoration phase.

3.3. Deliverables

The project deliverables will include but not necessarily be limited to the following:

Deliverable 1: Inception report. The project will commence with an inception meeting between the ISR Implementing Partner, FSD Africa and BOS to agree on the approach and develop a shared understanding of the assignment. A short summary report on the agreed approach to the work will be submitted within a week after this meeting and include considerations on the proposed project approach, outputs and timelines and any identified challenges and opportunities.

Deliverable 2: Monthly progress reports. The reports will be generated by the Implementing Partner, with the core team providing input for presentation to the Governance Committee as part of their monthly project review sessions. They will constitute a summary of the activities undertaken during the month including innovation pilot partner engagements/approvals/challenges/solutions/learning, governance committee resolutions, market intelligence learning and knowledge outputs and their dissemination. A format for these reports will be agreed between the Implementing Partner, FSD Africa and BOS. The Implementing Partner will provide input to the project's due diligence and risk management monthly reports, review innovation pilot partners reports, and complete a detailed report to FSD Africa's Development Impact reporting platform.

Deliverable 3: Scale up/end of project report. The pilot is meant to inform design of a longer-term and larger-scale project given that the current crisis will have medium and long-term effects. The Implementing Partner will provide a detailed report on how the project can be scaled up informed by discussions with FSD Africa, BOS and other stakeholders (innovation pilot partners, other programmes, other specialists in ag and payment systems etc).

4. Timeline and Level of Effort

The ISR pilot is expected to commence in August 2024 and run for a period of 12-15 months.

5. Invitation to Submit Proposal

FSD Africa is inviting proposals from suitably qualified firms (or consortia) for the role of the Implementing Partner. The proposal should contain:

- CVs (maximum 3 sides of A4 paper each) of key individuals, tailored to the assignment.
- A summary of relevant qualifications and experience for the assignment. This should include how Sudan expertise will be brought into the delivery team where it does not already exist, with the Implementing Partner identifying on-the-ground expertise to work with on the project. The summary should clearly demonstrate the implementing partner has personnel with deep experience both in developing agricultural and financial innovations as well as operating in a fast-paced investment and innovation environment. The summary should clearly show expertise in models of early-stage financing to SMEs, payment systems, agri-food systems, and working in fragile contexts.
- A description of how the Implementing Partner will propose to meet the Terms of Reference (together with any proposed augmentations to it) within the suggested timeline and with confirmation of ability to meet the timelines.
- An itemised budget for both professional fees and reimbursable expenses, including fee rates, number of people and days, and a breakdown of expenses.
- An indication of availability and relevance for the job.

Your proposal, which should not exceed 12 pages (excluding annexes), should be sent by email to FSD Africa at bids@fsd africa.org by 1700 hrs EAT on 22nd July 2024.

6. Basis of award

FSD Africa will award a contract to the ISR Implementing Partner based on the following criteria:

Mandatory requirements
Demonstrated understanding and experience in Africa’s agricultural and financial systems. Experience of working in agricultural and financial systems in fragile contexts within Africa is an advantage.
In-house expertise and capacity in agricultural SME financing models in support of food security and strengthened agricultural value chains.
Demonstrated experience in project implementation and management especially in agricultural and financing systems.
Capacity to engage intensively with FSD Africa, BOS and other stakeholders as outlined in the rapid assessment report

Assessment criteria	Weighting (%)
Relevant, demonstrated experience and capacity of firm and proposed team members to undertake the project (including relevant experience working in fragile/conflict situations and Sudan in particular)	30%
Understanding/interpretation of the tasks set out in the TORs / content, quality and originality of proposal	30%
Demonstrated experience working on agricultural and financing systems alongside contextual expertise including project implementation and management experience	20%
Fee basis and total costs	20%
Total	100%

7. Contact

Questions or comments in respect of these terms of reference should be directed by email to: bids@fsdafrica.org and be received no later than **1200 EAT on 15th July 2024**. Responses to the questions shall be provided by **16th July 2024**.

8. Applicable Taxes

As per Kenya's tax law, FSD Africa will pay the Consultant after withholding the appropriate taxes at the applicable rate between Kenya and the Consultant's country of tax residence, considering any tax treaties in force. It is the responsibility of the Consultant to keep themselves apprised of these applicable taxes

Country	WHT Rate
Kenya	5%
United Kingdom	12.5%
Canada	15%
Germany	15%
Zambia	15%
India	10%
Non-resident rate for citizens of EAC member countries	15%
All other countries	20%