

Independent Investment Committee

1 Background

Self Help Africa requires five experts to provide independent technical assessment of investment plans submitted by agri-food SMEs as part of a competitive application process for financial support.

The ENTERPRISE Zambia Challenge Fund (EZCF) is a € 25.9 million initiative by the European Union, part of the wider Support to the Sustainable Commercialisation of Zambia's Smallholder Farmers Programme, funded to unlock, accelerate and leverage investments within agricultural value chains (including agroforestry and aquaculture). It is a five-year agribusiness support initiative that will invest €26m in the sector over five years (2019 - 2024).

ENTERPRISE Zambia Challenge Fund supports the achievement of the EU's Farm to Fork Strategy, one of the cornerstones of the European Green Deal, and the EU Biodiversity Strategy 2030 by funding business investment in the sustainability of agro-food systems. The European Green Deal has the overarching goal of reconciling the economy with our planet. The EU's new Farm to Fork Strategy and the Biodiversity Strategy 2020, further substantiating the Green Deal, are the overarching EU policies whose objectives are embedded in the EZCF's goals. A shift to sustainable food systems can bring environmental, health and social benefits, offer economic gains and ensure that the recovery from the COVID-19 crisis will be more sustainable. In addition, the Biodiversity Strategy 2020 further promotes boosting resilience and inhibits the emergence and spread of future diseases by protecting and restoring biodiversity and enabling well-functioning ecosystems.

Self Help Africa, with partner Imani Development, are the fund managers for ENTERPRISE Zambia Challenge Fund.

ENTERPRISE Zambia will increase investment in agriculture (including fish farming) by providing grants to support agribusinesses with the potential to benefit smallholder farmers. It will also support better access to financial services. The design ensures that financial support incentivises greater smallholder farmer's commercialisation and integration into value-chains. This will generate employment opportunities, particularly for women and youth. It will require lead firms to invest in their supply chains, and support producers, improve infrastructure and services, and facilitate the creation and strengthening of smallholder farmers' and agribusiness associations. Companies will also be supported with measures that improve their operating environment.

Enterprise Zambia will target between 35 and 45 small and medium enterprises (agri-businesses, cooperatives, associations and other value chain actors) who will reach 150,000 smallholder farmers.

Project activities will be delivered under four outputs:

1. Grant scheme providing incentives to the development of the smallholder agriculture sector in Zambia established.
2. Technical advisory services component for agri-enterprises established.
3. Strengthened Farmer/Aquaculture Associations, with an increase in both the number of active associations and their membership.
4. Increased access to financial services and finance (credit, banks, investment).

For more information regarding the Enterprise Zambia Challenge Fund, please visit the website (www.enterprisezambia.org) or email info@enterprisezambia.org

Follow us on Facebook: www.facebook.com/ENTERPRISEZambiaChallengeFund Twitter: www.twitter.com/ENTERPRISEZamb and LinkedIn:

www.linkedin.com/company/enterprise-zambia/

Call launches will commence in August 2020.

Self Help Africa and Imani Development Limited are the Fund Managers for the Challenge Fund.

Self Help Africa is an international NGO dedicated to the vision of an economically thriving and resilient rural Africa. SHA has 50 years' experience working with smallholder farmers, farmer associations, cooperatives and agribusinesses across Africa to help farmers grow and sell more food, improve diets, diversify incomes and make their livelihoods more sustainable and resilient to external shocks.

Imani Development is a private economic and development consultancy firm that facilitates the process of economic growth and poverty reduction in the developing world. Imani has been active in East and Southern Africa, the Caribbean, South East Asia and the Pacific for over 30 years, advising policy makers, governments, development agencies, regional and international organisations, and the private sector in our core areas of work.

2 ENTERPRISE Zambia Challenge Fund Operations

To ensure transparency and objectivity in the management of the challenge fund, the programme requires an Independent Investment Committee. The Independent Investment Committee (IIC) will report to the ENTERPRISE Zambia Challenge Fund Programme Management Board.

The IIC will be constituted of highly qualified individuals with relevant technical backgrounds.

ENTERPRISE Zambia Challenge Fund will use a two-stage process of concept notes and full proposals/business plans, and there will be three distinct call windows. Call I will be launched in month seven of the project. 12-18 agribusinesses are expected to be contracted in Call I. Call II will be launched in month 12, and will draw on lessons from Call I, refining the application process if necessary. We expect to contract 16-20 firms during Call II. Call III, launched in month 17, will be a 'gap-filling' call and may include a theme agreed following a review of the contracted portfolio at that stage. We expect to contract 5-12 grants in the final window. However, there may be variations between calls based on learnings from earlier calls to ensure the project meets its overall objectives. An additional restricted call may be issued if funds remain unallocated.

The IIC will evaluate shortlisted full proposals. The evaluation will be supported by proposal review memos and pre-award assessment reports. The IIC will make funding

recommendations which will be endorsed by the PSC ahead of contracts being signed with the successful companies.

3 Purpose & Organization

The main purpose of this committee will be to scrutinize, review and assess all shortlisted Business Plans submitted to them by the programme team and recommend selected investments for approval and funding to the Programme Steering Committee (PSC).

The IIC will meet to review the project proposals and the accompanying documentation to evaluate the projects and make financing decisions.

Portfolio Managers/Team leader will highlight key points from the due diligence process and full proposal. ENTERPRISE Zambia Challenge Fund staff's role in this process will be to answer questions of clarification only, and a protocol will be drawn up in advance to guide all parties involved in the process to minimize the possibility of the fund manager influencing the funding decision.

The applying agri-enterprises will be invited to make a presentation of their project to the IIC. The purpose of the presentation is to give the applicant agri-enterprises a final opportunity to provide clarifications on their business plan. The Task Team will provide an independent assessment to the IIC based on the outputs of the due diligence assessment.

The IIC will score the project against the criteria in the EZCF Operations Manual. These criteria include additional discretionary points that the IIC can award projects to ensure there is a balanced portfolio of agri-enterprises with regards to region, sector or any other considerations necessary to achieve the same.

The justification for award will be documented clearly and presented to PSC alongside the proposal memo for final endorsement. The IIC has the right to propose minor changes to the activities of the project to enhance efficiency or value for money. The Programme Steering Committee will endorse the decision of the IIC to make the funding decision final.

The programme will recruit an external compliance partner who will sit in as an observer at Independent Investment Committee (IIC) meetings. There will be a clear process agreed for contract amendments, verified and tested by the external compliance partner and built into contracts with funded agri-enterprises.

The IIC will have authority to investigate and verify any matter within these ToRs and will have the right to access all information deemed relevant to fulfil its duties. Further, the committee will be empowered to seek any external professional advice and to invite any external consultants with relevant expertise to attend its meetings.

The Independent Investment Committee will be supported in its role and functions by SHA and Imani Development Limited. The ENTERPRISE Zambia Challenge Fund Team Leader will also serve as the Secretariat of the committee and will provide all the necessary information and logistical support to facilitate the meetings and activities of the Independent Investment Committee.

4 Committee Composition

The five external committee members will be required to have extensive technical expertise in a range of areas including, but not limited to:

- SME development in Zambia

- Legal expertise
- Risk and Compliance
- Financial analysis
- Agri business and value chains

The EZCF Programme Board will seek to ensure both women and men are represented on the committee.

5 Frequency of Meetings

Members will be appointed for a two-year period and will be required to participate fully in the appraisal of business plans in all the meetings. It is anticipated that within the two years this committee will meet three times for approximately ten days per meeting.

6 Responsibilities

The main responsibilities are as follows:

- Complete orientation on the EZCF Operations Manual and Salesforce-based application system
- Adhere to criteria and guidelines for Business Plan review and appraisal outlined in the Operations Manual
- Objectively scrutinize, review and appraise all Business Plans submitted to them by SMEs through the Programme Implementation Team
- Review and appraise due diligence reports submitted with the Business Plans
- Complete all the required assessment documentation along with records of individual analysis and recommendations
- Present recommendations on Business Plans to the Programme Steering Committee for approval and funding
- One member will act as Chair

7 Remuneration

Membership on the Independent Investment Committee will be on consultancy basis and successful members will be paid a fee of USD 500 per day subject to statutory deductions. Travel and accommodation expenses will be covered by the programme.

8 Independence

The Independent Investment Committee members will be required to have the ability to 'stand apart' from inappropriate influences and to be free of managerial, staff and stakeholder capture and be able to make the correct and uncontaminated decision when appraising the business plans.

9 Anonymity & Confidentiality

The names of the five committee members will remain confidential to minimize lobbying by potential applicants. The committee members must operate with the utmost discretion and will be expected to sign non-disclosure agreements.

10 Renewal & Review

The committee's Terms of Reference including membership will be subject to annual review by the SHA-Imani Programme Board and the PSC. The Investment Committee will be encouraged to undertake a self-assessment performance review and this will be reported together with agreed-upon actions to the Programme Steering Committee.