

aBi



aBi Green Challenge Fund

Green Agribusiness Investments for Climate Change
Adaptation, Mitigation and Biodiversity Conservation



EUROPEAN UNION



MINISTRY OF FOREIGN AFFAIRS OF DENMARK
DANIDA INTERNATIONAL
DEVELOPMENT COOPERATION



**INVESTMENT FUND FOR
DEVELOPING COUNTRIES**



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Source: Future Pumps

1.0 Introduction

These Guidelines set out the rules for the submission and the selection process of applications to be financed under this GCF. Successful applicants will sign a Funding Agreement and will implement an agreed project in accordance with the aBi Funding Guidelines and Guidelines for aBi Implementing Partners. Please find these documents here: <https://www.abi.co.ug/abi-development-ltd-welcome/applying-for-an-abi-grant/>

2.0 Background to this Call for Proposals

The Green Challenge Fund (GCF) is developed to address the increasing impacts of climate change on Uganda's agri-food system. The proposal is developed in line with national and international strategies of increasing climate change resilience and also contributing to achieving the global target of limiting global temperature rise to well below 2°C, and potentially even to 1.5°C by 2050.

Uganda's agriculture is evidently experiencing a rapid declining growth rate mainly because of the effects of climate change. The population's dependence on agriculture combined with changing climate patterns and unsustainable land management contributes to Uganda's position as the 12th most vulnerable to climate change globally. This vulnerability will worsen if Uganda continues with its high levels of unsustainable natural resource utilisation.

We see this in forest loss (2.6% per year), which is one of the highest rates globally and through land degradation (41% of land) which is estimated to have cost Uganda around 17% of GDP¹.

Climate change is mainly manifested in extremes of two attributes - rainfall and temperatures. The Uganda Climate Change Vulnerability Assessment Report (2013) indicates that while no significant change in average annual rainfall could be detected in the 60-year historical record and no significant change in average annual rainfall is projected for the 2015 - 2045 period, there was the projection of an annual increase in rainfall in the months of December, January, and February, which is typically a dry season in all locations in Uganda. This increase could have strong impacts on agriculture, especially with respect to crop growing and post-harvest activities such as drying and storage.

In terms of temperature, an analysis of average annual temperatures between 1951-1980 and 1981-2010, shows a notable increase of approximately 0.5 - 1.2 °C for minimum temperatures and 0.6 - 0.9 °C for maximum temperatures. This warming trend is projected to continue, with some models projecting an increase of more than 2 °C by 2030. It will likely have a strong impact on agriculture and livestock, increasing the risk of disease and pest infestations.

Agriculture's exposure to pests, diseases, rains, floods and drought spells is projected to increase in incidence and severity under climate change. Although trends are uncertain and data remain limited, the main climate change impacts expected to affect agriculture in Uganda in the future include

higher temperatures, more erratic and heavy rainfall, changes in the timing and distribution of rainfall, and an increase in the frequency and duration of droughts. The climate risk report for the East Africa region (2022) further indicates that higher temperatures will increase water and heat stress for crops and livestock, lowering the productivity of pastoral livelihoods and negatively impacting the production of important crops such as maize, wheat, cotton, and coffee; increased temperatures and heavy precipitation will result in the growth of pest populations, such as desert locusts which can devastate crops affecting both agricultural livelihoods and food availability across the region; and land degradation and soil erosion will be exacerbated by more intense rainfall events, posing risks to the natural resource base, agricultural productivity and subsequently food security, particularly in already degraded areas.

This Fund is informed by the aBi Business Plan 2019-2023. The goal of the fund is to support a green transformation of agricultural value chains in Uganda. This Call for Proposals responds to Result Areas 1 and 2 of the aBi Business Plan and aBi Green Growth Strategy.

3.0 Justification for the Green Challenge Fund

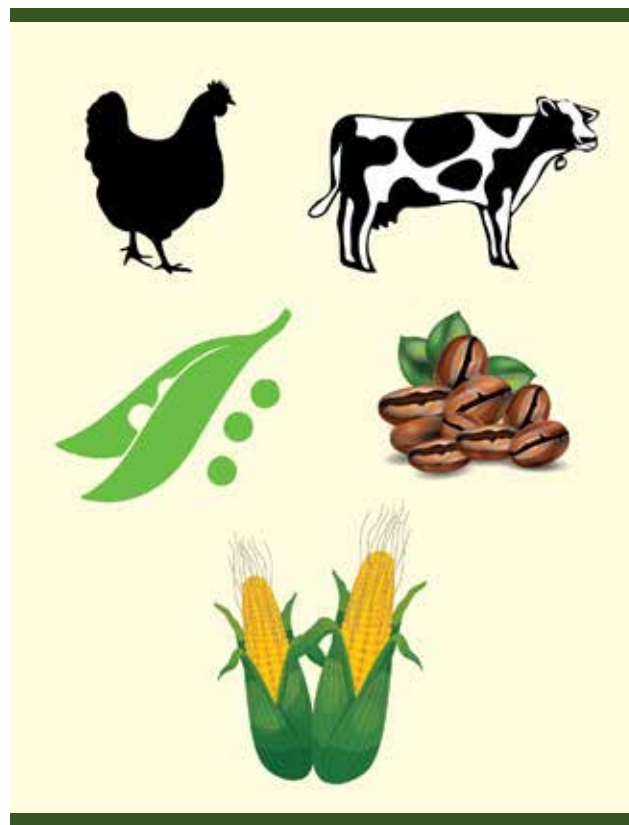
Transforming Uganda’s economy largely depends on agriculture; and agriculture therefore cannot deliver this transformative change unless it is managed to adapt to the changing climate and to protect the local environment on which it depends. Moreover, agriculture presents an opportunity for improving productivity and processing efficiency in agriculture and agribusiness is the most promising prospect of inclusive and equitable economic growth and expansion in job opportunities.

Without adaptation, the cost of climate change will make a difficult economic transformation near impossible. Climate risk is estimated to cost agriculture in the range of USD 2.3 to 4.2 billion by 2025, due to crop damage, loss of export crop revenue, loss of livestock, and unmet water demand for plant and livestock production. The impact is being accelerated by rapid landscape degradation driven by deforestation and soil erosion. Between 1990 and 2015, forest cover loss amounted to US\$1.2 billion worth of economic loss. Uganda’s prospects for economic growth and poverty reduction are therefore closely hinged on

sustainable management of its natural capital base.

aBi, in its quest to be the green growth champion in Uganda, will focus on building a greener and more resilient agri-food system. aBi will support climate action through the GCF by incentivising climate change adaptation interventions, especially on-farm practices, climate change mitigation targeting resource efficiency (water for production, waste management, energy, etc) and reduction of GHGs especially methane in livestock enterprises as well as environmental conservation.

The agri-food system can be taken to include crop growing, livestock, forestry, energy for agriculture, energy integrated into agriculture, waste handling related to agriculture, input production or delivery related to agriculture and post-harvest handling. The fund will focus on addressing these challenges in all seven (7) aBi priority value chains-coffee, dairy, poultry, cereals, pulses, horticulture and oilseeds.



Key focus areas include:

- i. supporting SMEs and farmers to increase their resilience to climate change and climate variability
- ii. supporting climate mitigation actions to reduce or limit GHG emissions or to enhance GHG sequestration.
- iii. supporting a stronger local environment, including soils, ecosystems and bio-diversity.



Interventions under this GCF must target to contribute to the achievement of Uganda's Nationally Determined Contributions (NDCs), Uganda Green Growth Development Strategy (2017), Third National Development Plan (NDP III) 2020/21 – 2024/25, aBi Green Growth Strategy (2020/21-2025) and SDGs which outline clear commitments to environmentally sustainable and socially inclusive growth that prioritises green job creation, low carbon emissions and climate adaptation.

4.0 Objectives and activities

Successful applicants will sign a project funding agreement with aBi Development Ltd, which consists of a contract, a detailed description of the objectives, activities and outputs of the project and a series of key-performance indicators that measure the success of the project.

Funding agreements are awarded on a competitive basis. The best eligible proposals, in terms of innovation, relevance, quality and ability to scale up will be awarded a funding agreement until the total available funding from aBi for this GCF runs out.

5.0 Eligibility criteria and application process

The Green Challenge Fund is open to private sector agribusinesses, NGOs, scientists, researchers and start-ups. Applicant proposals should directly or indirectly lead to increased economic activity and productivity in the aBi seven (7) priority value chains (Coffee, cereals, poultry, dairy, horticulture, pulses and oilseeds) through the increase of SMEs and farmer resilience to climate change or reduce GHGs/enhance carbon sinks and reservoirs or contribution to environmental conservation. The fund is open to green innovations from all parts of the country.

Applicants should submit their proposals or business ideas under any one of the three categories, namely

i) Growth stage, ii) acceleration/start-ups and iii) Ideation stage; guided by the separate eligibility criteria below.



5.1 Eligibility criteria for applicants

i. **Growth stage - aBi existing and Past Implementing Partners as well as new entities seeking to green their investments (Budget allocation of UGX 5Bn; average project size up to UGX500m)**

- Applications must address one or more of the following: climate change adaptation, mitigation or protection of environment and biodiversity in one or more aBi seven (7) priority value chains above; or with green innovations that can add value to the said value chains.
- Applications must directly or indirectly lead to increased economic benefits and productivity
- Applications should demonstrate the ability to be scaled up for adoption on a large scale to benefit the agribusiness sector
- Applicants must be legally registered institutions
- Period in existence: At least 3 years, supported with audited financials
- Applicant should be a reputable organization with no previous record of funds mismanagement
- Applicant should be fully tax and NSSF compliant

ii. **Acceleration/Start-ups - projects at pilot stage with green innovations in aBi priority value chains (Budget allocation of UGX 1.5Bn – project size UGX50m-200m)**

- Applications must address one or more of the following: climate change adaptation, mitigation or protection of environment and biodiversity in one or more aBi seven (7) priority value chains above; or with green innovations that can add value to the said value chains.
- Applications must directly or indirectly lead to increased economic benefits and productivity
- Applications should demonstrate the ability to be scaled up for adoption on a large scale to benefit the agribusiness sector

iii. **Projects at ideation stage that require nurturing and piloting (Budget allocation of UGX 1Bn – project size 5m- 30m)**

- Criteria as in ii above for acceleration/start-ups

5.2 Additional guidance for NGOs, researchers/scientists/start-ups

- Organisations that are not in themselves aspiring to become commercially viable must demonstrate how their intervention contributes to commercial viability elsewhere in the sector



- NGOs can apply separately or jointly with scientists/researchers/start-ups/SMEs
- Only action research with ability to be scaled up for adoption on a large scale to benefit the agri-food system will be accepted from scientists and researchers

5.3 Eligible interventions for the Green Challenge Fund

The green challenge fund targets to enhance SME/ Farmer resilience to climate change and to promote a green agri-food system. Eligible activities include:

- Interventions that support SMEs and farmers to increase their resilience to climate change and climate variability
- Interventions that support climate mitigation actions to reduce or limit GHG emissions or to enhance GHG sequestration.
- Interventions that support a stronger local environment, including soils, ecosystems and bio-diversity.

Refer to Annex I for examples of eligible interventions

5.4 Funding

Initial funding available for the GCF is UGX 7.5 billion. **Additional funding may be availed for the scale-up phase based on successful implementation of projects during this pilot phase.**

6.0 How to apply (general instructions)

To apply, an applicant needs to register in the aBi Grants Management System (GMS). Use this link:

<https://www.abi.co.ug/abi-development-ltd-welcome/applying-for-an-abi-grant/>

Applicants are required to submit a brief concept note about the project/business idea which will be reviewed by aBi evaluation team. Applicants whose concepts meet the pass mark will be sent a link (on their emails registered in the aBi GMS) to the main application template to submit a full application. Applicants will be required to fill in the application template applicable to the category under which the application is being submitted as per these categories; Growth stage, Acceleration stage and Ideation stage.

The entire process from registration to submission of the application documents is completed online. The application must be submitted in English. This application takes place on an open competitive basis. Applicants will be selected for this Fund until the available budget is depleted. Successful applicants must fulfil the eligibility requirements as listed above. In addition, the implementation strategy, budget and accompanying documents of the winning applicants must clearly show the relevance of the project in relation to the objectives of the challenge fund, a detailed activity plan and timeline, its value for money and the capacity of the applicant to execute the project.

Where and how to send proposals

Proposal applications will be done on-line as follows:

- Go to the aBi GMS URL web link.
- Open an aBi on-line project account; set and remember your username and password for the project account;
- Open the Portal for this Call: Funding Window VCD/GCF/2022/01, and enter the username and password for your aBi account;
- Fill in the appropriate application template and submit your proposal
- Upload the required documents;
- Once the submission is complete, you will receive a confirmation email.

Applications sent by any other means (e.g. by e-mail) or delivered to other addresses will be rejected.

Any questions regarding this call may be sent by e-mail no later than 1st August, 2022 to the addresses below, clearly indicating the reference of this CFP (VCD/GCF/2022/01): E-mail address: richard.mwesigwa@abi.co.ug

7.0 Timelines

Activity	Date and Time
Launch of Green Challenge Fund and call for proposals	19 th July 2022
Application Period	20 th July – 31 st August 2022
Evaluations and selection of the best proposals for support	1 st Sept -17 th October 2022
Feedback to all applicants	Not later than 1 st October 2022
Awards for winning proposals	2 nd November 2022
Implementation of awarded projects	Nov 2022 - Mar 2024

8.0 Ethics clause

Any attempt by an applicant to obtain confidential information, enter into unlawful agreements with or influence aBi staff during the process of examining, clarifying, appraising and comparing applications will lead to the immediate elimination of the application.

For any complaints on fraudulent practices by aBi staff, call the aBi toll-free number 0800 203 026 or send an email to: hotline@abi.co.ug.



Annex I: Climate change vulnerabilities and examples of GCF recommended interventions

Value Chain	Potential Impact	Adaptation	Mitigation	Environment
Coffee	<ul style="list-style-type: none"> 50% reduction in Arabica and Robusta coffee production by 2050 due to loss of suitable land and decreasing yields, leading to estimated losses of around US\$1,235 million¹ Increased occurrence and damage from leaf miners, mealy bugs, Coffee Leaf Rust, Coffee Berry Borer and Coffee Bacterial Wilt (Van Estan, 2015). At lower altitudes ($\leq 1,300\text{m}$), abortion of flowers and poor filling of cherries is expected and consequently low yields (UCDA, 2014) Per capita water availability for Uganda is projected to decline by 80 % by 2080 relative to the year 2000 	<ul style="list-style-type: none"> Promotion of crop varieties that are resistant to variability and increase in temperature and rainfall (drought, disease, pests, etc.) Promoting climate smart agricultural practices Soil management, e.g., through mulch, mounds and manure Water conservation, supply and storage etc. 	<ul style="list-style-type: none"> Resource efficiency technologies clean cooking that is less dependent on biomass Use of energy saving machineries, design of eco-efficient, carbon neutral systems, etc. Fuel switching from one fuel to a different, less GHG-intensive fuel type Reduce, recycle, recover or re-use waste, Development, preparation and implementation of low-carbon strategies Reuse - utilize by-products and establish cascading material flows 	<ul style="list-style-type: none"> Promoting sustainable farming practices aimed at protecting biodiversity in agricultural ecosystems Promoting good agronomic practices (GAPs)
Cereals – maize, sorghum	<ul style="list-style-type: none"> Erratic rain could increase post-harvest storage losses of crops typically dried in the sun due to increased pests and rotting Aflatoxin contamination that coincides with off-season rains Cereal yields loss due to water stress 	<ul style="list-style-type: none"> Prevention of PHH losses, using clean technologies Aflatoxin management Use of early warning communications systems Promoting climate smart agricultural practices Water conservation, supply and storage 	<ul style="list-style-type: none"> clean cooking that is less dependent on biomass Fuel switching from one fuel to a different, less GHG-intensive fuel type Reduce, recover or re-use waste 	<ul style="list-style-type: none"> Promoting sustainable farming practices aimed at protecting biodiversity in agricultural ecosystems Protection and enhancement of sinks and reservoirs of GHGs through sustainable forest management, afforestation and reforestation

¹ Climate and Development Knowledge Network (CDKN) 2015. Economic assessment of the impacts of climate change in Uganda. Funded jointly by CDKN and the UK Department for International Development (DFID), Uganda office

Pulses	<ul style="list-style-type: none"> • 24% reduction in production of beans by 2050 • Increase in fungal and viral diseases due to excessive rain • The Northern region to experience 23% reduction in annual production • The Western, Central and Eastern regions to experience moderate decreases in Production 	<ul style="list-style-type: none"> • Prevention of PHH losses, using clean technologies • Use of early warning communications systems • etc. 	<ul style="list-style-type: none"> • Reduce, recover or re-use waste 	<ul style="list-style-type: none"> • Protection of watersheds, wetlands and other fragile ecosystems / reservoirs
Dairy and Poultry	<ul style="list-style-type: none"> • Difficulties coping with extreme heat and temperatures leading to increased disease incidences • Heat stress reduces poultry productivity in terms of weight gain and laying capacity² • Drying water sources due to prolonged drought - leading to poor feeding and nutrition, poor breeding and livestock health • Forage production (and access to water) disruption by interannual variations in precipitation affecting pastoralism • Increase in the frequency, number, duration and average temperature of the heat waves affect poultry production • Reduction in crops critical for making feeds such as maize and soybean will reduce in production as a result of climate change (MAAIF, 2018) 	<ul style="list-style-type: none"> • Water conservation, supply and storage • Dry feeding – hay and silage • etc 	<ul style="list-style-type: none"> • Livestock projects that reduce methane or other GHG emissions (manure management with bio-digestors) • Recover - Biogas production and reuse of energy produced by wastewater facilities • Fuel switching from one fuel to a different, less GHG-intensive fuel type 	
Horticulture	<ul style="list-style-type: none"> • Horticultural crops are highly perishable and very sensitive to unpredictable climate change - temperature, drought, flooding - causing sun burn, rotting, reduction in fruit quality, etc. 	<ul style="list-style-type: none"> • Prevention of PHH losses, using clean technologies • Use of early warning communications systems 	<ul style="list-style-type: none"> • Energy-efficient water pumping systems, and/or pumping systems powered by renewable energies • Fuel switching from one fuel to a different, less GHG-intensive fuel type 	<ul style="list-style-type: none"> • Protection of watersheds, wetlands and other fragile ecosystems / reservoirs

2 Perception and adaptation to higher temperatures among poultry farmers in Nigeria | SpringerLink, available at <https://link.springer.com/article/10.1007/s10668-021-02017-4>

Other examples of interventions and related justification

- Establish learning/network platforms, e.g. training in and pilot projects on experimentation and M&E. Strengthen social and human capital: This aims to Support NGOs and other organizations such as Ministry of Agriculture, Animal Industry and Fisheries, etc to facilitate communication and planning within the platforms, and facilitate a process in which districts **develop plans for climate change adaptation in agriculture** that support farmer/researcher collaborations in developing and testing options.
- Development of national climate datasets and information to enhance adaptation capabilities- to improve the production, distribution, and use of climate information that responds to the needs of decision-makers, as well as farmers and other stakeholders.
- Support water saving measures / Water management, e.g. through establishment of contour planting and terraces and drainage canals: climate change is likely to impact Uganda's water resources through variability in precipitation, rising temperatures and drought. Per capita water availability for Uganda is projected to decline by 80% by 2080 relative to the year 2000. **Since crops are predominantly rainfed, they depend on water availability from precipitation and are prone to drought.** Dry spells may increase in frequency and duration, and the projected increase in temperature may also increase evapotranspiration and hence crop water demand, **stressing the need for an adaptation measure such as water management.** Urgency to invest in water saving measures and technologies for future water consumption as well as protection of watersheds and reservoirs is needed. "Improvements should be made concerning water capture and storage as well as investment the country."
- Investments in "soil moisture management in order to offset expected increases in evapotranspiration" is a key adaptation measure to avoid unusable land and thus secure crop yield. Soil management measures can also contribute to reduction in emission of GHG, by increasing carbon sequestration.
- Heat-resilient measures regarding production sites and activities, both technical and practical solutions, including use of shade trees. With the exposure of the GDP to heatwaves projected to increase from 0.2 % in 2000 to 2.8 % (RCP2.6) and 9.6 % (RCP6.0) by the end of the century it is recommended" to look into e.g. "solar-powered cooling systems, cool roof isolation materials or switching of hours of operation from day to night. "Investments in shading and other temperature-reducing management techniques are a top priority for coffee
- Investments in renewable energy: Furthering the use of renewable energy sources such as hydropower and solar-power (for generators) related to farming and production
- Gender and social inclusion is key and must be integrated in all proposed actions to ensure equitable, inclusive and sustainable investments. Interventions to include support of vulnerable people including women, youth, children and displaced populations in areas vulnerable to the effects of climate change through promotion of climate resilient agriculture and food security.



Annex II: Green Challenge Fund Proposal Evaluation Criteria

#	Project Aspect	Scale	1	2	3	4
		Key	Poor	Fair	Good	Excellent
A	Project objective					
	To which degree is the project objective climate change adaptation or mitigation or environment conservation?					
B	Business Idea					
1	How well developed is the proposed project, i.e., value proposition, knowledge of the value chain, market and customers, and competitors?					
2	What is the potential for the proposed project to become commercially viable and scaled up beyond the project period?					
3	How innovative is the proposed project (has it been done before)					
C	The Development Impact					
4	What is the potential for the proposed project to create jobs?					
5	What is the potential for the proposed project to generate income?					
6	To which degree is the project expected to contribute to marginalised groups i.e., to include women, youth, refugees and/or other underserved parts of the population in the target area?					
D	Implementation and Feasibility					
7	How well described, sound and realistic is the implementation plan to achieve the project outputs and outcomes?					
8	What is the capacity and commitment of the key commercial partner in relation to the project?					
9	Have key risks been identified and measures proposed to mitigate major risks?					
10	Is the budget well specified and does it represent a cost-effective use of funds?					
E	Coherences and Synergies					
11	How well aligned is the project with aBi priorities?					
12	Is the national project context and the coherence with national and sector objectives well described?					



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