**The Sudan Enhancing Community Resilience (SOMOUD) – Additional Financing Project**

**Expression of Interest for Small and Medium Enterprises Matching Grants for Food Security Improvement**

**1. Project Background and objectives**

The Sudan SOMOUD Enhancing Community Resilience Project, funded by the Sudan Transition and Recovery Support (STARS) Multi-Donor Trust Fund, administered by the World Bank and implemented by Mercy Corps under Additional Financing (AF-1), seeks to address the acute needs of conflict-affected populations, particularly in Gedaref, Sudan. The project targets the seven localities: 1) Al Galabat Al Gharbyah – Kassab, 2) Basundah, 3) Al Fashaga, 4) Galabat Ash-Shargiah, 5) Al Fao, 6) Al Mafaza, and 7) Ar Rahad.

It aims to enhance access to basic services and improve food security through community-led processes and multi-sectoral interventions. The project's two core components focus on: (1) Community-Driven Basic Service Delivery, which includes health, WASH, education, and GBV services, and (2) Food Systems Resilience, which supports agricultural production, value chain enhancement, and the scaling of community consumer cooperatives. Gedaref's strategic location and agricultural potential make it pivotal for implementing innovative solutions like climate-smart agricultural practices, and community engagement models. Emphasizing sustainability, capacity building, and inclusivity, the initiative incorporates extensive planning, stakeholder collaboration, and targeted support mechanisms to bolster resilience and social cohesion among IDPs and vulnerable communities. The project is guided by detailed institutional arrangements, stringent monitoring, and a commitment to environmental and social safeguards.

**2. Purpose of the Matching Grants**

The purpose of the Matching Grants is to leverage and reengage Small and Medium Enterprises (SMEs) in the Sorghum, and vegetables or horticultural agricultural supply chain, specifically in the midstream segment. These Matching Grants aim to enhance the efficiency and effectiveness of SMEs, enabling them to actively contribute to adding value and maintaining the value throughout the agricultural value chain. This will ensure the increased availability of high-quality food, facilitating its delivery from farmer cooperatives (FCs) to consumer cooperatives (CCs) and other market agents, ultimately improving food supply in key market areas.

This activity will be achieved through two major ways –

1. Direct support to SMEs through a Matching Grant; and
2. Facilitation of sustainable linkages between the SMEs, FCs, and CCs supported by the Project.

The Matching Grant will inject capital to strengthen the cash flow position of SMEs, enabling them to reengage in the agricultural supply and value chains. The grants will be up to a total of 80,000 (Per SME) – 300,000 (Consortium) USD targeting 20-25 SMEs. This funding is aimed at enhancing their operational resilience, ensuring they can adapt to and maintain business continuity during periods of disruption, such as those caused by conflict-related shocks to critical value chain functions.

**3. Eligibility and Selection Criteria**

A competitive process has been established to solicit, evaluate, and award matching grants, as detailed in the sections below. Each Request for Application (RFA) will define specific selection criteria, based on programmatic needs. The criteria will focus on projected benefits for vulnerable households, including IDP households; value for money; social accountability; potential for systemic change; innovation and new business models; the potential for widespread adoption and growth; and the potential to support resilience and social cohesion.

1. Eligible SMEs1 must be legally registered in accordance with Sudan law and operate in value-added services, such as transport, logistics (including storage and packaging), small-scale processing, and harvesting and post-harvest activities, specifically in the sorghum, millet, or horticultural value chains. These businesses must have been active for at least 24 months (about 2 years) before applying for a Matching Grant. SMEs less than 2 years old are encouraged to partner with firms at least 3 years old to be eligible. Even those with 2 years or more can also apply as a consortium in cases where services complement each other. SMEs must have a constitution outlining the entity’s name, location, contact details, lead positions, purpose, vision, and relevant regulations, as well as an operational bank account in the registered entity’s name.
2. The grant support requested by SMEs must demonstrate a clear impact on enhancing the food supply chain linking farm gates to market points.
3. The Matching Grants, designed with a cycle of up to 18 months, offer funding up to $80,000 per SME and $300,000 (Consortium). These grants aim to support value-adding activities within the food production chain (excluding direct production). Mercy Corps will conduct thorough due diligence to ensure SMEs meet the eligibility requirements, can comply with the terms of the Matching Grant agreement, and have no conflicts of interest.
4. SMEs will be screened according to Mercy Corps’ Ineligibility and Compliance policy2, ensuring they are not involved with prohibited parties such as combatants, terrorist organizations’, or entities involved in money laundering or sanctions violations. Furthermore, SMEs must not be involved in partisan politics or aligned with warring parties in Sudan. Additionally, SMEs must have a clean record concerning environmental impact, employee treatment, and the management of donor or public funds. Mercy Corps will verify compliance through background checks (whether undertaken by Mercy Corps directly or a third-party subcontractors).
5. To qualify for a matching grant, SMEs must submit an initial Expression of Interest and meet the following criteria:

* Be classified as either a "Small" enterprise with a capital size between $10,000 and $50,000, or a "Medium" enterprise with capital between $50,000 and $1 million.
* Be incorporated and registered as a for-profit entity under Sudanese law and operate within the agricultural produce value-adding activities in selected value chains within project areas.
* Comply with all relevant tax, legal, and business regulations under Sudanese law, with documented proof of tax compliance and have an established track record of at least two years of uninterrupted business operations.
* Demonstrate financial and managerial capacity to co-support project activities (though no specific financial contribution is required), and ensure no current debt diverts resources from the project and exhibit sound financial management and a viable business model within the Project’s value chains.
* Show evidence of working with smallholder farmers through cooperatives or other SMEs in the selected value chains and demonstrate clear market demand for agribusiness products and services in Sudan, especially within project areas.

**4. The Matching Grant Application Process**

The Matching Grant application process which will be competitive and inclusive of all potentially qualifying SMEs, and the process will consist of the following major steps outlined below:

The table below shows the process timeframe for this Request for Application

|  |  |  |
| --- | --- | --- |
| **Date** | **Item** | **Details** |
| TBC | Outreach, Initial Assessment, and Identification | Awareness creation to all stakeholders on the grant opportunity to map and encourage eligible SMEs to apply. |
| TBC | Information Meeting | All SMEs are welcome to learn about the opportunity and ask questions. |
| TBC | Applications due | Interested companies/institutions must submit a completed application, complete with all relevant documentation, not later than this date. |
| TBC | Due Diligence | Due diligence investigation, aligning them with the Mercy Corps and Donor overall risk management strategy. |
| TBC | Evaluation of applications (Assessment, Review and Final Selection) | This is the expected date for completion of the eligibility and evaluation process, which will be conducted by SOMOUD – AF project selection committees. The evaluation process may include an interview with the applicant. Before final selection or rejection, the SOMOUD – AF project team may conduct negotiations with the applicant to adjust / improve the application to more closely align with SOMOUD – AF project objectives. This will also include a Financial Review, which may also be subject to negotiation / revisions. |
| TBC | Notification of acceptance / non-acceptance | The SOMOUD – AF project team will issue notifications of acceptance or non-acceptance to all applicants. |
| TBC | Expected date for signing of Subaward agreement | Following a negotiation process, final agreements between the selected applicants and SOMOUD – AF project will be signed, and project implementation will begin. |

1. **Evaluation Criteria**

Upon submission, the SOMOUD – AF project team will evaluate all applications using the following criteria:

|  |  |
| --- | --- |
| **Category** | **Allocated Points** |
| A. *Feasibility of design & Technical Approach*   * Viability of the proposed technical approach (i.e., the proposed technical approach can reasonably be expected to produce the intended outcomes). * Contribution of the proposed approach to SOMOUD – AF project’s objectives and expected results. | 20 |
| B. *Impact on Target Group*   * Does the approach correspond to the needs of the targeted communities; Farmer cooperatives, and Consumer cooperatives. IDPs households and directly benefit them? * Ability to enable targeted actors to earn reasonable and sustainable returns based on a clearly articulated business case. | 20 |
| *C. Management & Programmatic Capacity*   * Capability to undertake and accomplish the proposed activities and business models | 15 |
| D. Sustainability/Commercial viability   * Ability to build and strengthen the capacity of small-scale traders and farmers through their farmer cooperatives. * Can the activity be sustained by the organization beyond the grant? * Ability of the applicant to jointly invest in the proposed activity/business model | 15 |
| E. Inclusivity   * Does the proposed activity incorporate a gender component or represents a strong commitment to including women, youth, disabled and other vulnerable groups as beneficiaries? | 10 |
| F. Past Performance   * Evidence of previous or ongoing business or activity related to the above? | 10 |
| G. Environmental safety and social safeguards considerations   * Attach proof from the relevant Ministry certifying that the SME is an existing entity, * Commitment to non-discrimination (gender / tribe / status) in recruitment of members. * Confirmation of no previous record of child labour or forced labour * Commitment to environmental and social safeguards (ESS) training/compliance immediately after grant disbursement. | 10 |
| H. Cost Efficiency | n/a |
| Overall Rating (out of 100 points) | 100 |

**Areas not eligible for funding:** Financial support for the purchase of the items deemed as restricted items by donor.

**Conditions**

Issuance of this solicitation in no way constitutes a commitment by SOMOUD – AF project to execute any agreement or to pay any costs incurred by any applicant in submitting an application.

Please note that SOMOUD – AF project **will fully respect the confidentiality** of all companies involved in the program. If selected, SOMOUD – AF project will establish an agreement with the company/institution that describes the objective of collaboration and that clearly defines each party’s respective responsibilities, roles, and obligations. Successful applicants must be willing to share information with SOMOUD – AF project regarding their performance, and SOMOUD – AF project will conduct interviews with clients / customers to gather information on impact and to monitor progress.