



**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING
P. O. BOX 30007-00100
NAIROBI**

**REQUEST FOR PROPOSALS (RFPS)
FOR
ONBOARDING FINANCIAL INTERMEDIARIES TO IMPLEMENT THE
RURAL CREDIT GUARANTEE SCHEME (R-CGS)**

Ref: 2000004121 and No: 2000004122

RFPS NO. RKFINFA /NCB/04/2025 - 2025

**Issued on: 10/06/2025
CLOSING DATE: 25/06/202 AT 11.00 AM EAT**

Foreword

This procurement document has been prepared by the International Fund for Agricultural Development (“the Fund” or “IFAD”) for use by borrowers/recipients in competitions for selection of firms in projects that are financed in whole or in part by IFAD. It can be downloaded using the following link www.ifad.org/project-procurement.

This request for proposals (RFP) document is to be used for complex services competitions using one of the following procurement methods prescribed in the IFAD Procurement Handbook like quality and cost-based selection (QCBS), quality-based selection (QBS), fixed budget selection (FBS) or least cost selection (LCS) and in accordance with the provisions of the IFAD Project Procurement Guidelines. IFAD has issued a simplified RFP document for simple low value services competitions like in individual selection method and the selection method based on Consultants qualifications (CQS).

The standard procurement document (SPD) includes one set of standard general conditions of contract (GCC) that can be used for both “lump sum” and “time-based” types of services’ contracts. The client will in the special conditions of contract (SCC) choose the appropriate contract type and pertinent payment schedules relevant to the selected type of contract. The selection of the type of contract by the client will depend primarily on the nature of the assignment.

This SPD can be used following shortlisting pursuant to a “request for expressions of interest” (REOI) advertisement or by direct invitation using recent prior lists of firms available to the client, subject to IFAD’s no objection.

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Part 1 Proposal and Selection Procedures

Section I. Letter of Invitation

Instructions to Financial Intermediaries

Reference Number: 2000004121 and No: 2000004122

Date 10/06/ 2025

ONBOARDING OF FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)

1. The Government of the Republic of Kenya has received financing from the International Fund for Agricultural Development (IFAD) towards the implementation of the Rural Kenya Financial Inclusion Facility (RK-FINFA) project and intends to apply part of the proceeds under the loan to Onboard Financial Intermediaries to Implement the Rural Credit Guarantee Scheme (R-CGS)

The use of any IFAD financing shall be subject to IFAD's approval, pursuant to the terms and conditions of the financing agreement, as well as IFAD's rules, policies and procedures. IFAD and its officials, agents and employees shall be held harmless from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature brought by any party in connection with the Rural Kenya Financial Inclusion Facility (RK-FINFA) project.

2. The client now requests for proposals (RFPs) from legally constituted Financial Intermediaries to implement the Rural Credit Guarantee Scheme (R-CGS). More details on these services are provided in the terms of reference (TORs) attached as **Annex 1**.

3. Before preparing its RFPs, the Financial Intermediaries are advised to review the terms of reference attached as **Annex 1**, which describe the assignment and **Annex 2** that details the evaluation of the technical qualifications.

4. The Financial Intermediaries shall not have any actual, potential or reasonably perceived conflict of interest. A Financial intermediary with an actual, potential or reasonably perceived conflict of interest shall be disqualified unless otherwise explicitly approved by the Fund. Financial Intermediaries including their respective personnel and affiliates are considered to have a conflict of interest if they a) have a relationship that provides them with undue or undisclosed information about or influence over the selection process and the execution of the contract, b) participate in more than one EOI under this procurement action, c) have a business or family relationship with a member of the Procuring Entity or its personnel, the Fund or its personnel, or any other individual that was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation of this RFP, (ii) the shortlisting or selection process for this procurement, or (iii) execution of the contract. The Financial Intermediaries have an ongoing obligation to disclose any situation of actual, potential or reasonably perceived conflict of interest during preparation of the RFP, the selection process or the contract execution. Failure to properly disclose any of the said situations may lead to appropriate actions, including the disqualification of the Financial Intermediaries, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations¹.

5. All Financial Intermediaries are required to comply with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (hereinafter, "IFAD's Anticorruption Policy") in competing for, or in executing, the contract.

¹ The policy is accessible at www.ifad.org/anticorruption_policy.

a. If determined that a Financial Intermediaries or any of its personnel or agents, or its sub-Financial Intermediaries, sub-contractors, service providers, suppliers, sub-suppliers and/or any of their personnel or agents, has, directly or indirectly, engaged in any of the prohibited practices defined in IFAD's Anticorruption Policy or integrity violations such as sexual harassment, exploitation and abuse as established in IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse² in competing for, or in executing, the contract, the RFP may be rejected or the contract may be terminated by the client.

b. In accordance with IFAD's Anticorruption Policy, the Fund has the right to sanction Financial Intermediaries and individuals, including by declaring them ineligible, either indefinitely or for a stated period of time, to participate in any IFAD-financed and/or IFAD-managed activity or operation. A debarment includes, *inter alia*, ineligibility to: (i) be awarded or otherwise benefit from any IFAD-financed contract, financially or in any other manner; (ii) be a nominated sub-contractor, Financial Intermediaries, manufacturer, supplier, sub-supplier, agent or service provider of an otherwise eligible Financial Intermediaries being awarded an IFAD-financed contract; and (iii) receive the proceeds of any loan or grant provided by the Fund. The Fund also has the right to recognize debarments issued by other international financial institutions in accordance with its Anticorruption Policy.

c. Financial Intermediaries and any of their personnel and agents, and their sub-Financial Intermediaries, sub-contractors, service providers, suppliers, sub-suppliers and any of their personnel and agents are required to fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to this selection process or the execution of the contract and to have such accounts, premises, records and documents audited and/or inspected by auditors and/or investigators appointed by the Fund.

d. Financial Intermediaries have the ongoing obligation to disclose in their RFPs and later in writing as may become relevant: (i) any administrative sanctions, criminal convictions or temporary suspensions of themselves or any of their key personnel or agents for fraud and corruption, and (ii) any commissions or fees paid or to be paid to agents or other parties in connection with this selection process or the execution of the contract. As a minimum, financial intermediary must disclose the name and contact details of the agent or other party and the reason, amount and currency of the commission or fee paid or to be paid. Failure to comply with these disclosure obligations may lead to rejection of the RFP or termination of the contract.

e. Financial Intermediaries are required to keep all records and documents, including electronic records, relating to this selection process available for a minimum of three (3) years after notification of completion of the process or, in case the financial intermediary is awarded the contract, execution of the contract.

6. The Fund requires that all beneficiaries of IFAD funding or funds administered by IFAD, including the client, any Financial Intermediaries, implementing partners, service providers and suppliers, observe the highest standards of integrity during the procurement and execution of such contracts, and commit to combat money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.³

7. **Procedure:** the selection process will be conducted using National Competitive Process as

² The policy is accessible at <https://www.ifad.org/en/document-detail/asset/40738506>.

³ The policy is accessible at <https://www.ifad.org/en/document-detail/asset/41942012>.

laid out in the IFAD Procurement Handbook that can be accessed via the IFAD website at www.ifad.org/project-procurement. The client will evaluate the RFPs using the criteria provided in **Annex 2**.

8. Any request for clarification on this RFPs including the TOR should be sent via e-mail to the address below procurement@treasury.go.ke, procurement.rkfinfa@treasury.go.ke not later than 13/06/2025. The client will provide responses to all clarification requests by 17/06/2025

9. Submission Procedure: please submit your proposal using the forms provided for this purpose. Your proposal should comprise one (1) original copy, a copy of the original and a soft copy in a flash disk as described in the evaluation criteria. RFPs shall be submitted to the address below no later than 25/06/2025

Completed request for proposal documents enclosed in a plain sealed envelope clearly marked "RFP for Onboarding Financial Intermediaries To Implement The Rural Credit Guarantee Scheme (R-CGS)

and addressed to: -

The Principal Secretary

The National Treasury

Rural Kenya Financial Inclusion Facility (RK-FINFA) project

Reinsurance, Taifa Road/ Aga Khan Walk, 7th Floor

P.O BOX 30007-00100,

Nairobi, Kenya

[Tel:+254-20-203225000](tel:+25420203225000) Ext: 152

Email: procurement@treasury.go.ke ,

rkfinfa@treasury.go.ke

and be deposited in the Tender Box provided at the Reinsurance Building, 7th Floor, Taifa Road / Aga Khan Walk, Nairobi, so as to be received on or before **25/06/2025** at 1100 hours, East African Time.

The request for proposals will be opened immediately after the closing date and time in the presence of candidates or their representatives who choose to attend at the Reinsurance Plaza Building, Taifa Road/ Aga Khan Walk, Nairobi, Conference Boardroom Room on 7th Floor, on **25/06/2025** at 1100 hours, Kenyan Time.

HEAD, SUPPLY CHAIN MANAGEMENT SERVICES.
FOR: PRINCIPAL SECRETARY / NATIONAL TREASURY

Section II. Instructions to PFIs

A. General

In part 1 (proposal and selection procedures) of this request for proposals (RFP), the following words and expressions shall have the meanings stated. These definitions shall not apply to any words or expressions in the sections that make up part 2 (conditions of contract and contract forms) of this RFP, in which such words and expressions shall have the meanings stated in GCC sub-clauses 1.1 and 2.1 unless otherwise specified.

1. Definitions

- a) "Addendum" or "Addenda" means a modification to this RFP issued by the client.
- b) "Associate" or "Member" means any entity that is a member of the association that forms the PFIs. A sub-PFI is not an associate.
- c) "Joint Venture", "JV", or "Consortium" means an association of entities that forms the PFIs.
- d) "Borrower/Recipient" means the government, government agency or other entity that signs the financing agreement with the Fund.
- e) "Client" means the procuring entity identified in the Proposal Data Sheet (**PDS**).
- f) "Confirmation" means confirmation in writing.
- g) "PFIs" means any legal entity that may provide or provides the services to the client under the contract.
- h) "Contract" means the contract entered into between the client and the PFIs, including all attachments, annexes, and all documents incorporated by reference therein, a form of which is included in part 2 of this RFP.
- i) "Days" refers to calendar days.
- j) "FBS" means fixed budget selection method as defined in the IFAD Procurement Handbook.
- k) "Financial Proposal" has the meaning given to the term in ITC sub-clause 15.5.
- l) "The Fund" or "IFAD" means the International Fund for Agricultural Development.
- m) "GCC" means the General Conditions of Contract.
- n) "Government" means the government identified in the Proposal Data Sheet (**PDS**).
- o) "Handbook" means the latest IFAD Procurement Handbook as may be revised from time to time posted on the IFAD website at www.ifad.org/project-procurement.
- p) "IFAD funding" means the funding that IFAD has made available to the government and/or the funding being administered by IFAD pursuant to the terms of the financing agreement.
- q) "Instructions to PFIs" or "ITC" means Section II of this RFP, including any amendments, which provides PFIs with all information needed to prepare their proposals.
- r) "Key Professional Personnel" means the key professional personnel

identified pursuant to ITC sub-clause 15.3(d).

s) "LCS" means least cost selection method as defined in the IFAD Procurement Handbook.

t) "PDS" means the Proposal Data Sheet, in Section III of this RFP, used to reflect specific requirements and/or assignment conditions.

u) "Personnel" means key professional personnel and additional staff provided by the PFI, or by any sub-contracted PFI, or associates that are assigned to perform the services or any part thereof.

v) "Pre-proposal Conference" means the pre-proposal conference specified in **PDS** ITC 2.4, if any.

w) "Project" means the project named in the **PDS** that is being funded and/or administered by the Fund, and being implemented by the client identified in the **PDS**.

x) "Proposal" means the technical proposal and the financial proposal for the provision of the services submitted by a PFI in response to this RFP.

y) "QBS" means quality-based selection method as defined in the IFAD Procurement Handbook.

z) "QCBS" means quality and cost-based selection method as defined in the IFAD Procurement Handbook.

aa) "RFP" means this request for proposals, including any amendments that may be made, prepared by the client for the selection of the PFI.

bb) "SCC" means the special conditions of contract.

cc) "SEA" means sexual exploitation and abuse and refers to the IFAD Policy on Sexual Exploitation and Abuse that can be found on the IFAD website.

dd) "SECAP" means IFAD's Social Environmental and Climate Assessment Procedures (SECAP).

ee) "Services" means the tasks to be performed by the PFI pursuant to the contract.

ff) "SH" means sexual harassment.

gg) "Sub-Contracted PFI" means any person or legal entity with whom the PFI subcontracts any part of the services.

hh) "TEC" means the technical evaluation committee, selected for the purpose of evaluating the proposals received, that submits a report with recommendation for award of the contract for which this RFP is being issued.

ii) "Technical Proposal" has the meaning given the term in ITC sub-clause 15.3.

jj) "Terms of Reference" or "TOR" means the document included in this RFP as Section VI, which explains the objectives; scope of work; activities; tasks to be performed, respective responsibilities of the client and the PFI; and expected results and deliverables of the assignment.

2. Scope of RFP

2.1 The client will select a service providers in accordance with the selection method specified in the **PDS**.

2.2 Throughout this RFP, except where the context requires otherwise, words indicating the singular also include the plural, words indicating the plural also include the singular, and the feminine means the masculine and vice versa.

2.3 Service providers are invited to submit a technical proposal for services required for this assignment as named in the **PDS**. The proposal will be the basis for contract negotiations and ultimately for a signed contract with the selected PFI.

2.4 The service provider should familiarize themselves with local conditions and take them into account in preparing their proposals. To obtain first-hand information on the assignment and local conditions, PFIs are encouraged to attend a pre-proposal conference if one is specified in the **PDS**.

2.5 The client will timely provide, at no cost to the service provider, the inputs and facilities specified in the **PDS**, assist the firm in obtaining licenses and permits needed to carry out the services, and make available relevant project data and reports. No other inputs will be provided. Therefore, a PFIs shall plan to cover all incurred expenses that may be foreseen to initiate and sustain the services in a timely manner, including but not limited to office space, communication, insurance, office equipment, travel, etc. not otherwise specified in the **PDS**.

2.6 The client is not bound to accept any proposal, and reserves the right to cancel the procurement at any time prior to contract award, without thereby incurring any liability to any PFI.

3. Source of funds

3.1 The borrower or recipient and the sources of funds are specified in the **PDS**.

4. Prohibited practices

4.1 The Fund requires that all beneficiaries of IFAD funding, including the client and any PFIs, implementing partners, service providers, suppliers, sub-suppliers, contractors, sub-contractors, PFIs, sub-PFIs, and any of their agents (whether declared or not) and personnel observe the highest standards of ethics during the procurement and execution of such contracts, and comply with IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations, revised on 12 December 2018 and attached as Section IX of this document (EB 2018/125/R.6, hereinafter "IFAD's Anticorruption Policy").

4.2 For the purposes of these provisions, and consistent with IFAD's Anticorruption Policy, the terms set forth below are defined as follows, and referred to collectively as "Prohibited Practices":

a) "**corrupt practice**" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value in order to improperly influence the actions of another party;

- b) “**fraudulent practice**” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation;
- c) “**collusive practice**” is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party;
- d) “**coercive practice**” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party, to improperly influence the actions of that or another party;
- e) “**obstructive practice**” is (i) deliberately destroying, falsifying, altering or concealing evidence that may be material to an investigation by the Fund or making false statements to investigators in order to materially impede an investigation by the Fund; (ii) threatening, harassing or intimidating any party in order to prevent that party from disclosing its knowledge of matters relevant to an investigation by the Fund or from pursuing such an investigation; and/or (iii) the commission of any act intended to materially impede the exercise of the Fund’s contractual rights of audit, inspection and access to information.

4.3 The Fund will deny financing of a proposed contract award if it determines that the firm or individual recommended for award, or any of its personnel or agents, or its sub-PFIs, sub-contractors, service providers, suppliers, sub-suppliers and/or any of their personnel or agents, has, directly or indirectly, engaged in any of the prohibited practices in connection with an IFAD-financed and/or IFAD-managed activity or operation, including in competing for the contract.

4.4 In accordance with IFAD’s Anticorruption Policy, the Fund has the right to sanction firms and individuals, including by declaring them ineligible, either indefinitely or for a stated period of time, to participate in any IFAD-financed and/or IFAD-managed activity or operation. This may include ineligibility to: (i) be awarded or otherwise benefit from any IFAD-financed contract, financially or in any other manner; (ii) be a nominated sub-contractor, PFIs, manufacturer, supplier, sub-supplier, agent or service provider of an otherwise eligible firm being awarded an IFAD-financed contract; and (iii) receive the proceeds of any loan or grant provided by the Fund.⁴ The Fund also has the right to unilaterally recognize debarments by any of the International Financial Institutions that are members to the Agreement for Mutual Enforcement of Debarment Decisions if such debarments meet the requirements for mutual recognition under the Agreement for Mutual Enforcement of Debarment Decisions.

⁴ For the avoidance of doubt, a sanctioned party’s ineligibility to be awarded a contract shall include, without limitation, (i) applying for pre-qualification, expressing interest in a consultancy, and bidding, either directly or as a nominated sub-contractor, nominated consultant, nominated manufacturer or supplier, or nominated service provider, in respect of such contract, and (ii) entering into an addendum or amendment introducing a material modification to any existing contract.

4.5 In addition, the Fund has the right to, at any time, declare a misprocurement and/or the ineligibility of any expenditures associated with a procurement process or contract if it determines that prohibited practices occurred in connection with this procurement process or contract and that the borrower/recipient has not taken timely and appropriate action, satisfactory to the Fund, to address such practices when they occur.

4.6 Bidders, PFIs, contractors, and their sub-contractors, sub-PFIs, service providers, suppliers, agents and personnel, are required to fully cooperate with any investigation conducted by the Fund into possible prohibited practices, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to the relevant IFAD-financed and/or IFAD-managed operation or activity and to have such accounts, premises, records and documents audited and/or inspected⁵ by auditors and/or investigators appointed by the Fund.

4.7 The PFI is obliged to disclose relevant prior sanctions and criminal convictions and any commissions or fees paid or are to be paid to any agents or other party in connection with this procurement process or the execution of the contract.

4.8 The PFI shall keep all records and documents, including electronic records, relating to this procurement process available for a minimum of three (3) years after notification of completion of the competition process or, in case the PFI who is awarded the contract, execution of the contract.

5. SECAP Performance Standards

5.1 The resulting contract will be implemented in a manner consistent with SECAP, available on <https://www.ifad.org/secap>.

6. Sexual Harassment, Sexual Exploitation and Abuse

6.1 The Fund requires that all beneficiaries of IFAD Funding, including the client and any PFIs, implementing partners, service providers, suppliers, sub-suppliers, contractors, sub-contractors, sub-PFIs, and any of their agents (whether declared or not) and personnel comply with IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. For the purpose of this provision, and consistent with IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse as it may be amended from time to time, the terms set forth below are defined as follows:

a) Sexual harassment means "any unwelcome sexual advance,

⁵ Inspections include all fact-finding activities deemed relevant by the Fund to address allegations or other indications of possible Prohibited Practices. Such fact-finding activities may include, but are not limited to: accessing and examining a firm's or individual's financial records and information, and making copies thereof as relevant; accessing and examining any other documents, data or information (whether in hard copy or electronic format) deemed relevant for the investigation or audit, and making copies thereof as relevant; interviewing staff and other relevant individuals; performing physical inspections and site visits; and obtaining third party verifications of information. It is the responsibility of the firm or individual under inspection to ensure effective compliance with their duty to cooperate vis-à-vis any potential local laws or regulations or other potentially conflicting obligations.

request for sexual favour or other verbal, non-verbal or physical conduct of a sexual nature that unreasonably interferes with work, alters or is made a condition of employment, or creates an intimidating, hostile or offensive work environment.

b) Sexual exploitation and abuse means any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of others (sexual exploitation); the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions (sexual abuse).

6.2 Clients and PFIs shall take all appropriate measures to prevent and prohibit SH and SEA on the part of their personnel and subcontractors or anyone else directly or indirectly employed by them or any of subcontractors in the performance of the contract. Clients and PFIs shall immediately report to the client or IFAD any incidents of SH and SEA arising out of or in connection with the performance of the contract or prior to its execution, including convictions, disciplinary measures, sanctions or investigations. The client may take appropriate measures, including the termination of the contract, on the basis of proven acts of SH, SEA arising out of or in connection with the performance of the contract.

6.3 The PFI is required to disclose any relevant prior sanctions, convictions, disciplinary measures or criminal records.

7. Money laundering and Terrorist Financing

7.1 The Fund requires that all beneficiaries of IFAD funding or funds administered by IFAD, including the client, any PFIs, implementing partners, service providers and suppliers, observe the highest standards of integrity during the procurement and execution of such contracts, and commit to combat money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.

8. Qualification and Eligibility of PFIs, Joint Venture and Conflict of Interest

8.1 The qualification and eligibility criteria set out in Section IV will apply to the PFIs, including all parties constituting the PFIs, for any part of the contract.

8.2 PFIs must satisfy the legal, financial and litigation criteria requirements stated in paragraphs 1.1 to 1.3 of Section IV of this RFP. The proposals of PFIs who do not satisfy these requirements will not be evaluated any further.

8.3 In the case where a PFIs is, or proposes to be, a joint venture or other association

a) all members of the joint venture or association must satisfy the legal, financial, litigation, eligibility and other requirements set out in this Section IV;

b) all members of the joint venture or association will be jointly and severally liable for the execution of the contract; and

c) the joint venture or association will nominate a representative who will have the authority to conduct all business for and on behalf of any and all the members of the joint venture or the association if awarded the contract, during contract performance.

8.4 A PFIs shall not have any actual, potential or reasonably perceived conflict of interest. A PFIs shall declare in the proposal submission form any actual, potential or reasonably perceived interest, regardless of its nature, that affects, may affect, or might reasonably be perceived by others to affect, impartiality in any matter relevant to the selection process and the execution of the contract. A PFIs with an actual, potential or reasonably perceived conflict of interest shall be disqualified, unless otherwise explicitly approved by the Fund. The client requires that the PFIs holds the project's interests as paramount at all times, strictly avoiding any

actual, potential or reasonably perceived conflicts of interest, including actual, potential or reasonably perceived conflicts with other assignments or their own personal and/or corporate interests, and act without any consideration for any other ongoing or future work. Without limitation on the generality of the foregoing, a PFIs, including all parties constituting the PFIs and their respective personnel and affiliates, as well as any subcontractors for any part of the contract, and their respective personnel and affiliates may be considered to have an actual, potential or reasonably perceived conflict of interest and disqualified or terminated if they:

- a) have, may have or might reasonably appear to have at least one controlling partner in common with one or more other competing PFIs in the process contemplated by this RFP or the execution of the contract; or
- b) have, may have or might reasonably appear to have the same legal representative as another PFIs for purposes of this proposal or execution of the contract; or
- c) have, may have or might reasonably appear to have a relationship, directly or through common third parties, that puts them in a position to have access to undue or undisclosed information about or influence over the selection process and the execution of the contract, or influence the decisions of the client regarding the selection process for this procurement or during the execution of the contract; or
- d) participate, may participate or might reasonably appear to participate in more than one proposal in this process; participation by a PFIs in more than one proposal shall result in the disqualification of all proposals in which the party is involved; however, this provision does not limit the inclusion of the same sub-PFIs, including individual experts, in more than one proposal; or
- e) are themselves, may be or might reasonably appear to be, or have, may have or might reasonably appear to have a business or family relationship with, a member of the client's board of directors or its personnel, the Fund or its personnel, or any other individual was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation of this RFP document, (ii) the selection process for this procurement, or (iii) execution of the contract, unless the actual, potential or reasonably-perceived conflict stemming from this relationship has

been explicitly authorized by the Fund.

8.6 The following conflict of interest rules shall apply with respect to recruitment of government/client staff within the PFIs's proposed team:

- (a) No member of the client's board of directors or current employees of the client (whether part time, or full time, paid or unpaid, in leave status, etc.) shall be proposed or work as, or on behalf of, any PFIs.
- (b) Except as provided in sub-clause 8.6(d), no current employees of the government shall work as PFIs or as personnel under their own ministries, departments or agencies.
- (c) Recruiting former client or government employees to perform services for their former ministries, departments or agencies is acceptable provided no conflict of interest exists.
- (d) If a PFIs proposes any government employee as personnel in their technical proposal, such personnel must have written certification from the government confirming that: (i) they will be on leave without pay from the time of their official proposal submission and will remain on leave without pay until the end of their assignment with the PFIs and they are allowed to work full-time outside of their previous official position; or (ii) they will resign or retire from government employment on or prior to the contract award date. Under no circumstances shall any individuals described in (i) and (ii) be responsible for approving the implementation of this contract. Such certification shall be provided to the client by the PFIs as part of its technical proposal.
- (e) In the case where a PFIs seeks to engage the services of any person falling under ITC sub-clauses 8.6(a) – 8.6(d), who may have left the client within a period of less than twelve (12) months of the date of this RFP, it must obtain a written "no-objection" from the client for the inclusion of such a person, prior to the PFIs's submission of its proposal.

8.5 The service provider is under an obligation to disclose any situation of actual, potential or perceived conflict of interest that impacts, may impact, or might reasonably appear to be perceived by others to impact, their capacity to serve the best interest of the client. Failure to properly disclose any of said situations may lead to appropriate actions, including the disqualification of the PFIs, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

8.6 The service provider, all parties constituting the PFIs, and any subcontractors for any part of the contract, and their respective personnel and affiliates, will not be any person or entity under a declaration of ineligibility by the Fund for having engaged in prohibited practices as contemplated by ITB clause 4 above.

The Fund also has the right to unilaterally recognize debarments by any of the International Financial Institutions that are members to the Agreement for Mutual Enforcement of Debarment Decisions if such debarments meet the requirements for mutual recognition under the Agreement for Mutual Enforcement of Debarment Decisions.

8.7 A PFIs, all parties constituting PFIs, and any subcontractors for any part of the contract and their respective personnel and affiliates not otherwise made ineligible for a reason described in this ITB Clause 8 will nonetheless be excluded if:

a) as a matter of law or official regulation, the Government prohibits commercial relations with the country of the PFIs (including any associates, subcontractors and any respective affiliates) provided that the Fund is satisfied that such exclusion does not preclude effective competition for the supply of goods or the contracting of works or services required; or

b) by an act of compliance with a decision of the United Nations Security Council taken under chapter VII of the Charter of the United Nations, the Government prohibits the issuance of a payment.

8.8 The service provider shall provide evidence of their continued eligibility in a manner satisfactory to the client, as the client shall reasonably request.

8.9 If The service provider could derive an unfair competitive advantage from having provided services related to the assignment in question, the client shall make available to all PFIs, together with this RFP, all information that would in that respect give such PFIs any unfair competitive advantage over competing PFIs.

9. Origin of Goods and Services

9.1 Goods supplied and services provided under the contract may originate from any country, subject to the same restrictions specified for PFIs (including their associates, if any), their personnel and sub-PFIs set forth in ITC sub-clause 8.8.

B. Contents of RFP

10. Sections of RFP

10.1 This RFP consists of parts 1 and 2, which include all the sections indicated below and should be read in conjunction with any addenda issued in accordance with ITC clause 12.

Part 1 - Proposal and Selection Procedures

- Section I. Letter of Invitation (LOI)
- Section II. Instructions to PFIs (ITC)
- Section III. Proposal Data Sheet (PDS)
- Section IV. Qualification and Evaluation Criteria
- Section V. A. Technical Proposal Forms
- Section V. B. Financial Proposal Forms
- Section VI. Terms of Reference

Part 2 -Conditions of Contract and Contract Forms

- Section VII. Contract Agreement and General Conditions of Contract (GCC)
- Section VIII. Special Conditions of Contract (SCC), Annexes to Contract and Contract Forms
- Section IX. Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations

10.2 The client is not responsible for the completeness of this RFP and its addenda if they were not obtained directly from the source stated by the client in this RFP.

10.3 The PFIs is expected to examine all instructions, forms, terms, and terms of reference in this RFP. Failure to furnish all information or documentation required by this RFP may result in the rejection of the proposal.

11. Clarification of RFP

11.1 A prospective service provider requiring any clarification of this RFP shall contact the client in writing, or by email or fax at the client's address indicated in the **PDS**. The client will respond to any request for clarification, provided that such a request is received no later than the date indicated in the **PDS** which is prior to the deadline for submission of proposals. The client shall send written copies of the responses, including a description of the inquiry but without identifying its source, to all shortlisted PFIs or PFIs who have obtained the RFP directly from the client, as the case may be, by the date specified **in the PDS**. Should the clarification result in changes to the essential elements of this RFP, the client shall amend this RFP following the procedure under ITC clause 12.

11.2 The service provider designated representative is invited to attend a pre-proposal conference, if provided for in ITC 1.4. The purpose of the conference will be to clarify issues and to answer questions on any matter that may be raised at that stage.

11.3 Minutes of the pre-proposal conference, including the text of the questions and answers pertaining to the conference, without identifying the source, shall be transmitted in writing to all shortlisted PFIs or PFIs who have obtained the RFP directly from the client, as the case may be. Any modification to this RFP that may become necessary as a result of the pre-proposal conference shall be made by the client exclusively through the issue of an addendum following the procedure under ITC clause 12, and not through the minutes of the pre-proposal conference.

12. Amendment of the RFP

12.1 At any time prior to the deadline for submission of proposals, the client may amend this RFP by issuing addenda.

12.2 All addenda issued shall be part of this RFP, posted on the client's website, and shall be communicated in writing to all shortlisted PFIs or PFIs who have obtained the RFP directly from the client, as the case may be.

12.3 To give prospective PFIs reasonable time in which to take an addendum into account in preparing their proposals, the client may extend the deadline for the submission of proposals at its sole discretion.

C. Preparation of Proposals

13. Cost of Proposal

13.1 The prospective bidders shall bear all costs associated with the preparation and submission of its proposal, and the client shall not be responsible or liable for those costs, regardless of the conduct or outcome of the proposal process.

14. Language of Proposal

14.1 If proposals are to be submitted in both English and/or any other language, it shall be so stated **in the PDS** and the English version shall govern.

15. Preparation of Proposal

15.1 In preparing their proposal, PFIs are expected to examine in detail the documents comprising the RFP. Failure to provide the information requested may result in rejection of a proposal.

15.2 While preparing the technical proposal, PFIs must give particular attention to the following:

(a) In the case where there has been no shortlisting of PFIs, a PFI may enhance its expertise for the assignment by associating with another PFIs. In the case where a PFI is, or proposes to be, a joint venture or other association then it shall be bound by the requirements of ITC 8.3

(b) In the case where there has been shortlisting of PFIs, if a shortlisted PFI considers that it may enhance its expertise for the assignment by associating with other PFIs in a joint venture or sub-PFIsancy, it may associate with either (a) non-shortlisted PFIs(s), or (b) shortlisted PFIs(s) if so indicated in the **PDS**. A shortlisted PFI must first obtain the approval of the client if it wishes to enter into a joint venture with non-shortlisted or shortlisted PFIs(s). In case of association with non-shortlisted PFIs(s), the shortlisted PFI shall act as the authorized representative of the association. In case of a joint venture, all partners shall be jointly and severally liable and shall indicate who will act as the leader of the joint venture.

(c) The estimated budget or the estimated number of person-months for key professional personnel envisaged to execute the assignment are indicated **in the PDS**. However, the evaluation of the proposal shall be based on the price relevant to the number of person-months indicated by the PFIs in its proposal.

(d) For assignments based on fixed budget selection (FBS), the available budget is provided **in PDS** ITC 15.2(c), and the financial proposal shall not exceed this budget, while the number of professional staff-months shall be as estimated by the PFIs.

(e) Alternative key professional personnel shall not be proposed, and only one curriculum vitae ("CV") may be submitted for each position indicated in the TOR.

Technical Proposal Format and Content

15.3 The service providers are required to submit a technical proposal, which shall provide the information indicated in the following paragraphs (a) through (g) using the standard forms provided in Section V A. A page is considered to be printed on one side of an A4 paper.

(a) Information on the PFIs's financial capacity is required (form TECH-2A of Section V A) unless otherwise stated in the **PDS**. Information on current or past proceedings, litigation, arbitration, action claims, investigations or disputes is required (form TECH-2B of Section V A). A brief description of the PFIs' organization and an outline of recent experience of the PFIs and of each

associate, if any, on assignments of a similar nature is required (Form TECH-3 and TECH-4 of Section V A). For each assignment, the outline should indicate the names of associates or key professional personnel who participated, duration of the assignment, contract amount, and PFIs's involvement. Information shall be provided only for those assignments for which the PFIs was legally contracted as a corporation or as one of the major firms within a joint venture. Assignments completed by individual professional staff working privately or through other PFIs cannot be claimed as the experience of the PFIs, or that of an associate, but can be claimed by the professional staff themselves in their CVs. PFIs must be prepared to substantiate the claimed experience, if so requested by the client. The contact information for references of the PFIs are required (form TECH-4 of Section V A).

(b) Comments and suggestions on the terms of reference including workable suggestions that could improve the quality/ effectiveness of the assignment; and on requirements for counterpart staff and facilities including administrative support, office space, local transportation, equipment, data, etc. to be provided by the client (form TECH-6 of Section V A).

(c) A description of the approach, methodology and work plan for performing the assignment covering the following subjects: technical approach and methodology, work plan, and organization and staffing schedule. Guidance on the content of this section of the technical proposal is provided (form TECH-5 of Section V A). The work plan should be consistent with the work and deliverables schedule (form TECH-9 of Section V A) which will show in the form of a bar chart the timing proposed for each activity.

(d) The list of the proposed key professional personnel by area of expertise, the position that would be assigned to each person, and their tasks (form TECH-8 of Section V A).

(e) Estimates of the staff input (person-months of foreign and local professionals) needed to carry out the assignment (form TECH-8 of Section V A). The person-months input must be indicated separately for home office and field activities, and for foreign and local professional staff respectively.

(f) CVs of the key professional personnel signed by the staff themselves and/or by the authorized representative (form TECH-10 of Section V A).

(g) A detailed description of the proposed methodology and staffing for training, if training is identified in the **PDS** as a specific component of the assignment (form TECH-5 of Section V A).

15.4 The technical proposal shall not include any financial information other than the required information in form TECH-2A (financial capacity of the PFIs). A technical proposal containing cost information related to assignment implementation will

constitute grounds for declaring the proposal non-responsive.

15.5 The Financial Proposal shall be prepared using the standard forms provided in Section V B of the RFP. It shall list all costs associated with the assignment, including (a) remuneration for key experts and non-key experts, (b) reimbursable expenses associated with assignment implementation.

16. Period of Proposal Validity

16.1 Proposals shall remain valid for the period specified in the **PDS** after the proposal submission deadline date prescribed by the client. A proposal valid for a shorter period shall be rejected by the client as non-responsive.

16.2 During the period of proposal validity, PFIs shall maintain the availability of key professional personnel identified in the proposal. The client will make its best effort to complete negotiations within this period. Should the need arise, however, the client may request PFIs to extend the validity period of their proposals. This request shall be made within the original validity period of the proposal. PFIs who agree to such extension shall confirm that they maintain the availability of the key professional personnel nominated in the proposal, or in their confirmation of extension of validity of the proposal, PFIs could submit new key professional personnel in replacement. In such case, a replacement key expert shall have equal or better qualifications and experience than those of the originally proposed key expert. The technical evaluation score, however, will be based on the evaluation of the CV of the original key expert. PFIs who do not agree have the right to refuse to extend the validity of their proposals.

D. Submission and Opening of Proposals

17. Sealing and Marking of Proposals

5

17.1 The following applies to the “original” of the technical proposal. The “original” shall contain no interlineations or overwriting, except as necessary to correct errors made by the PFIs themselves. The person signing the proposal must initial such corrections, as well as initial each page of the relevant “original”. The submission letters for the technical proposal and for the financial proposal should respectively be in the format shown in (form TECH-1) and (form FIN-1).

17.2 If required in the **PDS**, the authorized representative of the PFIs signing the “original” of the technical and the financial proposals shall provide within the technical proposal an authorization in the form of a written power of attorney demonstrating that the person signing has been duly authorized to sign the “original” on behalf of the PFIs, and its associates. The signed technical proposals and the signed financial proposals shall be clearly marked “original”.

17.3 Copies of the technical proposal shall be made, in the number stated in the **PDS**, and each shall be clearly marked “copy”. If discrepancies are found between the original and any of the copies of the relevant documents, then the “original” shall govern. If PFIs have the option of submitting proposals electronically, this shall be stated in the **PDS**.

17.4 The “original” and each “copy” of the technical proposal shall be placed in a sealed envelope/parcel clearly marked “technical proposal”.

17.5 Each envelope/parcel shall bear the name and address of the client as stated in the **PDS**, the name and address of the service provider (in case they may have to be returned unopened), and the name and reference number of the assignment as stated in **PDS** ITC 2.3.

17.6 In addition, the envelope/parcel containing the original and copies of the financial proposal shall be marked with a warning “do not open with the technical proposal”. If the financial proposal is not submitted in a separate sealed envelope/parcel duly marked as indicated above, this will constitute grounds for rejecting the proposal.

17.7 The envelopes/parcels containing the Technical Proposal shall then be placed into one outer envelope or carton (as appropriate) and securely sealed to prevent premature opening. This outer envelope/carton shall bear the submission address, name and address of the PFIs, name of the assignment and its reference number, and be clearly marked with the statement

indicated in the **PDS** and bear the name and address of the client as stated in **PDS** ITC 20.5. The client shall not be responsible for misplacement, losing or premature opening if the outer envelope/carton is not sealed and/or marked as stipulated. This circumstance may be cause for proposal rejection.

18. Deadline for Submission of Proposals

18.1 Proposals must be received by the client before the submission deadline specified **in the PDS**.

18.2 A PFIs may withdraw, substitute, or modify its proposal prior to the deadline for the submission of proposals by sending a written notice duly signed by the PFIs's authorized representative to the client's address indicated in PDS 20.5. The enclosures of the corresponding substitution or modification of the proposal must accompany the respective written notice. All notices must be:

- (a) clearly marked "withdrawal," "substitution," or "modification";
- (b) received by the client prior to the deadline stipulated for submission of proposals;
- (c) sent directly as electronic submissions to the file request link or if submitting in hard copy to the address indicated in PDS 20.5; and be
- (d) in pdf or word format and in the same number of original and copies as the original proposal.

18.3 Proposals requested to be withdrawn shall remain unopened. No proposal may be withdrawn, substituted, or modified in the interval between the deadline for submission of proposals and the expiration of the period of proposal validity specified in this RFP.

18.4 The client may, at its discretion, extend the deadline for the submission of proposals by amending this RFP in accordance with ITC 12, in which case all rights and obligations of the client and the PFIs previously subject to the original deadline shall thereafter be subject to the new deadline as extended.

19. Late Proposals

19.1 Any proposals received by the client after the deadline for submission of proposals shall be declared late, rejected, and returned unopened to the PFIs.

20. Proposal Opening

20.1 The client shall open the outer envelopes/cartons in a public meeting at the address, date and time specified in the **PDS** as soon as possible after the deadline for submission and sort the proposals into technical proposals or as appropriate.

E. Evaluation of Proposals

21. Confidentiality

21.1 Information relating to the evaluation of proposals and recommendations of contract award shall not be disclosed to PFIs or any other persons not officially concerned with the process, until the publication of the award of contract. The undue use by any PFIs of confidential information related to the process may result in the rejection of its proposal or may invalidate the entire procurement process.

21.2 Any attempt or effort by a PFIs to influence the client in the examination, evaluation, and ranking of proposals or contract award decisions may result in the rejection of its proposal and may subject the PFIs to sanctions and remedies including debarment by IFAD as per ITB clause 4 in addition to sanctions imposed by the government and/or the client.

22. Clarification of Proposals

22.1 To assist in the examination and evaluation of proposals, the client may, at its discretion, ask any PFIs for clarification of its proposal. Any clarification submitted by a PFIs that is not in response to a request by the client shall not be considered. The client's request for clarification and the PFIs's response shall be in writing. No change in the prices or substance of the proposal shall be sought, offered, or permitted except to confirm the correction of arithmetic errors discovered by the client in the evaluation of the proposals.

22.2 If a PFIs does not provide clarifications of its proposal by the date and time set in the client's request for clarification, its proposal may be rejected.

23. Evaluation of Technical Proposals

23.1 The client's technical evaluation committee (TEC) shall evaluate the technical proposals on the basis of their responsiveness to the terms of reference, applying the evaluation criteria, sub-criteria, and point system specified in Section IV. Each responsive proposal will be given a technical score (St). A proposal may be rejected at this stage if it does not respond to the RFP or if it fails to achieve the minimum technical score indicated in the **PDS**.

23.2 In exceptional circumstances, if none of the scores awarded by the TEC reach or exceed the minimum technical score (St), the client, subject to IFAD no-objection, reserves the right to reject all proposals and to invite a new competition. The new competition shall be based on a new shortlist of PFIs to be established through a "request for expression of interest" and may include adjustments to the TOR of the assignment and/or relevant contract parameters, as appropriate. The new TOR, shortlist and RFP shall be subject to IFAD's no-objection.

23.3 A PFIs that fails to demonstrate through its financial records that it has the economic and financial ability to perform the

required services as described in the respective terms of reference shall be disqualified. In the circumstance of a disqualification the technical proposal will not be evaluated further and the financial proposal shall be returned unopened.

23.4 The client, at its discretion, may ask for clarifications or additional information regarding the information provided in form TECH-2A.

24. Past Performance and Reference Check

24.1 The client reserves the right to check the performance references provided by the PFIs or to use any other source at the client's discretion. A negative determination by the client on the PFIs's record of performance in prior contracts, especially when the invitation was based on prior list, may be a reason for disqualification of the PFIs, or lowering the related evaluation score of the PFIs relevant to past experience, at the discretion of the client.

F. Award of Contract

25. Notice of Intent to Award

25.1 After the completion of the evaluation report and having obtained all the necessary internal approvals and IFAD's no-objection as per the IFAD Procurement Handbook, the client shall send the notice of intent to award to the successful PFIs. The notice of intent to award shall include a statement that the client shall issue a formal notification of award and draft contract agreement after expiration of the period for filing a protest and the resolution of any protest that are submitted. Delivery of the notice of intent to award shall not constitute the formation of a contract between the client and the successful PFIs and no legal or equitable rights will be created through the delivery of the notice of intent to award.

25.2 At the same time, it issues the notice of intent to award, the client shall also notify, in writing, all other PFIs of the results of the selection process. The client shall promptly respond in writing to any unsuccessful PFIs who, after receiving notification of the selection results, makes a written request for a debriefing or submits a protest as provided in the IFAD Procurement Handbook.

Protests and Appeals

25.3 PFIs may protest the results of a procurement only according to the rules established in the module M of the IFAD Procurement Handbook. In case the number of days for

- (i) filing the protests;
- (ii) automatic lifting of the suspension; and
- (iii) the issuance of the written decision;

are different from the ones mentioned in module M; then the

number of days indicated in the **PDS** shall prevail for each step. In case of an appeal, the level 2 authority referred to in module M of the IFAD Procurement Handbook is identified in the **PDS**.

26. Invitation to Negotiations and proceedings

26.1 Upon the expiry of the period for submission of protests and appeals and when all protests and appeals have been resolved, as applicable, the client shall send an invitation to negotiations to the successful PFIs. Negotiations will be held on the date and at the address indicated **in the PDS**. The invited PFIs (who is invited via the notification of award) will, as a pre-requisite for attendance at the negotiations, confirm the availability of all the key professional personnel listed in the technical proposal. Failure to confirm such personnel may result in the client proceeding to negotiate with the next-ranked PFIs. Representatives conducting negotiations on behalf of the PFIs must have written authority to negotiate and conclude the contract on behalf of the PFIs.

Technical Negotiations

26.2 Negotiations will commence with a discussion of the technical proposal, including (a) proposed technical approach and methodology, (b) workplan, (c) organization and staffing, and (d) any suggestions made by the PFIs to improve the terms of reference.

26.3 The client and the PFIs will then finalize the terms of reference, assignment's implementation methodology including staffing schedule, work schedule, logistics, reporting and other necessary adjustments to the PFIs's technical proposal. These documents will then be incorporated in the contract under "Description of Services." Special attention will be paid to clearly defining the inputs and facilities required from the client to ensure satisfactory implementation of the assignment. The client shall prepare minutes of negotiations which will be signed by the client and the PFIs, and become an annex to the contract.

26.4 Having selected the PFIs on the basis of, among other things, an evaluation of proposed key professional personnel, the client expects to negotiate a contract on the basis of those personnel named in the technical proposal.

26.5 During contract negotiations, the client will not consider substitution of any key professional personnel unless both parties agree that undue delay in the selection process makes such substitution unavoidable or for reasons such as death or medical incapacity of one of the personnel. If this is not the case and if it is established that any key professional personnel were offered in the proposal without confirming their availability, the PFIs may be disqualified. Any proposed substitute shall have equivalent or better qualifications and experience than the original candidate.

26.6 Negotiations will conclude with a review of the draft contract and annexes, following which the client and the PFIs will initial the agreed contract. If negotiations fail, the client will invite the PFIs

whose proposal received the second highest score to negotiate a contract.

Conclusion of the Negotiations

27. Notice of Contract Award

27.1 Following securing IFAD no-objection to the negotiated contract, the client shall issue the notice of award to the successful PFIs and sign the contract. The client shall publish on the IFAD website and at UNDB online, the results identifying the procurement, the name of the winning PFIs and the price, duration, and summary scope of the contract.

28. Commencement Dates

28.1 The PFIs is expected to commence the assignment on the date and at the location specified in the **PDS**.

Section III. Proposal Data Sheet (PDS)

General	
ITC 1.1	<p>e) "Client" The National Treasury is the entity designated by the government to sign and manage the resulting contract.</p> <p>n) "government" means the Government of Kenya.</p> <p>w) "project" means Rural Kenya Financial Inclusion Facility (RK-FINFA).</p>
ITC 2.1	The method of selection is the PFIs is NCB- Project Parties /Implementing Partners
ITC 2.3	<p>The name of the assignment is: IMPLEMENTATION OF THE RURAL CREDIT GUARANTEE SCHEME (R-CGS) UNDER THE RURAL KENYA FINANCIAL INCLUSION FACILITY (RK-FINFA)</p> <p>Reference number of the assignment is: RFP NO. RK FINFA/NCB/04/2024 - 2025</p>
ITC 2.4	A pre-proposal conference
Contents of the RFP	
ITC 3.1	The Government of the Republic of Kenya has received a financing from the International Fund for Agricultural Development ("the Fund") towards the cost of the National Treasury, Rural Kenya Financial Inclusion Facility (RK-FINFA) project and intends to apply a portion of the proceeds of this loan/grant to eligible payments under this contract.
ITC 11.1	<p>Clarifications may be requested by e-mail not later than 13.06. 2025 so that responses can be issued to all PFIs not later than 17.06. 2025</p> <p>The address for requesting clarifications is:</p> <p>The Principal Secretary The National Treasury Rural Kenya Financial Inclusion Facility (RK-FINFA) project Reinsurance Plaza 7th Floor P.O BOX 30007-00100, Nairobi, Kenya Tel:+254-20-2252299 Email: procurement@treasury.go.ke</p> <p>Attn: Head, Supply Chain Management Services</p>
Preparation of Proposals	
ITC 14.1	The proposal shall be written in English
ITC 15.2(c)	The estimated total number of person-months for key professional personnel required for the assignment is for the period of the project NA/

ITC 15.3(a)	Information on the PFIs's financial capacity is required (form TECH-2A of Section V A).
ITC 15.3(g)	Training is a specific component of this assignment.
ITC 16.1	Proposals must remain valid for 180 days after the deadline for the submission of proposals specified in PDS ITC 21.1.
Submission and Opening of Proposals	
ITC 20.2	Written power of attorney is required.
ITC 20.3	<p>If submitting a hard copy: a PFIs must submit one (1) original and one (1) copy of the technical proposal and a soft copy in a flash disc in one envelopes, in the language(s) specified in PDS ITC 14.1.</p> <p>The service providers do not have the option of submitting their proposals electronically.</p>
ITC 20.5	<p>If submitting in hard copy, the address for the submission of proposals is:</p> <p>IMPLEMENTATION OF THE RURAL CREDIT GUARANTEE SCHEME (R-CGS) UNDER THE RURAL KENYA FINANCIAL INCLUSION FACILITY (RK-FINFA)</p> <p>The Principal Secretary The National Treasury Rural Kenya Financial Inclusion Project Reinsurance Plaza, 7th Floor P.O. Box 30007-00100, Nairobi</p> <p>Attention: Head, Supply Chain Management Services</p> <p>Email procurement@treasury.go.ke and rkfinfa@treasury.go.ke</p>
ITC 20.1	<p>Ensure the outer label (or carton) of the proposal includes this statement:</p> <p>"Do not open 25/06/2025 . In addition it must be addressed to the client's name and address</p>
ITC 18.1	Proposals must be submitted no later than 25/06/2025 at 11.00 am East African Time
ITC 20.1	<p>The proposal opening shall take place at:</p> <p>Street Address: Reinsurance Plaza Board Room, 7th Floor, Taifa Road</p> <p>City: Nairobi</p> <p>Country: Kenya</p>
Evaluation of Proposals	
ITC 23.1	<p>The minimum technical score (St) required to pass is 70 out of 100 possible points.</p> <p>For detailed scoring criteria, see Section IV.</p>
Award of Contract	

Commencement Date	
ITC 28.1	The date of signing contract

Section IV. Qualification and Evaluation Criteria

1.1 Legal Status

Each entity forming the PFIs shall attach to form TECH-1 a copy of its letter of incorporation (registration), or other such document, indicating its legal status. In the event the PFIs is an association of entities, the PFIs shall include any other document showing that it intends to associate, or it has associated with, the other entity or entities that are jointly submitting a proposal. Each associate or member must provide the documents required in form TECH-1 as annex.

1.2 Financial Criteria

If required by PDS ITC 15.3(a), the service provider shall provide evidence showing that it has the sufficient financial capacity needed for this contract, as required in form TECH-2A. Each associate or member must provide the information required in TECH-2A.

1.3 Litigation Criteria

The service provider shall provide accurate information on any current or past litigation or arbitration resulting from contracts completed, terminated, or under execution by the PFIs over the last five (5) years, as indicated in form TECH-2B. A consistent history of court/arbitration decisions against the PFIs or existence of ongoing high value disputes may lead to the rejection of the proposal. Each associate or member must provide the information required in TECH-2B.

1.4 Evaluation Criteria

A proposal will be rejected if it does not earn a total minimum score identified in PDS 26.1. A proposal may be rejected, at the discretion of the client, if the firm does not satisfy the mandatory criteria as per table below.

The proposal will be rejected if its proposal does not clearly demonstrate that it meets the following minimum mandatory criteria:

a. Preliminary Evaluation

The evaluation shall adopt *YES/ No Approach*. The non-responsive submissions will be eliminated from the entire Preliminary Evaluation Process and will not be considered further.

Bidder must submit the following documents;

S/No.	Description	Yes/No
1.	Copy of Certificate of Incorporation or Certificate of Registration	
2.	Copy of Valid Current Tax Compliance Certificate	
3.	Copy of upto date Central Bank License to undertake banking business	
4.	The bid document “Original” and “Copies” must be sequentially paginated / serialized	
5.	Power of attorney/ Authorization Letter, Giving the name of person who has been authorized to submit/execute this agreement as a binding document and this person should sign all the documents related to this tender.	
6.	Submit the required number of copies of the Technical Proposals i.e. one (1) original copy , one (1) photocopy of the original and Soft copy in a flash disk	
7.	Duly filled, signed and stamped Technical Proposal Submission Form	
8.	Provide Audited financial statements for the last three years (2024,2023,2022) in a flash Disc	
	Those with all YES will proceed to Technical Evaluation	

b. Technical Evaluation

	Criteria	Max Mark
1	<p>Does the PFI have successful and demonstrable experience lending to</p> <ul style="list-style-type: none"> - agribusiness enterprises - smallholder farmers and rural MSMEs, - women, youth and PwD, and - enterprises under the value chain financing model <p>(provide Agri finance strategy and share of current portfolio issued to agriculture sector by category of borrowers, and quality of the portfolio)</p>	30
2	Does the PFI have appropriate products (financial and non-financial) for smallholder farmers and rural MSMEs, women and youth, PwD, and to finance enterprises under the value chain	20

	financing model? Provide product features.	
3	<p>Does the PFI have</p> <ul style="list-style-type: none"> - a wide geographical outreach in terms of branch network in the country? - Does the PFI have agencies? - Does the PFI have digital platform presence / mobile banking? (provide evidence of branch network, county presence and digital platforms/ mobile banking) 	20
4	<p>Is the PFI a specialized entity or has a specialized department /unit /division/ function handling lending to agriculture sector?</p> <ul style="list-style-type: none"> - Specialized Department (fully fledged) - Specialized Department (beginning stages/low activity) - None of the above (provide evidence e.g. org structure for the department – head of department and staffing) 	10
5	Is the PFI able to provide data as required by R-CGS (provide features of the MIS demonstrating this capability).	10
6	Previous experience with other guarantee schemes, including CGS managed by TNT. PFI should provide evidence of the successful implementation of the guarantee scheme.	5
7	<p>CAPITAL ADEQUACY</p> <p>Core capital /Risk Weighted Assets</p> <ul style="list-style-type: none"> <10.5% 10.5% - 14.4% 14.5% - 18.5% >18.5% Less than 5% 	10
8	<p>ASSET QUALITY</p> <p>non-performing loans /Total Loans</p> <p>less than market average</p> <p>higher than market average</p>	10
9	<p>LIQUIDITY</p> <p>Liquidity Ratio</p> <ul style="list-style-type: none"> less than 20% greater than 20% 	15
	Total	130
	Percentage Score	
	Remark- PASS/FAIL	

Only the first five highest ranked financial institutions which score 70% or more in the evaluation criteria will be considered to participate in R-CGS after due diligence /Post Qualification.

The minimum technical score (St) required to pass is

70

If none of the proposals reach or exceed the minimum technical score specified in PDS 26.1 the client reserves the right to invite the service providers receiving the highest technical score (St) to negotiate its technical proposals, subject to receiving IFAD's no-objection. If the negotiations fail to result in an acceptable contract within a reasonable time, the client reserves the right to terminate the negotiations, subject to IFAD's no-objection, and to invite—again, at its sole discretion—the PFIs receiving the next highest technical score (St) to negotiate both its technical and financial proposals.

RFP Submission Form 1

[Location, date]

[Authorized official]

Re: ONBOARDING OF FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R- CGS)

Ref: 2000004121 and No: 2000004122

We, the undersigned, declare that:

1. We are submitting our proposal to provide the financial services for the above-mentioned assignment and have no reservations to the RFP, the instructions to the Financial Intermediaries and any addenda thereto.
2. Our proposal is open for acceptance for a period of ninety (90) days.
3. Our Financial Intermediaries, its associates, including any subcontractors or suppliers for any part of the contract, have not been declared ineligible by the Fund and have not been subject to sanctions or debarments under the laws or official regulations of the client's country or not been subject to a debarment recognized under the Agreement for Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement")⁶, beyond those declared in paragraph 9 of this RFP submission form.
4. We acknowledge and accept the IFAD Revised Policy on Preventing Fraud and Corruption in its Activities and Operations. We certify that neither our Financial intermediary nor any person acting for us or on our behalf has engaged in any prohibited practices as provided in ITC Clause 6. Further, we acknowledge and understand our obligation to report to anticorruption@ifad.org any allegation of prohibited practice that comes to our attention during the selection process or the contract execution.
5. No attempt has been made or will be made by us to induce any other Financial intermediary to submit or not to submit a RFP for the purpose of restricting competition.
6. We acknowledge and accept the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. We certify that neither our Financial intermediary nor any person acting for us or on our behalf has engaged in any sexual harassment, sexual exploitation or abuse. Further, we acknowledge and understand our obligation to report to ethicsoffice@ifad.org any allegation of sexual harassment, sexual exploitation and abuse that comes to our attention during the selection process or the contract execution.

⁶ The Cross-Debarment Agreement was entered into by the World Bank Group, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank and the European Bank for Reconstruction and Development, additional information may be located at: <http://crossdebarment.org/>.

7. The following commissions, gratuities, or fees have been paid or are to be paid with respect to the selection process: *[Insert complete name of each recipient, its full address, the reason for which each commission or gratuity was paid and the amount and currency of each such commission or gratuity.]*

Name of Recipient	Address	Reason	Amount	Currency

(If none has been paid or is to be paid, indicate “none.”)

8. We declare that neither our Financial Intermediary nor any of its directors, partners, proprietors, key personnel, agents, sub-Financial Intermediaries, sub-contractors, consortium and joint venture partners have any actual, potential or perceived conflict of interest as defined in ITC Clause 5 regarding this selection process or the execution of the contract. *[insert if needed: “other than the following:” and provide a detailed account of the actual, potential or perceived conflict].* We understand that we have an ongoing disclosure obligation on such actual, potential or perceived conflicts of interest and shall promptly inform the client and the Fund, should any such actual, potential or perceived conflicts of interest arise at any stage of the procurement process or contract execution.
9. The following criminal convictions, administrative sanctions (including debarments) and/or temporary suspensions have been imposed on our financial intermediary and/or any of its directors, partners, proprietors, key personnel, agents, sub-Financial Intermediaries s, sub-contractors, consortium and joint venture partners:

Nature of the measure (i.e., criminal conviction, administrative sanction or temporary suspension)	Imposed by	Name of party convicted, sanctioned or suspended (and relationship to the Financial Intermediaries)	Grounds for the measure (i.e., fraud in procurement or corruption in contract execution)	Date and time (duration) of measure

If no criminal convictions, administrative sanctions or temporary suspensions have been imposed, indicate “none”.

10. We acknowledge and understand that we shall promptly inform the client about any material change regarding the information provided in this RFP submission form.
11. We further understand that the failure to properly disclose any of information in connection with this RFP submission form may lead to appropriate actions, including our disqualification as a

financial intermediary, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations.

12. We understand that you are not bound to accept any proposal that you may receive.

[Authorized signatory]

[Name and title of signatory]

[Name and address of Financial Intermediaries]

Form RFP-2
Organization of the Financial Intermediaries /institution

**Re: ONBOARD FINANCIAL INTERMEDIARIES TO IMPLEMENT
THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)**

Ref: 2000004121 and No: 2000004122

[Provide a brief description of your Institution /entity and of each associated Financial Intermediaries for this assignment. Include the organization chart of your Financial Intermediaries /entity. The proposal must demonstrate that the Financial Intermediaries has the organizational capability and resources to carry out the assignment. The qualifications document shall further demonstrate that the Financial Intermediaries has the capacity to field and provide experienced replacement personnel on short notice.]

Name of the Financial intermediary	
Date of establishment	
Country of registration	
Full address of the Financial intermediary	
Focal point: name, position, contact information (telephone, email):	Name:
	Tel:
	Email:
Number of branches and agencies in the country	
County(ies) of operations with number of branches and agencies in each county	
Number of full-time employees	
Number of part-time employees	
Number and names of proposed professional staff with experience related directly to the assignment	
Subsidiary and associated companies (wherever applicable): (details in the following format to be provided for all associates) –	

(i) Name of the company (ii) Nature of business (iii) Address of the company (iv) Website of the company (v) Brief description of company (maximum of 120 words)	
Any other information that the Financial Intermediaries would like to add:	

Maximum 10 pages

Form RFP-3
Experience of the Financial Intermediary

**Re: ONBOARDING OF FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT
GUARANTEE SCHEME (R-CGS)**

Ref: 2000004121 and No: 2000004122

[Using the format below, provide information on each relevant assignment for which your institution, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out financial services similar to the ones requested under the terms of reference included in this RFP. The proposal must demonstrate that the Financial Intermediary has a proven track record of successful experience in executing projects similar in substance, complexity, value, duration, and volume of services sought in this procurement.]

Maximum 20 pages]

Assignment name:	Approx. value of the contract (in current KSHS):
Country: Location within country:	Duration of assignment (months):
Name of client:	Total No. of staff-months of the assignment:
Address, and contact details (including email address(es)):	Approx. value of the services provided by your Financial Intermediaries under the contract (in current KSHS)

Start date (month/year): Completion date (month/year):	No. of professional staff-months provided by associated Financial Intermediaries:
Name of associated Financial Intermediaries, if any:	Number of staff of your Financial Intermediary involved and functions performed (indicate most significant profiles such as project director/coordinator, team leader):
Narrative description of project:	
Description of actual services provided by your staff within the assignment:	

Name of Financial Intermediary : _____

Annex I

FINANCIAL INSTITUTIONS APPLICATION FORM

To:

The Principal Secretary
The National Treasury
The National Treasury Building, Harambee Avenue
P.O. Box 30007-00100
NAIROBI

RE: IMPLEMENTATION OF THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)

Applicant submitting the Tender: _____,
(company name, registration number)

Dear Sir,

Herewith we are submitting our tender on behalf of *[Applicant]* in response to the above tender dated in the framework of the TNT - MSF. Capitalised terms utilised herein shall have the meaning attributed to them in the tender.

The undersigned duly authorised to represent the *[Applicant]*, by signing this form certifies/certify and declare(s) that the information contained in this Tender and its Appendices is complete and correct in all its elements.

The undersigned duly authorised to represent the *[Applicant]*, by signing this form certifies and declares not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Guarantee Agreement and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Guarantee Agreement.

The undersigned, duly authorized to represent the *[Applicant]*, by signing this form certifies and declares that the *[Applicant]* does not perform illegal activities according to the applicable legislation in the country of establishment.

For the purpose of the Transparency Policy and subject to the approval of the relevant operations, the Applicant, by signing this form:

“Confirms that the Applicant agree(s) with the disclosure of summary information relevant to this loan (the MSME details, the nature of the operation, the geographical focus and the relevant TNT-managed resources)”.

Yours sincerely,

Signature(s):

Name and position in capitals:

Applicant’s name

Place: Date (day/month/year):

Stamp of the Applicant (if applicable):

Appendices

Appendix 1 Tenderer Identification Form

Appendix 2 Declaration of Honour

Appendix 3 Information Requirements

Appendix 1 of Annex I to the Tender

TENDERER IDENTIFICATION FORM

INFORMATION REQUIRED	
APPLYING FOR:	<input type="checkbox"/> TENDER FOR IMPLEMENTATION OF THE RURAL CREDIT GUARANTEE SCHEMEE (RCGS)
APPLYING AS:	<input type="checkbox"/> A Tenderer
NAME	
LEGAL FORM	
CONTACT DETAILS	Title: Mr/Ms/other (delete or complete as appropriate) Surname: Forename(s): Function: Address: Telephone: Email:

Appendix 2 of Annex I to the Tender

DECLARATION OF HONOUR OF APPLICANT

The undersigned [*name of the signatory (ies) of this Declaration*], representing the following legal person: [*name of the Applicant*] (the “Financial Intermediary”)

Full official name:

Official legal form:

Full official address:

KRA PIN number:

Declares that the Financial Intermediary is not in one of the following situations:

- a) the Financial Intermediary, or persons having powers of representation, decision making or control over it, is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, have entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) In the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it have been the subject of a final judgment or a final administrative decision, for being in breach of their obligations relating to the payment of taxes or statutory contribution in relation to social security and national hospital insurance contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof, which would affect its ability to implement the MSF;
- c) In the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over have been convicted by a final judgment or final administrative decision which would affect their ability to implement a Financial Instrument and which is for one of the following reasons:
 - i. fraudulently or gross negligently misrepresenting material information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - ii. entering into agreements with other persons aimed at distorting competition;
 - iii. attempting to unduly influence the decision-making process of the contracting authority during the award procedure for the implementation of a budget from Kenya;
 - iv. attempting to obtain confidential information that may confer upon it undue advantages in the award procedure for the implementation of a budget from Kenya;

- a) in the past five (5) years the Financial Intermediary or persons having powers of representation, decision-making or control over it have been the subject of a final judgment for:
- (i) fraud;
 - (ii) corruption;
 - (iii) participation in a criminal organisation;
 - (iv) money laundering or terrorist financing;
 - (v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - (vi) child labour and other forms of trafficking in human beings; and

Remedial measures:

The paragraphs above shall not apply where the Financial Intermediary or persons having powers of representation, decision-making or control over it can demonstrate that adequate remedial measures have been taken; or where it would not affect their ability to implement the Guarantee Agreement; or where it is indispensable to ensure the continuity of the service, for a limited duration and pending the adoption of remedial measures, or where an exclusion would be disproportionate.

[Only if applicable –erase otherwise–] The Financial Intermediary or persons having powers of representation, decision-making or control over it declare that have incurred in the following Exclusion Situation(s):

- (a) [Description of the Exclusion Situation with reference to the date of its occurrence and, if applicable, reference to the final judgment or final administrative decision];

(b) [...]

As per the above, the Financial Intermediary has taken the following remedial measures⁷:

- (a) [Include description, if any].

[...]

Full name

Date (day/month/year):

Signature(s)

⁷ Remedial measures may include e.g. technical, organisational and personnel measures to prevent further occurrence, compensation of damage or payment of fines. The relevant documentary evidence which appropriately illustrates the remedial measures taken should be provided in annex to this declaration.

Appendix 3 of Annex 1 to the Tender

INFORMATION REQUIREMENTS

The points below list the headings for the minimum information needed.

All numerical data provided in the application should be provided in electronic format (.xlsx or similar).

1. FINANCIAL INTERMEDIARY'S ACTIVITY

1.1 General information

- 1.1.1 General description of the Applicant (date of establishment, organisational structure, distribution network, number of branches, etc.),
- 1.1.2 Applicant's legal status, regulatory status and applicable regulations, regulatory capital framework,
- 1.1.3 Definition of the internal business segmentation (including the relevant segments applicable in the context of the TNT-MSF implementation) of the Applicant (in terms of number of employees, annual turnover, total assets, etc.).

1.2 MSME financing activity

- 1.2.1 Description of the lending products offered to MSMEs, purpose of finance, minimum and maximum maturity of loans, rate of financing (as % of borrower financing needs), minimum and maximum amount, repayment features, etc.
- 1.2.2 Business strategy (e.g. positioning, objectives, strengths, core products, geographical areas/focus, origination volumes).

2. FINANCIAL STANDING

- 2.1 Key financial figures for the last two full years available to be provided.
- 2.2 Annual reports (including full set of financial statements with independent auditor's report) for the last two years (links to the Applicant's websites or, alternatively, annual reports to be annexed to the Tender in electronic version only).

3. IMPLEMENTATION

- 3.1 Applicants in their Tender are required to address the following items:

- I. Proposed Maximum Portfolio Volume, to be originated during the Inclusion Period;

II. Expected timing of launch of the product in the market following the signature of the Guarantee Agreement. Timing required to build up the proposed Portfolio taking into account necessary pre-implementation actions (adoption of IT systems, development of underlying contracts, etc.) and the indicative eligibility criteria presented in Annex II;

III. Experience of senior management and line management evidenced by their CVs

IV. Describe prior/proven experience (including compliance with relevant operational and reporting requirements as well as performance) with the deployment of other similar products;

V. Describe internal organisation set-up (and roles) for the implementation of a potential Guarantee Agreement, including the potential identification of a dedicated project team (or unit) and/or internal incentive mechanisms;

VI. Describe other measure intended to be undertaken so as to facilitate timely build-up of the Portfolio (e.g. training of sales force and of internal approval bodies);

3.2 Proposal regarding the Transfer of Benefit, such as interest rate reduction and/or reduction in collateral requirements, any/or additional reduction of fees, vis-à-vis the Applicant' standard policies, to be applied to each MSME loan.

In this respect the Applicant is requested to provide two examples illustrating the principles underpinning the proposal.

4. OPERATING PRINCIPLES (WITH RESPECT TO MSME FINANCING)

4.1 Credit policy and risk appetite: description of the internal procedures, guidelines, tools and systems used in credit risk assessment.

4.1.1 Risk assessment procedures:

4.1.1.1 If applicable, description of the internal rating models/scoring systems in place and their last validation (including external rating source, if applicable) and if rating models not used for credit risk assessment, description of the tools used instead;

4.1.1.2 Description of the key inputs and their respective weight in the rating output;

4.1.1.3 If applicable, the rating master scale with the respective minimum, maximum and median probability of default (PD) per rating class.

4.1.2 Collateral policy

4.1.2.1 Description of the collateral requirements including personal guarantees (type, valuation, haircuts, down payment/upfront borrower contribution, etc.).

4.1.2.2 Description of the Loss Given Default (LGD) model and its validation (if applicable). Description of the key inputs and their respective weight in the LGD output.

4.1.3 Description of the approval procedures (process, delegation of approval powers, limits, etc.).

4.1.4 Description of the dunning procedure and monitoring system (monitoring of payment dates, early warning system, etc.).

4.1.5 Work-out / recovery procedures (steps taken, departments involved, indication whether recovery process is dealt with in-house or is outsourced, length of recovery procedures).

4.2 Risk management: methods utilised for loss forecasting, provisioning and credit risk management at portfolio level.

5. MSME FINANCING - ORIGATION AND PERFORMANCE DATA

All information required below in section 5 shall be provided specifically with respect to:

- a) MSME (to the extent the information is available, otherwise to the relevant internal segments); and
- b) A proxy portfolio of MSME loans that fit at origination with the Eligibility Criteria or, if such information is not available, a portfolio of loans as comparable as possible to the MSME loans.

At least, the following Eligibility Criteria should be reflected in the extraction of the proxy portfolio: (a) eligible types of debt instruments, (b) minimum and maximum maturity, (c) maximum exposure, (d) MSMEs established and/or operating in the Applicant's regions and MSMEs operating in an eligible industry sector.

5.1 Recent origination

5.1.1 MSMEs financing volumes in Kenya

5.1.1.1 New business: annual number and principal volume of MSME loans entered into over the past 2 years, split by:

- I. Geographical region (using Counties)
- II. Industry (using sectors);

- III. Rating class (e.g. internal scoring/rating/ probability of default/expected loss) (if available);
- IV. Internal business segment;
- V. Type of borrowers (autonomous, MSMEs, start-ups and micro enterprises) (if available);
- VI. Duration of the MSME loans;
- VII. Purpose of finance (investments or working capital (or other breakdown, please specify));

5.1.1.2 Outstanding portfolio: total number and principal volume of MSME loans outstanding at the most recent available year-end or half-year end (whichever most recently available), split by:

- I. Geographical region (using Counties)
- II. Industry (using sectors);
- III. Rating class (e.g. internal scoring/ rating/ probability of default/expected loss) (if available);
- IV. Internal business segment;
- V. Type of borrowers (autonomous, MSMEs, start-ups and micro enterprises) (if available);
- VI. Duration of the MSME loans;
- VII. Purpose of finance (investments or working capital (or other breakdown, please specify)).

5.1.2 Interest rates and remuneration: description of interest spread components, including a) administrative costs component, b) minimum risk related margin, split by risk category of borrowers.

ANNEX III

ELIGIBILITY CRITERIA

The Eligibility Criteria are composed of the (i) Eligibility Criteria for MSMEs Credit Facility (indicatively set out in Section A), and (ii) Eligibility Criteria for the Financial Institutions (indicatively set out in Section B), as set out below and as may be further supplemented or otherwise modified in the Guarantee Agreement.

The main Eligibility Criteria are based on the TNT-MSF and related legislation, as well as the relevant regulations.

The Bank shall ensure that each Bank Loan included in a Portfolio complies with the Eligibility Criteria for MSMEs, Eligibility Criteria for MSME Loans, and the Eligibility Criteria for the Portfolio.

Certain Eligibility Criteria shall be met at all times, while certain Eligibility Criteria shall only be met on the signing date or approval date of the relevant Bank Loan (or another date specifically indicated in the Guarantee Agreement).

A breach of any of the Eligibility Criteria shall result in an exclusion of the relevant Bank Loan(s) from the Portfolio.

A. Indicative Eligibility Criteria for MSMEs Credit Facility

Borrowers may operate in any sector of the economy and must meet specific requirements to qualify for the MSF. A borrower will be eligible if the borrower:

1. is a micro, small or medium enterprise;
2. is registered as a business or company under the relevant laws;
3. is registered by a county government and holds a valid business permit or trade licence;
4. has complied with the relevant tax laws;
5. is not party of any group or any enterprise which would otherwise not be eligible for credit guarantee under these Regulations;
6. is borrowing for business purposes, including—
 - i. working capital requirements of the enterprises;
 - ii. acquisition of assets; or
 - iii. rebuilding businesses affected by natural disasters (COVID-19) or other financial crises;
7. is credit-worthy;
8. operates in Kenya; and
9. is in a strong financial position to enable the borrower to repay the credit facility and pay interest or other amounts payable in respect of the credit facility.

B. Indicative Eligibility Criteria for PFIs

The National Treasury will determine which criteria to be used. In general, it is expected that the criteria will be similar to those below:

1. An institution that is licensed by the CBK to provide credit facilities to MSMEs in the ordinary course of business;
2. Have wide geographical outreach network;
3. Have wide sectoral coverage in the lender's portfolio;

4. Have the experience and ability to make and service MSME credit facilities as evidenced by the number of MSME credit facilities currently in the lender's portfolio and the length of time the PFI has been making MSME credit facilities;
5. Must have a sound track-record of maintaining portfolio quality; and
6. Must be in compliance with the CBK prudential guidelines.

Eligible financial institutions will express their interest to participate in writing. A Risk Sharing Agreement will be issued to the successful PFIs for execution. After the PFI has executed the agreement and returned an original version of the agreement to the MSF, the MSF will contact the PFI and review the procedure for registering a credit facility for a guarantee.

RATE SCHEDULE FOR THE SERVICES

The bidder must show their proposed improvements to the terms offered as compared to standard financing conditions offered by the Financial Institution.

S/No	Description	Standard process /procedure	Proposed process / procedure
1	Kindly indicate your Proposal regarding the Transfer of Benefit, such as interest rate reduction and/or reduction in collateral requirements, and/or additional reduction of fees, vis-à-vis the your standard policies, to be applied to each MSME loan		
	Any other applicable charges		

The Transfer of Benefit will be in the form of reduced interest rates, reduced collateral (or other similar arrangement) requirements, capped or reduced fees, other forms of better terms of financing, or a combination of these elements;

Kindly itemize all the benefits

Signature of the tenderer

[Signature of bidder and date]

Part 2: Conditions of Contract

--

Contract Agreement

THIS GUARANTEE is made this day of 2025

BETWEEN

The Government of the Republic of Kenya, acting through the National Treasury, and whose address for purposes of this Agreement is Post Office Box Number 30007-00100, Nairobi Kenya (hereinafter referred to as “**GOK**”/ “Procuring entity” which expression shall where the context so admits include its Successors-in-Title and Assigns) of the first part,

And

The XXXXXXXXXXXXXXXXX, whose address is Post Office Box XXXXXX, Kenya (hereinafter referred to as “**the Guaranteed Party**”/ “Service Provider” which expression shall where the context so admits include its Successors-in-Title and Assigns) of the other part.

(GOK and the Guaranteed Party together hereinafter referred to as “Parties” and each individually as a “Party”).

WHEREAS the Procuring entity invited tenders for Implementation of the Rural Credit Guarantee Scheme (R CGS) – for Agricultural Enterprises and has accepted a tender by the Guaranteed Party. The maximum GOK liability (total amount of payments that maybe made by GOK) under this Agreement shall be **Kenya Shilling XXXXXXXXXXXXXX (KSh. XXXXXXXX)**

The duration of this contract shall be Sixty (60 No.) months commencing on the Effective Date and ending on **(the Guarantee Expiration Date).**

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to:
2. The following documents shall be deemed to form and be read and construed as part of this Agreement:
 - a) the tender form and the price schedule submitted by the Service Provider
 - b) the Schedule of requirements

- c) the General conditions of contract
- d) the Special conditions of contract;
- e) the Procuring entity's notification of award; and
- f) the Acceptance letter.

3. If there is any ambiguity, contradiction or inconsistency between this agreement and the documents as listed under clause 2 above, this Agreement shall prevail as the final, complete and exclusive expression of the parties.

IN WITNESS whereof the parties hereto have caused this agreement to be executed in accordance with their respective laws the day and year first above written.

Signed for and on behalf of Government of Kenya by:-

1. THE NATIONAL TREASURY

.....Date.....

Dr. Chris K. Kiptoo, CBS
PRINCIPAL SECRETARY / NATIONAL TREASURY

WITNESSED BY: -

.....Date

Albert Mwenda, MBS
DIRECTOR GENERAL, BUDGET FISCAL AND ECONOMIC AFFAIRS

Sealed with the common seal of: -

2. XXXXXXXXXXXXXXXXXXXX BANK BY: -

.....Date.....

XXXXXXXXXXXXXXXXXX
CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

WITNESSED BY: -

.....Date.....

XXXXXXXXXXXXXXXXXX
COMPANY SECRETARY

WHEREAS:

- A. Smallholder farmers and rural agribusiness microenterprises contribute significantly to national food security, they have limited access to financial services and products due to lack of adequate business skills, limited access to markets and lack of collateral assets
- B. Micro, Small and Medium Enterprises (MSMEs), are critical drivers of economic growth and contribute substantially towards poverty reduction, employment, and income generation, the funding requirements of MSMEs in the agriculture sector remains largely unmet;
- C. To mitigate the low funding of smallholders and agribusiness MSMEs, the GOK has established the Rural Credit Guarantee Scheme operated under the Credit Guarantee Scheme (hereinafter referred to as “the Scheme”), a guarantee facility to support access to finance for the Kenyan MSMEs in the agriculture sector;
- D. The objective of the Scheme shall be to provide risk sharing to promote rural outreach innovations and catalyze funding from Kenyan financial institutions into the rural agricultural sector;
- E. The Guaranteed Party is desirous of obtaining a partial guarantee from the GOK in respect of Credit Losses arising from defaults to enable the Guaranteed Party scale up its lending to qualifying agribusinesses and value chain MSMEs. GOK agrees to provide a partial guarantee to the Guaranteed Party in respect of the Credit Losses incurred arising from the Scheme Loan Portfolio in an amount equal to the guaranteed amount strictly on the basis of Risk Sharing by the Guaranteed Party and on the terms and conditions set forth in this Agreement; AND
- F. Each of the Parties enters into this Agreement in consideration of the other Party doing so and accepting the terms, undertakings and covenants contained in this Agreement.

NOW, THIS AGREEMENT WITNESSETH AS FOLLOWS:

ARTICLE 1: DEFINITIONS AND INTERPRETATIONS

Throughout this Agreement, terms, when capitalized, shall have the meaning assigned to them as follows:

“Agreement” means this Credit Guarantee Agreement together with all the annexures, any notices and letters in terms hereof, all read together;

“Agribusiness Value Chain Enterprise”: is an MSME in the agricultural value chain who supports a network of smallholder farmers activities including (but not limited to) input supply, off-taking agricultural produce, acquisition of productive assets including agricultural machinery, equipment, transport, warehousing, cold chain storage infrastructure and processing.

“Authorised Representative” means a representative of a Party herein, authorised by such Party to undertake any work or execute any agreement or document on its behalf, as evidenced by a certificate or letter of authority issued by the board of directors or any other competent body of such a Party and as amended from time to time. Any provision in this Agreement which requires execution of any work or conduct to be done by a representative of a Party shall mean an Authorized Representative of such a Party or his properly authorized delegate and shall be construed as such and where specifically required, be supported by such certificate or a letter of authority;

“Borrower” means an MSME that has met the Scheme Qualifying Criteria and has been granted a Qualifying Facility;

“Business Day” means any day which is not a Saturday, Sunday or official public holiday in Kenya;

“CBK” means the Central Bank of Kenya;

“Claim” means a written demand by the Guaranteed Party to the GOK for processing and approval for payment under the Scheme, in respect of Credit Losses incurred in respect of the Scheme Loan Portfolio in accordance with the provisions of this Agreement;

“Credit Loss” means any portion of the Indebtedness (specifically excluding any Finance Charges) under a Facility that remains outstanding or unpaid after the Guaranteed Party has exhausted all the recovery/collections based on its established procedures and guidelines;

“Credit Guarantee Scheme” refers to the Scheme established under Section 58 (9) of Public Finance Management Act(CAP. 412A);

.

“Default” means the principal amount due and unpaid for a period prescribed by the relevant guidelines

“Direct lending”: This is a product under R-CGS where PFIs provide guaranteed credit facilities directly to eligible smallholder farmers.

“Effective Date” means the date of signing of this Agreement by the Parties upon fulfillment of the conditions precedent as set out in Article 8;

“Facility Agreement” means the credit facility letter or loan agreement entered into between the Guaranteed Party and a Borrower, setting out the terms and conditions upon which the Guaranteed Party has granted and advanced or shall grant and advance a Facility to a Borrower, the amount and material terms of which shall comply with the applicable provisions of this Agreement;

“Finance Charges” means any interest, fees, costs and other charges in respect of a Facility which are payable to the Guaranteed Party by a Borrower pursuant to the terms of a Facility Agreement;

“Guarantee Ceiling” refers to the maximum liability that may be paid by the GOK under this Agreement;

“Guaranteed Party Lending Criteria” means the criteria applied by the Guaranteed Party, in the ordinary course of its business in considering and approving credit/loan applications from time to time; more so as relating to loans under the facility, and which shall be applied by the Guaranteed Party in considering and approving facilities under the Scheme;

“Guaranteed Party” means xx

“Indebtedness” means the principal balance outstanding on a Borrower’s facility including interest which is owed by the Borrower to the Guaranteed Party from time to time;

“MSME” means a micro, small enterprise as defined in the Micro and Small Enterprises Act (CAP. 499C), and a medium enterprise as defined in the Public Finance Management Act (CAP. 412A);

“Qualifying Facility” means any type of a credit facility related to Direct Lending or Value Chain Financing, to be granted under the Rural Credit Guarantee Scheme Loan Portfolio for which a borrower may qualify pursuant to the Guaranteed Party’s Lending Criteria as well as the Scheme Qualifying Criteria, excluding credit card debt, or other forms of consumer debt meant for personal consumption, and which the Guaranteed Party is prepared to grant and advance to the borrower, on the terms and conditions contained in the relevant Facility Agreement;

“Rural Credit Guarantee Scheme” refers to the Credit Guarantee Scheme Product which promote lending to eligible small holder farmers through either Direct Lending or Value Chain Financing.

“Scheme Steering Committee” means the Scheme Steering Committee established under the Public Finance Management (Credit Guarantee Scheme) Regulations, 2020;

“Scheme Loan Portfolio” means the ring-fenced portfolio of facilities granted or to be granted by the Guaranteed Party to Borrowers under the Scheme for purposes of achieving the objectives of the Scheme as provided under a financing agreement; and

“Scheme Qualifying Criteria” means the pre-qualifying criteria required to be met in order for an applicant to be considered for a facility under the Scheme.

“Value chain financing: This is a lending product under R-CGS where the Guaranteed Party lend to an eligible agribusiness value chain enterprise who in turn support a network of smallholder farmers’ value chain activities including but not limited to input supply, off-taking agricultural produce, acquisition of productive assets including agricultural machinery, equipment, transport, warehousing, cold chain storage infrastructure and processing.

Interpretations:

- (a) Clause, schedule and paragraph headings do not affect the interpretation of this Agreement.
- (b) Words in the singular include the plural and, in the plural, include the singular.
- (c) A person includes a natural person, a corporate or unincorporated person.
- (d) A reference to one gender includes a reference to the other gender.
- (e) A reference to a particular statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking into account of any amendment and includes any statute, statutory provision or subordinate legislation which it amends and subordinate legislation from the time being in force made under such legislation.
- (f) A reference to writing or written includes emails.
- (g) Documents in agreed form are documents in the form agreed to by Parties to this Agreement and signed by them or by their Authorized Representatives.
- (h) The rule of construction that a contract shall be interpreted against the Party responsible for the drafting and interpretation of the contract, shall not apply to the extent that this Agreement has been negotiated by the Parties.

- (i) An obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- (j) Where the context permits, other and otherwise are illustrative and shall not limit the sense of the words preceding them.
- (k) The recitals and the annexures herein form part of this Agreement and are intended to be of binding effect.

ARTICLE 2: GUARANTEE TERMS AND CONDITIONS

2.0. THE GUARANTEE

2.01. The Guarantee

GOK agrees, subject to the provisions of this Agreement to pay the Guaranteed Party an amount up to **Kenya Shilling XXXXXXXXXXXX Only (KSh. XXXXXXXX)** arising from defaults under Qualifying Facilities made to Borrowers, **PROVIDED ALWAYS** that:

- A. The Credit Loss for Direct Lending shall be shared on a 50:50 pari-passu basis subject to a maximum exposure of 25% of the Principal Amount.
- B. the Credit Loss for Value Chain Financing shall be shared on a 65:35 pari-passu basis subject to a maximum exposure of 20% of the guaranteed sub-portfolio.;
- C. total amount of payments made by GOK to the Guaranteed Party under this Agreement shall not exceed the Guarantee Ceiling; and
- D. this Guarantee is provided strictly on the basis of risk sharing by the Guaranteed Party.

2.02. Guarantee specific terms-

The Parties agree that the Guarantee is granted in the following specific terms-

- A. **Guarantee Ceiling:** The maximum GOK liability (total amount of payments that maybe made by GOK) under this Agreement shall be **Kenya Shilling XXXXXXXXXXXX Only (KSh. XXXXXXXXXXXX)** of which Ksh xxx shall be reserved for facilities booked under Value Chain sub-portfolio and Ksh xxx shall be reserved for facilities booked under Direct Lending sub-portfolio.
- B.
- C. **Maximum Aggregate Outstanding:** The maximum aggregate outstanding for all Facilities made under this Agreement shall not at any one point in time exceed **Kenya Shilling XXXXXXXXXXXX Only (KSh. XXXXXXXX Kenya Shillings)** of which Ksh xxx shall

be the Maximum Aggregate Outstanding for the Value Chain sub-portfolio and Ksh xxx shall be the Maximum Aggregate Outstanding for the Direct Lending sub-portfolio.

D.

E. **Review of Guarantee Ceiling:** The Guarantee Ceiling shall be reviewed periodically and if it becomes apparent to GOK that this Guarantee is not being adequately utilized, GOK may reallocate or recall the unused portion of the Guarantee.

F. **Period for placing Qualifying Facilities under coverage:** Sixty (60) months commencing on the Effective Date. and ending on, (the **Guarantee Expiration Date**).

G. **Guarantee Coverage Period (Coverage Expiration Date):** Sixty (60) months after the Guarantee Expiration Date or until the date on which all Facility Agreements entered into under this Agreement have expired or terminated.

H. **Final Date for submitting Claims:** one hundred and eighty (180) days after the Coverage Expiration Date.

2.03. The Guarantee Ceiling.

GOK shall have no further obligations to the Guaranteed Party under this Agreement when the total payments by GOK under this Agreement equal to the Guarantee Ceiling. The Guarantee Ceiling represents the maximum total amount of payments that may be made by the GOK under this Agreement.

For any avoidance of doubt-

No new Qualifying Facility may be placed under coverage of this Guarantee unless the principal amount of all aggregate outstanding made under Qualifying Facilities covered by this Guarantee, together with such new Qualifying Facility, shall not exceed the Maximum Aggregate Outstanding.

2.04. Limitation to the Principal Amount.

In no event shall the GOK be liable for interest, late fees or penalties or any other amounts, other than the principal with respect to any Qualifying Facility. It is expressly agreed that GOK shall only be liable for the principal amount where there is a default in a Qualifying Facility.

ARTICLE 3: QUALIFYING FACILITIES

3.01. Guarantee Coverage.

No Facility shall be covered by the terms of this Agreement or placed under the coverage of this Guarantee by the Guaranteed Party unless such Facility is a Qualifying Facility.

3.02. Criteria for a Qualifying Facility.

A Qualifying Facility is a facility made to a Borrower by the Guaranteed Party in respect of a qualifying activity and that satisfies all of the following criteria-

- (a) The Qualifying Facility shall be funded from the Guaranteed Party's capital or funds acquired by the Guaranteed Party and not from subsidized loan capital received from government sources.
- (b) The Qualifying Facility shall have a scheduled maturity date for the entire principal amount, no later than the Coverage Expiration Date;
- (c) The Qualifying Facility shall have been placed under coverage of this Guarantee in compliance with this Agreement;
- (d) The Guaranteed Party shall not levy a fee (beyond the normal lending fees) relating to this Guarantee;
- (e) The maximum amount per borrower is KShs. 5 Million for agribusiness MSMEs and smallholder farmers under Direct Lending and KShs.50 Million for Small and Medium value chain enterprises serving smallholder farmers, under the Value Chain Financing.
- (f) The tenor of the Qualifying Facility shall not exceed five years, including rescheduling, but excluding the grace period;
- (g) Prepayment penalties are not permitted;
- (h) The Qualifying Facility may have a grace period of no payment, or payment of principal only, or payment of interest only as may be determined by the Borrower's current cash flow;
- (i) Standard collateral as per the Guaranteed Party's policy and subject to negotiation with the Borrower; and

(j) Rescheduling of Qualifying Facilities may not spread the term of the facility by more than twelve months and should remain within the Guarantee Coverage Period.

3.03. Revisions to Qualifying Facility Criteria.

(a) GOK shall have the right at any time to revise, add to or delete any of the Qualifying Facility Criteria set forth in Article 3.02 (Criteria for Qualifying Facility) by providing written notice to the Guaranteed Party and any such change shall become effective fifteen (15) business days after the receipt of such notice by the Guaranteed Party.

(b) No change in the Qualifying Facility criteria taken pursuant to this Article shall affect the eligibility of any Qualifying Facility that was placed under the coverage of this Guarantee prior to the effective date of any such change. Subject to the provisions of this Agreement, GOK shall remain liable for all Qualifying Facilities made prior to revision of the Qualifying Facility criteria.

3.04. Amendments, Assignment and Transfer.

a) The Guaranteed Party may request to review the allocation of the Guarantee Ceiling between Direct Lending and Value Chain Financing. Such a request shall be accompanied with supporting justification.

b) No amendments or modifications to the terms or conditions of a Qualifying Facility including but not limited to assignment or transfer of any of the Guaranteed Party's rights or obligations under any Qualifying Facility or this Agreement (including any syndication of a Qualifying Facility or the offering of a participation in a Qualifying Facility) shall be made without the written consent of GOK, which consent shall not be unreasonably withheld.

b) Upon any determination by GOK that a material amendment or modification to a Qualifying Facility has been made by the Guaranteed Party without GOK's written consent, such facility shall forthwith cease to be a Qualifying Facility covered under this Guarantee and GOK shall bear no obligation or liability whatsoever with respect to such facility from the date of such amendment or modification.

c. Notwithstanding 3.04 (a) and (b), the Guaranteed Party may restructure a Qualifying Facility upon request by a Borrower in line with its restructuring policies without prior written consent by GoK provided that the Guaranteed Party shall notify GoK of such restructuring within the month in which the Qualifying facility was restructured.

3.05. Eligibility Criteria for Borrowers:

A Borrower shall be eligible if the borrower:-

- (a) is a micro, small or a medium enterprise;
- (b) is registered as a business or a company under the relevant laws;
- (c) is registered by a county government and holds a valid business permit or trade licence;
- (d) is a registered taxpayer and is in compliance with the relevant tax laws;
- (e) is not party of any group or any enterprise which would otherwise not be eligible for credit guarantee under the Public Finance Management (Credit Guarantee Scheme) Regulations, 2020;
- (f) is borrowing for agri-business purposes, including—
 - (i) working capital requirements of the enterprises;
 - (ii) acquisition of assets; or
 - (iii) rebuilding businesses affected by natural disasters or other financial crises;
- (g) is credit-worthy;
- (h) does business in Kenya;
- (i) is not involved in any of the excluded activities listed in Annexure A;
- (j) is compliant with Environment and Social Governance Standards outlined in Annexure C; and

1.1

(k) A borrower who is a value chain enterprise must demonstrate that they support a network of smallholder farmers value chain activities including but not limited to input supply, off-taking agricultural produce, acquisition of productive assets including agricultural machinery, equipment, transport, warehousing, cold chain storage infrastructure, processing, marketing and exporting.

(l)

The Guaranteed Party shall appraise Borrowers in line with its lending procedures to determine their eligibility before extending a credit facility. For a borrower who is a value chain actor, in addition to the appraisal process, the Guaranteed Party, shall forward the credit application together with the supporting documentation and the appraisal report to the National Treasury for approval for placement under the Scheme, before the credit facility is disbursed by the Guaranteed Party.

1.1.1 **3.06. Determinations regarding a Guaranteed Party**

The Guaranteed Party commits to –

- (a) comply with the Public Finance Management Act (CAP.412A), to the extent applicable to this Agreement, and the Public Finance Management (Credit Guarantee Scheme) Regulations, 2020;
- (b) fully lend to the agriculture value chains ensuring 30% of the qualifying facility are to women, youth and Persons with Disabilities (PwDs);
- (c) Comply with Environmental, Social and Governance (ESG) standards and climate change risk management systems provided in Annexure C; and
- (d) maintain regular contact with the Value Chain Agribusiness enterprise and submit the post disbursement reports to GoK showing how the proceeds of the Credit Facility has benefitted small holder farmers.

ARTICLE 4: PLACING QUALIFYING FACILITIES UNDER GUARANTEE COVERAGE

4.01. Placing Qualifying Facilities under coverage.

Except as the GOK may otherwise agree in writing, no Qualifying Facility shall be covered by the terms of this Agreement unless:

- (i) such Qualifying Facility is made on or prior to the Final Date for Placing Qualifying Facilities under coverage;
- (ii) the Qualifying Facility is made after execution of this Agreement; and

(iii) The Qualifying Facility is not made in connection with another facility that was issued prior to commencement of this Agreement

4.02. Procedure for Placing Qualifying Facilities under R-CGS Coverage.

A Qualifying Facility extended under Direct Lending shall be deemed to be covered under this Guarantee on the date the Guaranteed Party approves and disburses the Qualifying Facility, in line with the terms of this Agreement.

a. A Qualifying Facility extended under Value Chain Financing shall be deemed to be covered under this Guarantee on the date the Guarantor issues a no objection to the Guaranteed Party, prior to disbursement, in line with the terms of this Agreement. A request for no objection shall be accompanied by the information and documentation as provided in Annexure D.

b. Nothing in this Article shall preclude GOK from addressing the issue of the eligibility of a facility for coverage under this Guarantee after the facility is placed under coverage.

4.03. Procedure for Removing Facilities from Coverage

(a) Removal by GOK.

Subject to the provisions of Articles 2.01 (the Guarantee), 3.03 (Revision of Qualifying criteria), 4.01(Placing of Qualifying Facilities under coverage) and 7.01 (Portfolio Reporting), GOK may at any time remove any facility from the coverage of this Guarantee if GOK determines that such facility is not a Qualifying Facility. Such removal shall be effective upon receipt by the Guaranteed Party of a written notice from GOK indicating the facility to be removed from coverage and stating the reason for such removal. Upon receipt of such notice, such facility shall no longer be deemed a "Qualifying Facility" under this Agreement.

GOK shall PFI with the Guaranteed Party prior to issuing any such notice in order to verify that the facility is not a Qualifying Facility.

(b) Removal by the Guaranteed Party.

The Guaranteed Party may remove any Qualifying Facility from the coverage of this Guarantee at any time for any valid reason, and may replace with a new Qualifying

Facility under coverage. The Guaranteed Party shall notify GOK and provide reason(s) for the change.

ARTICLE 5: CLAIMS PROCEDURE

5.01. Claim Requirements.

No claim relating to the Guaranteed Party's Credit Losses in connection with the Qualifying Facilities shall be honored by GOK unless the Guaranteed Party certifies to GOK, and GOK thereafter reasonably determines to its satisfaction, that all of the following requirements are met:

- (a) As a consequence of a default by a Borrower under the Qualifying Facility (such borrower, a "Defaulting Borrower"), the total outstanding principal amount of the Qualifying Facility has become immediately due and payable, and the Guaranteed Party has made a written demand upon the Borrower for full payment of all amounts due;
- (b) The Qualifying Facility has been classified as non-performing in accordance with the applicable Prudential Guidelines.
- (c) Reasonable collection efforts, excluding conclusion of litigation / judicial processes, have been diligently pursued against the Defaulting Borrower and any other entity that may be liable on the Qualifying Facility, in accordance with applicable laws and standard banking practice and the Guaranteed Party's standard collection procedures and policies. To this end, GOK shall be kept fully informed of all efforts and GOK shall have the right to require the Guaranteed Party to take any steps or efforts which may reasonably lead to the collection of the Defaulted Amount from the Defaulting Borrower and / or any other entity that may be liable on the Qualifying Facility; and
- (d) The Guaranteed Party has not invoked any credit life insurance with respect to the credit facility;
- (e) The guarantee in respect of the credit facility was in force at the time the facility was classified as non-performing.
- (f) A period of at least three months has elapsed from the date of the last repayment by the borrower.

5.02. Submission of Claim.

The Guaranteed Party shall make a claim with respect to a Qualifying Facility by submitting to the GOK a Claims Form, as shall be prescribed by GOK for each Qualifying

Facility. Such Claim Form shall include information and documents required listed in Annexures E, F and G.

However, despite the foregoing, GOK reserves the right to any other Guaranteed Party's documentation in the determination of the claim.

5.03. Time Period for Submission of Claim.

(a) In order to ensure that reasonable collection efforts have been diligently pursued, unless otherwise agreed by GOK, no claim shall be made to GOK before the expiry of ninety (90) days from the date the last installment became due and remains unpaid.

(b) In order to ensure that claims are submitted in a timely manner, no claim shall be submitted later than the Final Date for Submitting Claims, provided, however, that no claim may be submitted to GOK if the date of such demand for payment occurs after the cancellation of coverage pursuant to the provisions of this Agreement.

5.04. Approval of Claim for Payment.

No claim shall be paid unless such claim receives the prior approval of GOK. Subject to a validation period of up to thirty (30) days, GOK shall communicate its decision, be it approval or denial of any claim. However, despite the foregoing, GOK reserves the right to request further documentation or clarification of any claim submitted. Upon receipt of the further documentation or clarification required, GOK shall communicate its decision to the Guaranteed Party.

A claim shall be denied if GOK reasonably determines that:

(a) the requirements of this Agreement generally and in particular the requirements related to the procedure for placing Qualifying Facilities under coverage, the requirements for lodging a claim with the GOK, and the time period for submission of a claim, have not been fully satisfied; or

(b) subject to Articles 3.02 (Revision of Qualifying criteria) and 4.03 (Procedure for Removing facilities from coverage), the facility is not a 'Qualifying Facility' as defined in this Agreement. Neither approval nor payment of a claim shall be deemed to waive GOK's right to contest the claim subsequently on these or any other grounds.

5.05. Payment of Claim.

Upon approval of a claim for payment by GOK and subject to the provisions regarding the Guarantee Ceiling, GOK shall pay to the Guaranteed Party the approved amount of the claim as follows;

(a) 50% of the covered and approved principal amount outstanding within fourteen (14) days from the date a claim is approved by GOK under Article 5.04; and

(b) 50% of the covered and approved principal amount outstanding within fourteen (14) days of receipt by GOK of a notice of exhaustion of available remedies and procedures to recover the principal amount outstanding from the Defaulting Borrower (the "Defaulted Amount") or within six months after the claim was first lodged, whichever comes first. Provided always that the Guaranteed Party shall submit the notice required herein not less than ninety (90) days from the date of approval of the claim under Article 5.04 and provided that the notice required herein shall set out the remedies and procedures which are said to have been exhausted. Such remedies and procedures are not tied to the conclusion of judicial/court processes, as the Guaranteed Party is entitled to make a claim for the final payment pending the outcome of court processes which may be lengthy.

5.06. Repayment.

(a) Notwithstanding any other provision of this Agreement, GOK shall have no obligation to make payment to the Guaranteed Party for any loss arising out of fraud or material misrepresentation for which the Guaranteed Party, its agent, employee or servant is responsible or for any claim that is otherwise invalid or inconsistent with the provisions of this Agreement.

(b) In addition, GOK reserves the right to demand a refund of any payment made to the Guaranteed Party if, prior to the time such payment was made, the Guaranteed Party or any of its key individuals or the Borrower, was convicted of or engaged in any of the prohibited activities under Annexure B or any other prohibited activities including drug trafficking, terrorist activities, terrorism financing, and/or money laundering activities as defined by local and international laws.

(c) If, subsequent to paying any claim made by the Guaranteed Party, GOK determines that such payment was prohibited by this Article, the Guaranteed Party shall, upon the request of GOK, refund immediately to GOK, the appropriate amount of the payment obtained plus interest accruing from the date of the payment at the rate determined by GOK which shall not exceed one percent per month.

(d)

ARTICLE 6 POST-CLAIM RECOVERIES

6.01. Duty to Pursue Collection.

(a) After making a claim under this Agreement, the Guaranteed Party shall continue to diligently pursue all reasonable collection efforts against the Borrower in accordance with the Guaranteed Party's standard collections procedures and policies and shall promptly give GOK updates of such collection efforts. Failure to provide such timely updates shall result in a refund by the Guaranteed Party in the manner set out in Article 5.06 (c) (Repayment).

(b) If the Borrower is in default on one or more additional facilities made by the Guaranteed Party to the Borrower that are not covered by this Agreement, the Guaranteed Party shall pursue collection on the Qualifying Facility subject to coverage under this Agreement prior to, or concurrently with, pursuing collection on the other facilities made to the Borrower.

6.02. Reimbursement to GOK.

If GOK has paid a claim with respect to a Qualifying Facility, and the Guaranteed Party, following the submission of such claim, receives or recovers any funds relating to or in satisfaction of amounts owed by the Borrower under the Qualifying Facility, whether received or recovered directly from the Borrower, another guarantor, a collateral agent or any other party, (any such funds, hereinafter defined as "Recovered Funds"), the Guaranteed Party shall promptly notify and reimburse GOK on a pro rata basis (this means GOK shall receive an amount of the Recovered Funds proportionate to the GOK Guarantee Percentage) after deducting reasonable expenses actually incurred in its collection efforts, excluding interest charged by the Guaranteed Party upon or after default.

Payments made to GOK under this Article shall be made within ninety (90) calendar days from the date of recovery. Any amount not paid to GOK within this ninety (90) day period shall accrue interest at the rate of one percent per month.

6.03. Reports of Post-Claim Recoveries.

(a) Following the payment of any claim under this Agreement, the Guaranteed Party shall deliver to GOK Monthly Reports of Post-Claim Recoveries. GOK may refuse to pay any claims if the Guaranteed Party has failed to submit accurate Reports of Post-Claim Recoveries as required.

(b) In addition, the Guaranteed Party shall continue to submit updated Reports of Post-Claim Recoveries no later than ninety (90) days after the end of each calendar year for five (5) years after the payment of a claim under the Guarantee or longer if so requested by GOK.

(c) The Guaranteed Party further agrees to comply with requests from GOK concerning post-claim recoveries, including any request to submit an annual or semi-annual schedule of net recoveries with respect to each Defaulting Borrower.

6.04. Assignment of Claim.

At GOK's request (which may be made at any time), the Guaranteed Party shall execute an assignment to GOK or GOK's Authorized Representative, in form and substance acceptable to GOK, of the Guaranteed Party's rights to receive the share of net recoveries due to GOK and/or to pursue collection of GOK's pro rata share of net recoveries under each Qualifying Facility.

ARTICLE 7: REPORTING

7.01. Portfolio Reporting.

The Guaranteed Party shall, not later than ten (10) days after the end of each month, provide to GOK reports as per Article 14. Despite the generality of the foregoing, the reports must contain information on the following:

- (a) Classification categories for all loans comprising the guaranteed portfolio.
- (b) Portfolio performance review report, in a format to be provided by the GOK.
- (c) Remedial measures being undertaken to reverse any noticed deterioration in the quality of the Guaranteed Party portfolio.

7.02. Other Reporting.

GOK reserves the right to carry out, or to have carried out, such additional audits, financial reviews, routine field visits and data verification or evaluations as it considers appropriate in view of its status as the guarantor, including audit reports on Borrowers under Qualifying Facilities.

Should GOK request an audit report on any such party, the Guaranteed Party agrees that it shall use all reasonable means to require and obtain such reports from that party. For avoidance of doubt, GOK shall meet the costs associated with /incurred by its officials/ representatives engaged in the assignment.

7.03. Failure to Provide Required Reports.

Should the Guaranteed Party fail to provide any reports required by this Agreement to GOK when due, no additional Qualifying Facilities shall be placed under the

coverage of this Guarantee until such reports are received. In addition, GOK may defer payment of any claims until it receives such documentation in a form satisfactory to the GOK.

7.04. Books and Records.

The Guaranteed Party shall:

- (a) Maintain or cause to be maintained, a database and records relating to each Qualifying Facility covered by this Guarantee, which are adequate to show compliance with the terms of this Agreement. Such records shall be maintained with respect to each Qualifying Facility, except as GOK may otherwise agree in writing, for a period of five (5) years after the Final Date for Submitting Claims with respect to such Qualifying Facility, in accordance with Article 5.03 (Time Period of Submission of Claim).
- (b) Afford Authorized Representatives of GOK the opportunity at all reasonable business hours to inspect such books, records and other documents and files relating to this Agreement and the Qualifying Facilities covered by this Guarantee. For the avoidance of doubt, GOK shall meet the costs associated with / incurred by its officials / representatives engaged in the assignment.
- (c) Promptly make available such other information and records relevant to this Agreement and the Qualifying Facilities covered by this Guarantee as GOK may reasonably request.

ARTICLE 8: CONDITIONS PRECEDENT

8.01. Conditions Precedent.

Notwithstanding anything in this Agreement to the contrary, no Qualifying Facility shall be placed under coverage until-

- (a) GOK has received, in a form and substance satisfactory to the GOK, letters of authority of the Guaranteed Party authorizing entry into and performance under this Agreement and authorizing specific individuals to act on its behalf; and
- (b) The Guaranteed Party has received, in a form and substance satisfactory to the Guaranteed Party, letters of authority of the GOK authorizing entry into and performance under this Agreement and authorizing specific individuals to act on its behalf.

ARTICLE 9: REPRESENTATION AND COVENANTS

For purposes of this Agreement, the Guaranteed Party covenants to GOK as follows:

9.01. Organization and Authority.

The Guaranteed Party has full power, authority and legal right to; (a) carry out its business as currently conducted, (b) execute, deliver and perform this Agreement and all other documents which this Agreement contemplates and (c) carry out all the activities which this Agreement contemplates.

9.02. Authorization and Binding Effect.

The execution, delivery and performance by the Guaranteed Party of this Agreement have been duly authorized by all necessary actions of the Guaranteed Party, and this Agreement constitutes a legal, valid and binding obligation of the Guaranteed Party enforceable in accordance with its terms.

9.03. Governmental Approvals.

No approval or consent of any kind is required from any governmental authority in order for the Guaranteed Party to enter into this Agreement and perform its duties, except such as have already been obtained and are in full force and effect.

9.04. Debarment Status.

For the three (3) years preceding the date of this Agreement, the Guaranteed Party has not been on any list of ineligible or debarred firms maintained by Kenyan or international authorities or law enforcement bodies.

9.05. Anti-Money Laundering/Combating Financing of Terrorism

The operations of the Guaranteed Party are and have been conducted at all times in compliance with all applicable financial record keeping and reporting requirements, anti-money laundering and combating financing of terrorism laws of Kenya and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency.

9.06 Future Disclosure.

The Guaranteed Party shall inform GOK in a timely manner of any facts and circumstances of which it has actual knowledge that arise after the date of this Agreement and might materially affect this Agreement or the discharge of obligations under this Agreement, or the truth and accuracy of any of the representations made in this Article.

9.07. Change of Control.

The Guaranteed Party acknowledges that GOK is entering into this Agreement partly because it considers the Guaranteed Party to be a good risk-sharing partner. The Guaranteed Party shall not be acquired by or merge with another legal entity or person, nor shall a majority of the equity interests in the Guaranteed Party be sold to or otherwise acquired by any legal entity or person that does not own at least ten percent (10%) of the equity interests in the Guaranteed Party as of the date of this Agreement, without prior written notification to GOK.

9.08. Material and/or Adverse Change.

The Guaranteed Party shall promptly notify GOK of any material and adverse changes affecting its financial condition and performance of the terms of this Agreement.

ARTICLE 10: TERMINATION AND REDUCTION

10.01. Term

Unless terminated at an earlier date by GOK or the Guaranteed Party, this Agreement shall terminate on the Coverage Expiration Date, provided that such termination shall not:

- (a) relieve GOK of its obligations under this Agreement with respect to claims submitted prior to the Final Date for Submitting Claims; or
- (b) relieve the Guaranteed Party of its obligations under Article 6.02 (Reimbursement to GOK) and Article 6.03 (Reports of Post-Claim Recoveries).

10.02. Termination or Suspension by GOK.

GOK may terminate or suspend this Agreement at any time by written notice to the Guaranteed Party in the following events:

- (i) upon the determination of GOK that the Guaranteed Party has committed a material breach of this Agreement (including a breach of Article 6.02 (Reimbursement to GOK) or has engaged in fraud or material misrepresentation adversely affecting GOK;
- (ii) if the Guaranteed Party has not disbursed any Qualifying Facility for a period exceeding 120 days from the date of this Agreement.
- (iii) If the Guaranteed Party fails to obtain any GOK consent or make any notification to GOK as required under this Agreement.

In addition, GOK reserves the right to terminate this Agreement or take any other appropriate measures if the Guaranteed Party's key personnel or the Borrower is found to have been convicted of or engaged in any of the prohibited activities under Annexure A or any other prohibited activities including drug trafficking, terrorist activities, terrorism financing, and/or money laundering activities as defined by local and international laws. GOK may, on written notice to the Guaranteed Party, and based on GOK's opinion as to the severity and relevance of the alleged breach, elect either to continue or to cancel any outstanding Qualifying Facilities.

10.03. Termination or Suspension by any Party.

Either party may terminate or suspend this Agreement at its convenience at any time for any reason by thirty (30) days written notice to the other party. It is understood that GOK may exercise this right if the termination of this Agreement would not be in violation of applicable law. Any termination or suspension for convenience by GOK pursuant to this Article shall not affect the validity of this Agreement on the portions of the Qualifying Facilities that have been disbursed prior to the date of such suspension or termination.

10.04. Effect of Termination.

(a) Termination by GOK.

No termination or suspension of this Agreement pursuant to Article 10.02 (Termination or Suspension by GOK) or 10.03 (Termination by any Party) shall have any effect on the validity or enforceability of this Agreement with respect to any Claim for which a demand for full payment was made prior to such termination or suspension; PROVIDED that this limitation shall not apply if termination or suspension is based on Article 6.02 (Reimbursement of GOK) or alleged fraud or material misrepresentation.

(b) Termination by the Guaranteed Party.

In the event of a termination or suspension by the Guaranteed Party pursuant to Article 10.03, neither GOK nor the Guaranteed Party shall have any further obligations under this Agreement except that the obligation of GOK to pay any claims submitted prior to such termination shall remain in full force and effect.

(c) Survival of Certain Obligations.

Notwithstanding any other provision of this Agreement, the obligations of the Guaranteed Party with respect to any unpaid payment obligation incurred prior to the date of any termination or suspension of this Agreement, and the obligations of the Guaranteed Party with respect to Articles 5.06 (Repayment), 6.02 (Reimbursement to GOK, Article 6.03 (Reports of Post-Claim Recoveries) and Article 12.03 (Confidentiality) shall survive any termination or suspension of this Agreement.

10.05. Reduction of Guarantee Coverage.

If the utilization level is less than 50% of the Guarantee Ceiling after a period of 2 years from the effective date of the guarantee, then the Guarantor and the Guaranteed party mutually agree to reduce the unutilized portion of the Guarantee Ceiling.

ARTICLE 11: SCHEME STEERING COMMITTEE

The GOK has established a Scheme Steering Committee under the Public Finance Management (Credit Guarantee Scheme) Regulations, 2020, to oversee the operations of the Scheme.

ARTICLE 12: MISCELLANEOUS

12.01. Language of this Agreement.

This Agreement is prepared in English only.

12.02. Notices and Communications.

(a) Any notices or binding communication submitted by any party to this Agreement to the other shall be in writing and shall be in the English language.

(b) Any notice may be delivered by hand, or sent by courier or registered mail or email to the party to be served, at the address specified under this Agreement or such other address as may from time to time be notified by one party to the other for that purpose.

(c) Notices shall be deemed to have been served immediately if delivered by hand, two normal business hours after delivery by email, or seven days from the date of posting the letter as the case may be.

(d) In proving service of any notice, it shall be sufficient to prove: if delivered by hand that it was received (and an acknowledgment of receipt duly given) by an employee or authorized representative of the party to be served; if sent by email, that an automatic delivery notification was received by the party sending the notice and if sent by registered mail evidence of a receipt showing that the envelope was duly addressed to the party to be served.

12.03. Confidentiality.

(a) Each Party shall maintain in confidence any information relating to the other Party that is provided in connection with this Agreement and is designated by the disclosing Party as “confidential information”. The foregoing restrictions shall not apply to the disclosure of confidential information to employees, advisors and PFIs of the Parties.

(b) Any third party that may become privy to such information shall first undertake in writing to protect the confidential nature thereof.

(c) The confidentiality undertaking in this Article shall not apply in respect of confidential information within the public domain where a party has received consent of the other party or a Party’s knowledge at the commencement of this Agreement or to disclosure required to satisfy an order of a court of competent jurisdiction or to comply with the provisions of any law or regulation in force from time to time.

12.04: Relationship of the Parties:

This Agreement does not create a partnership or joint venture or agency amongst the Parties and a Party shall not be liable for the actions or omissions of the other Party.

12.05- Force Majeure

(a) Neither Party shall be liable to the other Party, for non-performance of its obligations resulting from a *Force Majeure* event provided that where either Party is aware of the likelihood of a Force Majeure event occurring and of its effect on that Party’s ability to perform its obligations under this Agreement, the said Party shall notify the other Party as soon as it becomes so aware and the Parties shall agree on how best to meet their respective obligations under this Agreement in the circumstances.

(b) If upon the occurrence of a *Force Majeure* event, a Party is prevented from performing its obligations under this Agreement, such Party shall inform the other Party in writing within 72 hours of the Force Majeure Event and the Party shall do all things reasonably possible to abate the Force Majeure event and shall resume performance as soon as the Force Majeure event has abated.

12.06. Taxation.

The Guaranteed Party agrees to pay all taxes imposed by any government, including any interest and penalties, if any, on or with respect to this Agreement, and hereby indemnifies GOK against any such taxes that may be imposed upon GOK in connection therewith. Payments of all amounts due to GOK under this Agreement shall be made free and clear of and without reduction for such taxes or similar charges or any regulatory fees, wire processing fees, or other costs incurred in connection with such payments.

12.07. Information and Publicity.

GOK and the Guaranteed Party shall cooperate, from time to time, in exchanging information about this Agreement and its implementation and in giving appropriate publicity to this Agreement as a program to which GOK has contributed.

12.08. Governing Law and Dispute Resolution.

(a) This Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims), shall be governed by and construed in accordance with the Laws of Kenya.

(b) Any dispute, controversy or claim arising out of or relating to this Agreement or a termination hereof, or the interpretation, breach or validity hereof, shall be resolved by way of PFIisation held in good faith between the Parties. Such PFIisation shall begin immediately after one Party has delivered to the other written request for such PFIisation.

(c) If within fifteen (15) days following the date on which such notice is given the dispute cannot be resolved, the dispute, controversy or claim shall, if so requested by either Party, be finally resolved in accordance with the rules of the Nairobi Centre for International Arbitration (NCIA) by an arbitrator appointed by agreement of the Parties and filing such agreement within twenty one (21) Business Days of a request therefore by either Party, by an Arbitrator appointed by the Chairman (or equivalent holding similar title and responsibility) for the time being of the NCIA who shall have regard to the nature of the dispute in making such appointment.

(d) The place of arbitration shall be Nairobi and the language of the arbitration shall be English. The arbitral award shall be final and binding upon the Parties and any Party may apply to a court of competent jurisdiction for enforcement of such award.

12.09. Entire Agreement.

This Agreement constitutes the entire agreement between the Parties concerning the subject matter of this Guarantee and supersedes any prior understanding or written or oral agreement.

12.10. Severability.

If any provision of this Agreement, or the application thereof to any person, place, or circumstance, shall be held by an arbitrator or a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as

applied to other persons, places, and circumstances shall remain in full force and effect, and such provision shall be enforced to fullest extent consistent with the applicable law.

12.11. Amendment.

Any amendment, or waiver of, or any consent given under, any provision of this Agreement shall be in writing and, in the case of any amendment, shall be signed by both GOK and the Guaranteed Party.

12.12 No Exclusivity

Nothing in this Agreement shall limit a Party's ability to enter arrangements and/or agreements with any third party.

12.13. Counterparts.

This Agreement may be signed in separate counterparts each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

V11 : GENERAL CONDITIONS OF CONTRACT

1. Definitions

In this contract the following terms shall be interpreted as indicated:

- a) “The contract” means the agreement entered into between the Procuring entity and the tenderer as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- b) “The Contract Price” means the portfolio allocated to Financial Institutions that will be selected
- c) “The services” means services to be provided by the Financial Institution as indicated in the Terms of Reference.
- d) “The Procuring entity” means the organization sourcing for the services under this Contract.
- e) “The Financial Institution means the Commercial Banks providing the services under this Contract.
- f) “GCC” means general conditions of contract contained in this section
- g) “SCC” means the special conditions of contract
- h) “Day” means calendar day

2. Application

2.1 These General Conditions shall apply to the extent that they are not superseded by provisions of other part of contract.

3 Standards

3.1 The services provided under this Contract shall conform to the standards mentioned in the Schedule of requirements

3.5 Patent Right's

The tenderer shall indemnify the Procuring entity against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the services under the contract or any part thereof.

3.6 Performance Security

3.6.1 Within twenty-eight (28) days of receipt of the notification of Contract award, the successful tenderer shall furnish to the Procuring entity the performance security where applicable in the amount specified in Special Conditions of Contract.

3.6.2 The proceeds of the performance security shall be payable to the Procuring entity as compensation for any loss resulting from the Tenderer's failure to complete its obligations under the contract

3.6.3 The performance security shall be denominated in the currency of the Contract, or in a freely convertible currency acceptable to the Procuring entity and shall be in the form of:

- a) Cash.
- b) A bank guarantee.
- c) Such insurance guarantee approved by the Authority.
- d) Letter of credit.

13.6.4 The tender performance security will be discharged by the procuring entity and returned to the candidate not later than thirty (30) days following the date of completion of the tenderer's performance of obligations under the contract, including any warranty obligations under the contract.

3.7 Inspections and Tests

13.7.1 The Procuring entity or its representative shall have the right to inspect and/or to test the services to confirm their conformity to the Contract specifications. The Procuring entity shall notify the tenderer in writing, in a timely manner, of the identity of any representatives retained for these purposes.

3.7.2 The inspections and tests may be conducted on the premises of the tenderer or its subcontractor(s). If conducted on the premises of the tenderer or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring entity.

3.7.3 Should any inspected or tested services fail to conform to the Specifications, the Procuring entity may reject the services, and the tenderer shall either replace the rejected services or make alterations necessary to meet specification requirements free of cost to the Procuring entity.

3.7.4 Nothing in paragraph 3.7 shall in any way release the tenderer from any warranty or other obligations **under this Contract**.

3.8 *Payment*

3.8.1 The method and conditions of payment to be made to the tenderer under this Contract shall be specified in SCC

3.9 *Value Proposition*

The additionality impact of R-CGS should be demonstrated.

3.10 *Assignment*

The tenderer shall not assign, in whole or in part, its obligations to perform under this contract, except with the procuring entity's prior written consent.

3.10 *Termination for Default*

The Procuring entity may, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the tenderer, terminate this Contract in whole or in part:

- a) if the tenderer fails to provide any or all of the services within the period(s) specified in the Contract, or within any extension thereof granted by the Procuring entity.
- b) if the tenderer fails to perform any other obligation(s) under the Contract.
- c) if the tenderer, in the judgment of the Procuring entity has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

In the event the Procuring entity terminates the Contract in whole or in part, it may procure, upon such terms and in such manner as it deems appropriate, services similar to those undelivered, and the tenderer shall be liable to the Procuring entity for any excess costs for such similar services.

3.12 *Termination of insolvency*

The procuring entity may at the anytime terminate the contract by giving written notice to the contractor if the contractor becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the contractor, provided that such termination will not produce or affect any right of action or remedy, which has accrued or will accrue thereafter to the procuring entity.

3.13 *Termination for convenience*

3.13.1 The procuring entity by written notice sent to the contractor may terminate the contract in whole or in part, at any time for its convenience. The notice of termination shall specify that the termination is for the procuring entity convenience, the extent to which performance of the contractor of the contract is terminated and the date on which such termination becomes effective.

3.13.2 For the remaining part of the contract after termination the procuring entity may elect to cancel the services and pay to the contractor on agreed amount for partially completed services.

3.14 *Resolution of disputes*

The procuring entity's and the contractor shall make every effort to resolve amicably by direct informal negotiations any disagreement or dispute arising between them under or in connection with the contract.

If after thirty (30) days from the commencement of such informal negotiations both parties have been unable to resolve amicably a contract dispute either party may require that the dispute be referred for resolution to the formal mechanisms specified in the SCC.

3.15 *Governing Language*

The contract shall be written in the English language. All correspondence and other documents pertaining to the contract, which are exchanged by the parties, shall be written in the same language.

3.16 *Force Majeure*

The contractor shall not be liable *for* forfeiture of its performance security, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Contract is the result of an event of Force Majeure.

3.17 *Applicable Law.*

The contract shall be interpreted in accordance with the laws of Kenya unless otherwise specified in the SCC

3.18 *Notices*

Any notices given by one party to the other pursuant to this contract shall be sent to the other party by post or by fax or E-mail and confirmed in writing to the other party's address specified in the SCC

A notice shall be effective when delivered or on the notices effective date, whichever is later.

ARTICLE 14: REPORTING REQUIREMENTS

All credit guaranteed under the Scheme shall be reported in accordance with the template to be provided by the GOK.

14.1 Guarantor's Reporting Requirements

The GOK shall produce regular reports on its guarantees to keep relevant stakeholders appropriately informed. Such reports shall include:

1. Regular financial and technical reports on guarantees made during the period, including information on products and sectors for which guarantees have been issued, number of jobs affected, funds guaranteed, repayment periods, etc.
2. Regular reports on repayments made on outstanding credit facilities together with details of any outstanding payments.
3. Regular reports on delinquent guarantees and the stage of recovery.
4. Regular reports providing information on the size and quality of the guaranteed portfolio; the liquidity position of the guarantee fund; the profitability of the guarantee fund, and the ability of the scheme to cover costs with its income.
5. Regular Reports on compliance with set prudential rules (e.g. solvency, liquidity, risk concentration and exposure limits, etc.);
6. The risk assessment of the credit guarantees or classes of guarantees.

14.2 Guaranteed Party Reporting Requirements to the GOK

1. Regular Reporting on Credit Facilities Outstanding

Each Guaranteed Party shall submit on a regular basis a list of all credit facilities approved by the Party for guarantee coverage during the previous month as per the reporting template provided. Each credit facility shall be listed by, among other details in the provided reporting template, the respective value chain for the beneficiary SMEs.

Regular Reporting on Due but Unpaid Credit Facilities Instalments

The Guaranteed Party shall submit a list of all credit facilities thirty days or more past due on a regular basis. This report shall provide the name of the borrower, the sector of the economy that the borrower is engaged in, the amount of credit guaranteed, outstanding balance, amount of unpaid instalment, date of first unpaid instalment, number of days in delay, reasons for non-repayment and endeavors for collection undertaken by the Bank. The report shall also describe the measures taken by the Bank to carry out collections and may reference the letters sent, follow-up notices, and warnings through legal channels.

2. Regular Reporting on Claims Paid On Defaulted Credit Facilities

The Guaranteed Party shall report to GOK on the status of any defaulted credit facility for which the Guaranteed Party has paid either partial or full coverage amounts. The

Guaranteed Party shall report on each defaulted credit facility to the GOK until the guarantee payment is recovered by the Guaranteed Party from the Borrower or the Guaranteed Party writes off the facility and the account is closed.

3. Additional Information by the Guaranteed Party

In addition to the reports mentioned above, the Guaranteed Party shall be required to collect the following information:

- (a) The number and values of rejected loans, repaid loans and loans projected in the forthcoming quarter;
- (b) Guarantees by sector, county, gender, age, and loan type;
- (c) Impact of the Scheme loans on MSMEs as reflected in reporting template to be provided by GOK;
- (d) Environment, climate and social safeguards screening on all facilities issued;
- (e) Any other information deemed necessary by the GOK on an *ad-hoc* or regular basis.

ARTICLE 15 SPECIAL CONDITIONS OF CONTRACT

15.1 Special conditions of contract shall supplement the general conditions of contract, wherever there is a conflict between the GCC and the SCC, the provisions of the SCC herein shall prevail over those in the GCC.

15.2 Special conditions of contract with reference to the general conditions of contract.

General conditions of contract reference	Special conditions of contract
3.6.1	Specify performance security if applicable: N/A
3.8	Payments will be as follows: The maximum GOK liability (total amount of payments that maybe made by GOK) under this Agreement shall be Kenya Shilling (KSh. XXXXXXXXXXXXX)
3.9	Specify Value Proposition adjustments allowed. None
3.14	Specify resolution of disputes: Any dispute arising out of the contract which cannot be amicably settled between the parties shall be referred by either party to the Nairobi Centre for International Arbitration.
3.17	Specify applicable law. Laws of Kenya
3.18	Notices shall be addressed and delivered to: The Principal Secretary The National Treasury Reinsurance Plaza , 7th Floor , Taifa Road P.O. Box 30007 – 00100 Nairobi

Annexure A : Excluded business activities to be financed by the Bank

The following business activities would be prohibited from obtaining support from the Scheme:

- (a) Production or trade in any production activity deemed illegal under Kenyan laws or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides, herbicides, ozone depleting substances, PCBs, wildlife or products regulated under Convention on International Trade in Endangered Species (CITES);
- (b) Credit not in compliance with prudential regulations;
- (c) Production or trade in weapons and munitions;
- (d) Projects/businesses that violate workers' rights;
- (e) Environmentally, socially and ethically damaging projects;
- (f) Gambling;
- (g) Drugs;
- (h) Production or trade in radioactive materials (This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded);
- (i) Production or trade in unbonded asbestos fibres (This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%);
- (j) Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- (k) Commercial logging operations for use in primary tropical moist forest;
- (l) Production or trade in wood or other forestry products other than from sustainably managed forests;
- (m) Production or activities involving harmful or exploitive forms of forced labour/harmful child labour;
- (n) Real-estate development companies and projects;
- (o) Currency or securities trading;
- (p) Any activities that lead to economic displacement or physical resettlement; or
- (q) Any other prohibited business as may be determined by the Cabinet Secretary for the National Treasury and Planning.

Annexure B: Counties with at least two funded GoK-IFAD VALUE CHAIN PROJECTS

1.2 A borrower shall be operating in any of the 47 counties in Kenya. In addition, PFIs may also focus on the 14 counties which are provided in this Annexure where Technical Assistance was provided to Agribusiness Value chains MSMEs.

No	County	GoK-IFAD- Supported VC Projects
1	Embu	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Upper Tana Natural Resource Management Project (UTaNRMP)
2	Machakos	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Aquaculture Business Development programme (ABDP)
3	Meru	(1) Upper Tana Natural Resource Management Project (UTaNRMP) (2) Aquaculture Business Development programme (ABDP)
4	Tharaka Nithi	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Upper Tana Natural Resource Management Project (UTaNRMP) (3) Aquaculture Business Development programme (ABDP)
5	Kirinyaga	(1) Upper Tana Natural Resource Management Project (UTaNRMP), (2) Aquaculture Business Development programme (ABDP)
6	Nyeri	(1) Upper Tana Natural Resource Management Project (UTaNRMP) (2) Aquaculture Business Development programme (ABDP)
7	Nakuru	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Kenya Livestock Commercialization Project (KELCOP) (3) Smallholder Dairy Commercialization Project (SCDP)
8	Nandi	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Smallholder Dairy Commercialization Project (SCDP)
9	Trans Nzoia	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Kenya Livestock Commercialization Project (KELCOP) (3) Smallholder Dairy Commercialization Project (SCDP)
10	Bungoma	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Kenya Livestock Commercialization Project (KELCOP) (3) Smallholder Dairy Commercialization Project (SCDP)
11	Busia	(1) Kenya Livestock Commercialization Project (KELCOP) (2) Aquaculture Business Development programme (ABDP)
12	Kakamega	(1) Kenya Cereals Enhancement Programme- Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL) (2) Aquaculture Business Development programme (ABDP) (3) Kenya Livestock Commercialization Project (KELCOP) (4) Smallholder Dairy Commercialization Project (SCDP)
13	Kisii	(1) Aquaculture Business Development programme (ABDP) (2) Smallholder Dairy Commercialization Project (SCDP)
14	Siaya	(1) Aquaculture Business Development programme (ABDP) (2) Kenya Livestock Commercialization Project (KELCOP)

Annexture C: Environment and Social Governance Framework

The link to the Environment and Social Governance Framework is:

https://www.ifad.org/en/w/rk-finfa_final_esmf_-20210819

Annexture D: Checklist for value chain finance request for no objection

The PFI should ensure that the Agribusiness and Value Chain SMEs meet the eligibility criteria in the Credit Guarantee Scheme Regulations, 2020 as outlined below:

S/NO	Checklist	Status
1.	The name of the Agricultural Value chain MSME to which a credit facility will be extended	
2.	Business Registration Number	
3.	A certified copy of the certificate of registration or incorporation of the MSME	
4.	A certified copy of the tax compliance certificate	
5.	A certified copy of the Business Permit for the MSME	
6.	Amount of Loan Approved by the PFI	
7.	Tenure of the credit facility	
8.	Borrower's role in Agricultural Value Chain Involved (such as input supplier, producer, aggregator, processor, marketer, exporter)	
9.	Purpose of the credit facility	
10.	Business plan/proposal providing evidence that the Value chain SME supports a network of small holder farmers. This includes:	

S/NO	Checklist	Status
	i. number of small holder farmers supported by the value chain SME. ii. nature of support (eg provision of inputs, off taking of agricultural produce, acquisition of productive assets such as machinery, equipment, and infrastructure, etc). iii. how the proceeds of the credit facility will enable the value chain Agribusiness SMEs to support the small holder farmers (including value proposition to the small holder farmers eg. off-taker/buyer contracts, etc)	
11.	Security/collateral (if any)	
12.	A certified copy of the appraisal report and approval-in principal (such as term sheet, approval memo, etc) to extend credit to the Value Chain MSME by the PFI	
13.	Guarantee request (65:35 capped at 20% at the portfolio)	
14.	Confirmation by the PFI that the credit facility application was assessed in accordance with PFI's normal assessment procedures prior to application for the CGS guarantee (attach appraisal report)	
15.	Confirmation by the PFI that the credit facility was not restructured before the request for guarantee cover.	
16.	Has the MSMEs complied with Environment and Social Governance Standards in Annexure C?	

Signed:

Annexure E: Claims Summary Form

Claim Summary Submission Form (PFI)

To: The Principal Secretary, the National Treasury

From:

Date: / /

Dear Sir or Madam:

We hereby submit the following loans for claim processing under the CGS based on the terms reflected in the CGS Agreement with your institution.

Name of Borrower	Loan Ref No.	Approved Amount	Outstanding Amount under claim	Claim Amount	Date of Claim
TOTAL					

We hereby confirm that the above-mentioned data is correct and that we have undertaken and will undertake all efforts to recover these loans through the appropriate legal process.

For and on behalf of

Name and Designation of Authorised Signatory

Signature

Annexture F: CLAIM APPLICATION FORM

DATE: dd/mm/yy
PFI: XYZ BANK
RE: CLAIM PAYMENT REQUEST

	KSh
Guarantee Amount	XX
Guarantee Effective Date	dd/mm/yy
Guarantee Expiry Date	dd/mm/yy
Claims applied to CGS since inception	XX
Claims paid by CGS since inception	XX
Recoveries	XX
Current claim	XX
Payment request	XX

Name and Loan reference number of MSME Borrower

Background

- Business Background (Nature of the borrower's business)
- Brief details on facility – Type, amount, purpose, tenor, when advanced, repayment period, if it was a new facility, the agribusiness value chains involved
- What the facility was used for?
- Date and reasons for default
- Statement of collateral
- Brief comment on Collection and Recovery efforts undertaken

Item	Response (Y/N)	Comment
The bank is current with all monthly reports		
Principal amount outstanding at time of default is less than or equal to balance as of most recent monthly monitoring report		
The claimed amount is a portion of the outstanding principal balance of the defaulted loan multiplied by the Guarantee Percentage		
The date on which the claims are submitted for payment meet claim submission timeline threshold.		
The loan satisfies the criteria for a Qualifying Loan		
Claims are submitted within the stipulated timeframe of final claim submission date		

Approval Request

This request seeks the CGS approval to pay the initial 50% of the claim amount being **KSh XX**.

MSME Name	Loan Reference Number	Initial Principal Amount (KSh)	Principal Amount in Default (KSh)	CGS Cover (KSh)	Initial 50% of Claim (KSh)
XXX	XX	XX	XX	XX	XX

PREPARED BY

Name:

Title:

Signature:

RECOMMENDED BY:

Name:

Title:

Signature:
APPROVED BY (AUTHORIZED SIGNATORY):
Name:
Title:
Signature

Annexure G: Claims Checklist

Name of the Bank					Date	
Name of MSME					Loan Reference No.	
Loan Amount Approved (KSH)					Date of Disbursement	
Outstanding Principal Amount (KSH)					CGS Liability (KSH)	
Economic Sector					Amount claimed by PFI	
Booked in CGS Portfolio	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Remarks	
Reason for the Default						

S/NO	Description of Requirements	Provided		Valid/Certified	
		Yes	No	Yes	No
1.	Statement of collateral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Credit facility was assessed in accordance with PFI's normal assessment procedures prior to application for the CGS guarantee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Credit facility was not restructured before the guarantee was approved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	PFI has made all recovery efforts as per the Prudential Guidelines and as may be required by the CGS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	A certified copy of the certificate of registration or incorporation of the MSME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	A certified copy of the tax compliance certificate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Business Permit for the Customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Certified copies of Demand letters by the PFI to the MSME provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Evidence that the credit facility was used for the intended purpose provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	A statement by the PFI that all reasonable collection efforts, excluding conclusion of litigation or other judicial processes for the recovery of the credit facility, have been exhausted provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

S/NO	Description of Requirements	Provided		Valid/Certified	
		Yes	No	Yes	No
11.	A statement that the PFI has classified the outstanding credit amount as non-performing in accordance with the Central Bank of Kenya Prudential Guidelines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	Duly completed claims form in the CGS standard format provided	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	Duly certified loan account statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	A certified copy of the signed facility offer letter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	A certified copy of the Amortization schedule	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.	Information on the MSME on the defaulted loan/facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.	Summary of remedial or recovery efforts taken on the defaulted debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.	Latest recoveries report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.	Latest monthly report on the facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RECOMMENDATIONS AND GENERAL COMMENTS

SIGNED:

Annexes to Contract

TERMS OF REFERENCE

TERMS OF REFERENCE TO ONBOARD FINANCIAL INTERMEDIARIES TO IMPLEMENT THE RURAL CREDIT GUARANTEE SCHEME (R-CGS)

Ref: 2000004121 and No: 2000004122

1. Background

The Government of Kenya (GoK) with support from the International Fund for Agricultural Development (IFAD) is financing a six-year development project, the Rural Kenya Financial Inclusion Facility (RK-FINFA) to support access to finance by smallholder farmers and agribusiness MSMEs. The main objective of RK-FINFA is to increase rural financial inclusion and green investments by agriculture value chain stakeholders. This will lead to equitable employment opportunities, innovative and resilient production systems, and increased incomes for smallholder farmers, poor and marginalized rural households including women, youth, and persons living with disability (PWDs). The initial phase in the implementation of the RK-FINFA will cover the following 14 counties: Busia, Bungoma, Kisii, Nakuru, Machakos, Nandi, Tharaka Nithi, Meru, Embu, Kirinyaga, Nyeri, Siaya, Trans Nzoia and Kakamega. After one year, the project coverage will expand to all other rural counties in Kenya.

RK-FINFA comprises of three components namely: (i) **Technical Support and Innovation Services (TSIS)** which involves capacity building on the supply and demand side of rural and agribusiness finance; (ii) **Rural investment instruments** which unlocks private investment into Kenya's agricultural sector through a Rural Credit Guarantee scheme (R-CGS) and a green financing facility; (iii) **Enabling policy environment** to promote development of policies and institutional arrangements that support the implementation of the rural investment instruments. These Terms of Reference apply only to the implementation of R-CGS.

R-CGS will provide a risk sharing mechanism to promote rural outreach innovations and catalyze funding from Kenyan mainstream financial institutions into the rural and agriculture sector. The expected results of the R-CGS are: (i) 2,000 MSMEs have improved access to finance; (ii) 45,000 farmers have improved access to finance, including women and youth-owned enterprises and in overall the target of 30 per cent women, youth and PwDs among end-client groups is achieved.

R CGS has two products as follows: (i) **Direct lending**, has a maximum loan amount of Kshs. 5 million, loan tenure of up to 3 years and a grace period of up to five months with risk sharing ratio between the scheme and financial intermediary of 50:50 pari passu subject to 25% of the loan amount. Beneficiary of direct lending are eligible individual farmers and MSMEs. (ii) **Value chain finance** has loan amount ranging from 5 to 50million, loan tenure of up to 5 years and a flexible grace period aligned with financed value chain's cashflow but within the PFIs grace period guidelines. The risk sharing between the scheme and financial intermediary is 65:35 pari passu subject to 20% of the portfolio amount.

The value chain finance product borrowers will be Small and Medium Enterprises (SMEs) who are aggregators and/or processors in the agriculture sector. PFIs use their own credit appraisal procedures and the R-CGS eligibility criteria to select the SMEs to be financed. The financed SMEs use the loan to finance structured end to end value chain activities that are progressively de-risked and provide direct benefits to smallholder farmers including farm inputs and access to markets. The SMEs will be expected to provide reliable data on the smallholder farmers serviced.

The Government intends to onboard suitable Financial Intermediaries to participate in the implementation of the Rural Credit Guarantee Scheme under the framework of the existing Credit Guarantee Scheme (CGS) under The National Treasury (TNT).

2. Objective

The objective of the Rural Credit Guarantee Scheme is to mitigate real and perceived risk to unlock commercial capital flows into the rural MSMEs and farmers with commercial banks as implementers of guarantees. The National Treasury will provide a guarantee fund of USD 20 million to Partner Financial Institutions (PFIs) who will be expected to leverage this amount four times and eventually lend USD 80 million to agribusiness MSMEs.

3. Scope of Work

- i. Each selected PFI will be required to originate volumes of loans to eligible end borrowers which is at least **Four Times (4x)** of the allocated guarantee ceiling. The loans included in the guaranteed Portfolio will have to comply with the R-CGS Eligibility Criteria, as further detailed in Appendix 1 of these ToRs.
- ii. PFIs will establish a Credit Facility Portfolio through the Facility Agreements entered into between the PFIs and the Borrowers and a PFI will maintain control over the credit processes and decisions related thereto.
- iii. It is expected that PFIs will use their normal bank lending criteria as applied in the ordinary course of its business in considering and approving credit/credit facility applications and more so as relating to credit facilities under this Scheme, and which shall be applied by the Bank in considering and approving credit facilities under this Scheme.
- iv. Once the relevant credit processes have been established, PFIs will make available credit facilities to the eligible borrowers, subject to an applicant satisfying both the Scheme Qualifying Criteria and based on the Bank's Prudent Lending Criteria. The Scheme Qualifying Criteria refers to the pre-qualifying criteria required to be met in order for an Applicant to be considered for a Facility under the Scheme.
- v. The PFI will be required to conduct its lending business towards the Borrowers by using banking practice, business discretion, due diligence, and/or adhering to the applicable laws, regulations, and guidelines;
- vi. PFIs and beneficiary SMEs will be required to provide information and other necessary data needed for the monitoring and evaluation framework of the R-CGS.
- vii. The guarantee shall be silent in order to avoid moral hazard; guarantee will be on a portfolio basis and PFI's placement of a borrower under value chain finance will require GOK's No Objection prior to disbursement of such loans.
- viii. The maximum loan amounts for MSMEs and farmers under **direct lending** is Kshs 5 million, grace period of up to 5 months and loan tenure of up to 3 years. The risk sharing ratio between the scheme and PFI is 50:50 pari passu subject to a maximum exposure of 25% of the loan amounts.
- ix. The loan amounts for SMEs under **value chain finance** ranges from Kshs 5 to 50 million, loan tenure of up to 5 years and a flexible grace period as determined by PFIs guidelines and alignment to the financed value chain's cash flow. The risk sharing ratio of 65:35 pari passu subject to a maximum exposure of 20% of the loan amounts.
- x. The RCGS is a paper guarantee with a leverage ratio of 4 and no guarantee fees.

4. Duration of the Inclusion Period

The Inclusion Period is the period during which eligible loans to be included in the Portfolio may be approved by the PFI and entered into with qualifying enterprises. Such period shall

typically last for not more than 60 months (unless terminated earlier because of a Trigger Event or a Guarantee Termination Event) and may be extended in justified circumstances. Inclusions shall occur automatically upon receipt by TNT of an Inclusion Notice and/or a Report submitted by the PFI on a monthly basis, and the loans are deemed to be covered from their respective signature date. Each monthly report shall concern new agribusiness loans that have been entered into with enterprises during the two preceding calendar months, as well as provide ongoing information on the already included agribusiness loans.

5. Evaluation/Selection Criteria

PFIs shall be selected on the basis of the National Treasury's (TNT) policies, rules, procedures and statutes and in conformity with best practices with an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the program and the experience and financial capacity of the Applicants, with a view to maximising the efficient use of the resources made available through R-CGS.

In any phase of the selection process before entering into a legally binding agreement with a PFI, TNT reserves full discretion to consider PFIs in accordance with the criteria for the selection, and no PFI has any claim or other right or may expect to be ultimately selected as Financial Intermediary. Any negotiation of the terms and conditions of Guarantee Agreements by no means entails any obligation for TNT to enter into such Guarantee Agreements with the relevant Financial Intermediaries. TNT shall also have sole discretion to decide on the allocation of available amounts to Financial Intermediaries, including to propose a reduction of the volumes requested by the Financial Intermediary. The detailed Evaluation Criteria for PFIS Bids to Implement the R-CGS is presented in Annex 2 of the RFPs.

6. Formal Assessment

The National Treasury shall assess whether the bid for the R-CGS has been prepared in accordance with the provisions of this Call according to the formal criteria:

1. The Applicant is a commercial bank licenced to do lending activities in the Republic of Kenya with valid tax compliance certificate.

2. The bid has been prepared and submitted in accordance with the Call, all required representations, information and supporting documentation are provided (in the form requested, where specified) and has been duly signed.

If needed for the assessment of the above formal criteria, TNT may require from the Applicants to provide additional information or clarifications. The bid that does not conform to the formal criteria shall be rejected.

7. Quality Assessment

After successful assessment of the formal criteria, and after having obtained any additional information or clarifications from Applicants, if and as needed, TNT will perform a quality assessment of the bid document according to the evaluation criteria set out below:

1. Quality and plausibility of the Guarantee Instrument implementation proposal, with particular focus on: implementation and rollout strategy (including, but not limited to, with regard to expected portfolio), modalities of developing the loan pipeline including in partnership with RK-FINFA and other IFAD projects, branch network in the targeted Counties

2. Operational capacity of the Applicant to assess and manage risk;

3. Ability to provide the required data for TNT to properly conduct its analysis and assessment of the Applicant's track record and future activity;
4. Documented strategy to finance smallholder farmers and rural MSMEs
5. Appropriateness of the loan products and delivery channels for the different categories of targeted borrowers, and Proposed improvements to the terms offered to enterprises (e.g. pricing reduction, reduction of the requested level of collateral, adapted cash flow based repayments schedule, bundling with insurance products, etc.) as compared to standard financing conditions for enterprises, that may be developed through RK-FINFA technical assistance
6. Experience and ability of the Applicant to generate the Portfolio within a predefined timeframe;
7. Experience in managing credit guarantee.
8. Proven ability of the Applicant to comply with the specific reporting requirements;
9. Ability of the Applicant to comply with all contractual obligations under the Guarantee Agreement.

10. Allocations / re-allocations during implementation of the R-CGS

During the implementation of the Guarantee Agreement(s), and with a view to maximising the efficient use of the resources of R-CGS and maximising the impact of R-CGS, including the achievement of the volume's targets, TNT shall have sole discretion to allocate or reallocate any resources available to the Guarantee Facility. Similarly, should additional resources be made available by the GoK or Development Partners for the same purpose, TNT may at its discretion allocate such additional funding to the selected PFIs, subject to performance assessment, in line with the determined criteria for the avoidance of doubts with their consent, including after the effective date of any relevant Guarantee Agreement.

11. Capacity Building

The PFIs selected to participate in implementation of R-CGS will be supported with a demand-driven package of Technical Support and Innovation Services (TSIS) aimed at:

- i. helping the PFIs to develop and deploy appropriate financial products and services, manage risk of lending to the rural/agriculture sector and reduce transaction costs, with particular focus on women, youth, PwDs and other special interest groups
- ii. Environmental, Social and Governance (ESG) standards and climate change risk management operationalization/ strengthening by PFIs.

Appendix 1: Eligibility Criteria for RCGS Borrowers

A borrower shall be eligible for guarantee under the Scheme if the borrower —

- (a) is a micro, small or medium enterprise. Micro enterprises are those with less than 10 employees and less than Kshs 500,000 annual turnover. Small enterprises are those with between 10 and 50 employees with annual turnover of Kshs 500,000 to 5M. Medium enterprises have 51 to 250 employees with annual turnover of Kshs 5M to 100M
- (b) is registered as a business or company under the relevant laws;
- (c) is registered by a county government and holds a valid business permit or trade licence;
- (d) has complied with the relevant tax laws;
- (e) is not part of any group or enterprise which is legally barred to receive any credit guarantee under the Credit Guarantee Scheme Regulations;

- (f) intends to use the credit advanced for business purposes, including— (i) working capital requirements of the enterprise; (ii) acquisition of assets for the enterprise; or (iii) rebuilding businesses affected by natural disasters or other financial crises;
- (g) is credit-worthy;
- (h) does business in Kenya; and
- (i) satisfies any other condition that may be imposed by the CGS Steering Committee before the credit guarantee is granted.

Annex 2: Qualification and Evaluation Criteria

Mandatory Evaluation Criteria

1. Must attach a certificate of registration / certificate of incorporation
2. Must attach a Tax Compliance Certificate or equivalent
3. Must attach a Business Permit
4. Certificate of registration with the Central Bank of Kenya
5. Membership Certificate with the Kenya Bankers Association
6. Audited financial statements for the last three years (2024,2023,2022)

Technical Evaluation

	Criteria	Max Mark
1	<p>Does the PFI have successful and demonstrable experience lending to</p> <ul style="list-style-type: none"> - agribusiness enterprises - smallholder farmers and rural MSMEs, - women, youth and PwD, and - enterprises under the value chain financing model <p>(provide Agri finance strategy and share of current portfolio issued to agriculture sector by category of borrowers, and quality of the portfolio)</p>	30
2	Does the PFI have appropriate products (financial and non-financial) for smallholder farmers and rural MSMEs, women and youth, PwD, and to finance enterprises under the value chain financing model? Provide product features.	20
3	<p>Does the PFI have</p> <ul style="list-style-type: none"> - a wide geographical outreach in terms of branch network in the target counties? - Does the PFI have agencies? - Does the PFI have digital platform presence / mobile banking? (provide evidence of branch network, county presence and digital platforms/ mobile banking) 	20
4	Is the PFI a specialized entity or has a specialized department /unit /division/ function handling lending to agriculture sector?	10

	<ul style="list-style-type: none"> - Specialized Department (fully fledged) - Specialized Department (beginning stages/low activity) - None of the above (provide evidence e.g. org structure for the department – head of department and staffing) 	
5	Is the PFI able to provide data as required by R-CGS (provide features of the MIS demonstrating this capability).	10
6	Previous experience with other guarantee schemes, including CGS managed by TNT. PFI should provide evidence of the successful implementation of the guarantee scheme.	10
	Total	100

Only the first five ranked financial institutions with score of 70 % or more in the evaluation criteria will be considered for contacting

Annex 1: Eligibility Criteria for RCGS Borrowers

A borrower shall be eligible for guarantee under the Scheme if the borrower —

- (a) is a micro, small or medium enterprise;
- (b) is registered as a business or company under the relevant laws;
- (c) is registered by a county government and holds a valid business permit or trade licence;
- (d) has complied with the relevant tax laws;
- (e) is not part of any group or enterprise which would otherwise not be eligible for a credit guarantee under these Regulations;
- (f) intends to use the credit advanced for business purposes, including— (i) working capital requirements of the enterprises; (ii) acquisition of assets; or (iii) rebuilding businesses affected by natural disasters or other financial crises;
- (g) is credit-worthy;
- (h) does business in Kenya; and
- (i) satisfies any other condition that may be imposed by the Steering Committee before the credit guarantee is granted.

Annex B: Reporting Requirements

S/No	Description	Deliverable
1.	Volume of credit disbursed by the financial institution	<ul style="list-style-type: none"> ● Quarterly report ● Annual report
2.	Number of persons / businesses receiving credit from financial institution (segregated by gender)	<ul style="list-style-type: none"> ● Quarterly report ● Annual report
3.	Women and youth specific financial products developed and deployed by the financial institution	<ul style="list-style-type: none"> ● Annual report
4.	Leverage ration achieved by the financial institution	<ul style="list-style-type: none"> ● Annual report

Annex G: Self-Certification Form

This self-certification form is to be completed by the PFIs. The PFIs shall submit the completed form together with the signed contract agreement to *[insert name of procuring entity]*. Instructions for completing this form are provided below.

Full legal name of PFIs:	
Full legal name of PFIs's legal representative and position:	
Full name and number of contract:	
Project with which contract was signed:	
Country:	
Date:	

I hereby certify that I am the authorized representative of *[name of the PFIs]*, as well as that the information provided herein is true and accurate in all material respects and understand that any material misstatement, misrepresentation or failure to provide the information requested in this self-certification may result in sanctions and remedies, including the suspension or termination of the contract between the PFIs and the procuring entity, as well as the permanent ineligibility to participate in IFAD-financed and/or IFAD-managed activities and operations, in accordance with the IFAD Project Procurement Guidelines, the IFAD Procurement Handbook and other applicable IFAD policies and procedures, including **IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations** (accessible at www.ifad.org/anticorruption_policy) and its **Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse** (accessible at <https://www.ifad.org/en/document-detail/asset/40738506>).

Authorized signature: _____ Date: _____

Printed name of signatory: _____

☐ The PFIs certifies that itself, including its director(s), partner(s), proprietor(s), key personnel, agents, sub-PFIs, sub-contractors, consortium and joint venture partners have **NOT** engaged in fraudulent, corrupt, collusive, coercive or obstructive practices, in connection with the present procurement process and this contract.

☐ The PFIs declares that the following criminal convictions, administrative sanctions (including debarments under the Agreement for Mutual Enforcement of Debarment Decisions or the "Cross-Debarment Agreement")⁸ and/or temporary suspensions have been imposed on the PFIs and/or any of its directors, partners, proprietors, key personnel, agents, sub-PFIs, sub-contractors, consortium and joint venture partners:

Nature of the measure (i.e., criminal conviction, administrative sanction or temporary suspension)	Imposed by	Name of party convicted, sanctioned or suspended (and relationship to PFIs)	Grounds for the measure (i.e., fraud in procurement or corruption in contract execution)	Date and time (duration) of measure

If no criminal convictions, administrative sanctions or temporary suspensions have been imposed, indicate "none".

☐ The PFIs certifies that its director(s), proprietor(s), and personnel, and the personnel of its agents, sub-PFIs, sub-contractors, consortium and joint venture partners are **NOT** subject to a criminal conviction, administrative sanctions or investigations for incidents of sexual harassment and sexual exploitation and abuse.

☐ The PFIs certifies that itself, its proprietor(s), agents, sub-PFIs, sub-contractors, consortium and joint venture partners have **NO** actual, potential or reasonably perceived conflicts of interest and specifically that they:

☐ Do not have any actual or potential, and do not reasonably appear to have, at least one controlling partner in common with one or more other parties in the bidding process or the execution of the contract;

☐ Do not have any actual or potential, and do not reasonably appear to have the same legal representative as another PFIs for purposes of this proposal or execution of the contract;

☐ Do not have any actual or potential, and do not reasonably appear to have a relationship, directly or through common third parties, that puts them in a position to have access to undue or undisclosed information about or influence over the proposal process and the execution of the contract, or influence the decisions of the procuring entity regarding the selection process for this procurement or during the execution of the contract;

☐ Do not participate and do not potentially or reasonably appear to participate in more than one proposal in this process; and

☐ Do not have any actual or potential, and do not reasonably appear to have, a business or family relationship with, a member of the procuring entity's board of directors or its personnel, the Fund or its personnel, or any other individual that was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation of the bidding document, (ii) the selection process for this procurement, or (iii) execution of the contract, unless the actual, potential or reasonably conflict stemming from this relationship has been explicitly authorized by the Fund in writing.

☐ **[To be completed only if the previous boxes were not checked]**

The PFIs declares the following actual, potential or reasonably perceived conflicts of interest, that may affect, or might reasonably be perceived by others to affect, impartiality in any matter relevant to the procurement process, including the selection process and the execution of the contract, with the understanding and acceptance that any action upon this disclosure shall be entirely under the Fund's discretion:

[provide detailed description of any actual, potential or reasonably perceived conflicts of interest including their nature and the personnel, proprietor(s), agents, sub-PFIs, sub-contractors, consortium or joint venture partners affected.]

☐ The PFIs certifies that **NO** gratuities, fees, commissions, gifts or anything else of value, other than those shown in the bid, have been paid or exchanged or are to be paid or exchanged with respect to the present procurement process and this contract.

OR

☐ **[To be completed only if the previous box was not checked]**

The PFIs declares that the following gratuities, fees, commissions, gifts or anything else of value have been exchanged, paid or are to be exchanged or paid with respect to the present procurement process and this contract:

⁸ The Cross-Debarment Agreement is a document signed by the World Bank Group, the Inter-American Development Bank, the African

- [Name of Recipient/Address/Date/Reason/Amount]

☐ The PFIs acknowledges and accepts to notify the procuring entity in the event of any material change in connection with this self-certification form throughout the duration of the contract.

Instructions for completing the self-certification form

The World Bank listing of ineligible firms is a searchable database that returns a positive or negative search results page upon submission of a name to be searched, in order to document the eligibility.

The firm should print out, date, and attach the results page(s) to the self-certification form, which should read, “no matching records found”.

If (a) record(s) has/have been found – i.e. the results page(s) shows one or more individuals or entities, including the PFIs itself are ineligible for contracts of the World Bank on the grounds of “cross-debarment”, the PFIs should provide a detailed account of these sanctions and their duration as applicable or notify the procuring entity and in case the PFIs believes the finding is a “false positive”.

The procuring entity will determine whether to proceed with the contract or allow the PFIs to make a substitution. This determination will be made on a case by case basis and will require approval by IFAD regardless of the estimated value of the proposed contract.

All of these documents must be retained by the PFIs as part of the overall record of the contract with the procuring entity for the duration of the contract and for a minimum period of three years following the completion of the contract.

Contract Forms

Notice of Intent to Award

[This notice of intent to award (NOITA) shall be sent to each PFIs that submitted a proposal and shall be addressed to the authorized representative as stated in the instructions to PFIs.]

Delete all paragraphs written in red font and/or insert the relevant information.

Insert the date the NOITA is transmitted to PFIs. The NOITA must be sent to all PFIs simultaneously. This means on the same date and as close to the same time as possible.]

For the attention of the PFIs's authorized representative

Name: *[insert authorized representative's name]*

Address: *[insert authorized representative's address]*

Telephone/Fax numbers: *[insert authorized representative's telephone/fax numbers]*

Email Address: *[insert authorized representative's email address]*

DATE OF TRANSMISSION: *[insert date]*

Procuring entity: *[insert the name of the procuring entity]*

Procurement title: *[insert]*

Ref no: *[insert]*

This notice of intent to award (NOITA) notifies you of our decision to award the above contract to *[insert the successful PFIs]* subject to successful negotiations.

Please note that this notice does not constitute any contract between the procuring entity and the PFIs and neither establishes any legal rights or obligations for the procuring entity or PFIs. Please note that this notice does not constitute any contract between the procuring entity and the PFIs and neither establishes any legal rights or obligations for the procuring entity or PFIs.

[Important: provide the results of the evaluation and the prices of each PFIs [if applicable] in this NOITA].

Name of PFIs	Points scored	proposal price	Evaluated proposal price (if applicable)
<i>[insert name]</i>	<i>[insert points]</i>	<i>[insert proposal price]</i>	<i>[insert evaluated price]</i>
<i>[insert name]</i>	<i>[insert points]</i>	<i>[insert proposal price]</i>	<i>[insert evaluated price]</i>
<i>[insert name]</i>	<i>[insert points]</i>	<i>[insert proposal price]</i>	<i>[insert evaluated price]</i>
<i>[insert name]</i>	<i>[insert points]</i>	<i>[insert proposal price]</i>	<i>[insert evaluated price]</i>
<i>[insert name]</i>	<i>[insert points]</i>	<i>[insert proposal price]</i>	<i>[insert evaluated price]</i>

If your proposal has not been successful, you may request a debriefing in relation to the results of the evaluation of your proposal. If you decide to request a debriefing, your written request must be made within *[insert number of stated in the request for proposals and see the module M1 on debriefs in the IFAD Procurement Handbook for more information]* business days of receipt of this NOITA.

If your request for a debriefing is received within the deadline above, we will provide the debriefing within *[insert number stated in the request for proposals and see the module M1 on debriefs in the IFAD Procurement Handbook for more information]* business days of receipt of your request.

The debriefing may be in writing, by video conference call or in person. We shall promptly advise you in writing how the debriefing will take place and confirm the date and time.

The period within which you can protest the procurement proceedings lasts *[insert number stated in the request for proposals and see the module M2 on protests in the IFAD Procurement Handbook for more information]* business days after the date of transmission of this NOITA.

Yours sincerely,

Authorised Official

Section IX. Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations

I. Introduction

1. The Fund recognizes that the prevention and mitigation of fraud and corruption in its activities and operations are core components of its development mandate and fiduciary duties. The Fund does not tolerate the diversion or waste of its resources through the practices defined in paragraph 6 below.
2. The objective of this policy is to establish the general principles, responsibilities and procedures to be applied by the Fund in preventing and addressing prohibited practices in its activities and operations.
3. This policy takes effect on the date of its issuance. It supersedes and replaces the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (EB 2005/85/R.5/Rev.1) dated 24 November 2005.

II. Policy

A. General principles

4. The Fund has no tolerance towards prohibited practices in its activities and operations. All individuals and entities listed in paragraph 7 below must take appropriate action to prevent, mitigate and combat prohibited practices when participating in an IFAD-financed and/or IFAD-managed operation or activity.
5. The Fund endeavours to ensure that individuals and entities that help to prevent or report, in good faith, allegations of prohibited practices are protected against retaliation and to protect individuals and entities that are the subject of unfair or malicious allegations.

B. Prohibited practices

6. The following practices are considered to be prohibited practices when engaged in connection with an IFAD-financed and/or IFAD-managed operation or activity:
 - (a) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value in order to improperly influence the actions of another party;
 - (b) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation;
 - (c) A “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party;
 - (d) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party in order to improperly influence the actions of that or another party;
 - (e) An “obstructive practice” is: (i) deliberately destroying, falsifying, altering or concealing evidence that may be material to an investigation by the Fund or making false statements to investigators in order to materially impede an investigation by the Fund; (ii) threatening,

harassing or intimidating any party in order to prevent that party from disclosing its knowledge of matters relevant to an investigation by the Fund or from pursuing such an investigation; and/or (iii) the commission of any act intended to materially impede the exercise of the Fund's contractual rights of audit, inspection and access to information.

C. Scope

7. This policy applies to all IFAD-financed and/or IFAD-managed operations and activities and to the following individuals and entities:

- (a) IFAD staff and other persons working for IFAD as non-staff personnel ("IFAD staff and non-staff personnel");
- (b) Individuals and entities holding a commercial contract with the Fund and any of their agents or personnel ("vendors");
- (c) Public entities receiving IFAD financing or financing managed by the Fund and any of their agents or personnel ("government recipients") and private entities receiving IFAD financing or financing managed by the Fund and any of their agents or personnel ("non-government recipients") (all collectively referred to as "recipients"); and
- (d) Individuals and entities, other than those referred to above, that receive, apply to receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of proceeds from IFAD financing or financing managed by the Fund, including, but not limited to, implementing partners, service providers, contractors, suppliers, subcontractors, sub-suppliers, bidders, PFIs and any of their agents or personnel. (All such individuals and entities are collectively referred to as "third parties".)

D. Responsibilities

(i) Responsibilities of the Fund

8. The Fund endeavours to prevent, mitigate and combat prohibited practices in its operations and activities. This may include adopting and maintaining:

- (a) Communication channels and a legal framework designed to ensure that this policy is communicated to IFAD staff and non-staff personnel, vendors, recipients and third parties and that it is reflected in procurement documents and contracts relating to IFAD-financed and/or IFAD-managed activities and operations;
- (b) Fiduciary controls and supervisory processes designed to support adherence to this policy by IFAD staff and non-staff personnel, vendors, recipients and third parties;
- (c) Measures relating to the receipt of confidential complaints, whistle-blower protection, investigations, sanctions and disciplinary measures which are designed to ensure that prohibited practices can be properly reported and addressed; and
- (d) Measures designed to ensure that the Fund can report individuals and entities that have been found to have engaged in prohibited practices to other multilateral organizations which may be exposed to similar actions by the same individuals and entities and to local authorities in cases where local laws may have been violated.

(ii) Responsibilities of IFAD staff and non-staff personnel, vendors and third parties

9. When participating in an IFAD-financed and/or IFAD-managed operation or activity, IFAD staff and non-staff personnel, vendors and third parties will:

- (a) Refrain from engaging in prohibited practices;

- (b) Participate in due diligence checks and disclose, as required, information relating to themselves or any of their key personnel concerning relevant criminal convictions, administrative sanctions and/or temporary suspensions; information concerning agents engaged in connection with a procurement process or contract, including the commissions or fees paid or to be paid; and information concerning any actual or potential conflicts of interest in connection with a procurement process or the execution of a contract;
- (c) Promptly report to the Fund any allegations or other indications of prohibited practices that come to their attention by virtue of their involvement in an IFAD-financed and/or IFAD-managed operation or activity;
- (d) Fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and providing full access to any and all accounts, premises, documents and records (including electronic records) relating to the relevant IFAD-financed and/or IFAD-managed operation or activity, and by having such accounts, premises, documents and records audited and/or inspected by auditors and/or investigators appointed by the Fund; and
- (e) Maintain strict confidentiality regarding any and all information received as a consequence of their participation in an IFAD investigation or sanctioning process.

10. When participating in an IFAD-financed and/or IFAD-managed operation or activity, vendors and third parties will maintain all accounts, documents and records relating to that operation or activity for an adequate period of time, as specified in the relevant procurement documents or contract.

(iii) Responsibilities of recipients

11. When participating in an IFAD-financed and/or IFAD-managed operation or activity, recipients will take appropriate action to prevent, mitigate and combat prohibited practices. In particular, they will:

- (a) Adopt appropriate fiduciary and administrative practices and institutional arrangements in order to ensure that the proceeds of any IFAD financing or financing managed by the Fund are used only for the purposes for which they were provided;
 - (b) During selection processes and/or prior to entering into a contractual relationship with a third party, conduct appropriate due diligence checks of the selected bidder or potential contractor, including by verifying whether the selected bidder or potential contractor is publicly debarred by any of the IFIs that are signatories to the Agreement for Mutual Enforcement of Debarment Decisions⁹ and, if so, whether the debarment meets the requirements for mutual recognition under the Agreement for Mutual Enforcement of Debarment Decisions;
 - (c) Take appropriate action to inform third parties and beneficiaries (defined as “persons whom the Fund intends to serve through its grants and loans”) of the present policy as well as the Fund’s confidential and secure e-mail address for the receipt of complaints concerning prohibited practices;
 - (d) Include provisions in procurement documents and contracts with third parties which:
- (i) Require third parties to disclose, in the course of a procurement process and any time thereafter, information relating to themselves or any of their key personnel concerning relevant criminal convictions, administrative sanctions and/or temporary suspensions;

⁹ The Agreement for Mutual Enforcement of Debarment Decisions, dated 9 April 2010, was signed by five of the leading IFIs, namely, the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank Group.

information concerning agents engaged in connection with a procurement process or the execution of a contract, including the commissions or fees paid or to be paid; and information concerning any actual or potential conflicts of interest in connection with a procurement process or the execution of a contract;

- (ii) Require third parties to promptly report to the Fund any allegations or other indications of prohibited practices that come to their attention by virtue of their involvement in an IFAD-financed and/or IFAD-managed operation or activity;
 - (iii) Inform third parties of the Fund's jurisdiction to investigate allegations and other indications of prohibited practices and to impose sanctions on third parties for such practices in connection with an IFAD-financed and/or IFAD-managed operation or activity;
 - (iv) Require third parties to fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to the relevant IFAD-financed and/or IFAD-managed operation or activity and to have such accounts, premises, records and documents audited and/or inspected
 - (v) by auditors and/or investigators appointed by the Fund;
 - (vi) Require third parties to maintain all accounts, documents and records relating to an IFAD-financed and/or IFAD-managed operation or activity for an adequate period of time as agreed with the Fund;
 - (vii) Inform third parties of the Fund's policy of unilaterally recognizing debarments imposed by other IFIs if such debarments meet the requirements for mutual recognition under the Agreement for Mutual Enforcement of Debarment Decisions; and
 - (viii) Provide for early contract termination or suspension by the recipient if such termination or suspension is required as a consequence of a temporary suspension or sanction imposed or recognized by the Fund;
- (e) Promptly inform the Fund of any allegations or other indications of Prohibited Practices that come to their attention;
 - (f) Fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to the relevant IFAD-financed and/or IFAD-managed operation or activity and to have such accounts, premises, documents and records audited and/or inspected by auditors and/or investigators appointed by the Fund;
 - (g) Maintain all accounts, documents and records relating to an IFAD-financed and/or IFAD-managed operation or activity for an adequate period of time, as specified in the relevant financing agreement; and
 - (h) Maintain strict confidentiality regarding any and all information received as a consequence of their participation in an IFAD investigation or sanctioning process.

12. Where the Fund finds that prohibited practices have occurred, recipients will: (a) Take appropriate corrective measures in coordination with the Fund; and (b) Give full effect to any temporary suspension or sanction imposed or recognized by the Fund, including by not selecting a bidder, not entering into a contract or suspending or terminating a contractual relationship.

13. Prior to the implementation of an IFAD-financed and/or IFAD-managed operation or activity, government recipients will inform the Fund of the arrangements that they have made for receiving and taking action in response to allegations of fraud and corruption relating to

the IFAD-financed and/or IFAD-managed operation or activity, including by designating an independent and competent local authority to be responsible for receiving, reviewing and investigating such allegations.

14. When participating in an IFAD-financed and/or IFAD-managed operation or activity, government recipients will, in PFIisation with the Fund, take timely and appropriate action to launch a local investigation into allegations and/or other indications of fraud and corruption relating to the IFAD-financed and/or IFAD- managed operation or activity; inform the Fund of the actions taken in any such investigation at such intervals as may be agreed upon by the recipient and the Fund on a case-by-case basis; and, upon the completion of such investigation, promptly share the findings and results thereof, including the supporting evidence, with the Fund. Government recipients will work with the Fund to coordinate any actions other than investigations that they may wish to undertake in response to an alleged or otherwise indicated prohibited practice.

15. Government recipients are encouraged to have in place, in accordance with their laws and regulations, effective whistle-blower protection measures and confidential reporting channels in order to appropriately receive and address allegations of fraud and corruption relating to IFAD-financed and/or IFAD-managed operations and activities.

E. Process

(i) Reporting

16. A designated confidential and secure e-mail address for the receipt of allegations of prohibited practices is available on the Fund's website.

17. In the event of uncertainty as to whether or not an act or omission constitutes a prohibited practice, the designated confidential and secure e-mail address may be used to seek guidance.

18. The Fund treats all reported allegations with strict confidentiality. This means that the Fund does not normally reveal the identity of a reporting party to anybody outside of the investigative, sanctioning or disciplinary process without the consent of the reporting party.

19. The Fund endeavours to provide protection from retaliation to any individuals or entities that have helped prevent or have reported to the Fund, in good faith, allegations or other indications of prohibited practices. IFAD staff and non-staff personnel are protected from retaliation under the Fund's Whistle-blower Protection Procedures.

(ii) Investigations

20. Where the Fund has reason to believe that prohibited practices may have occurred, the Fund may decide to review and investigate the matter, irrespective of any investigative actions launched or planned by the recipient.

21. The purpose of an investigation conducted by the Fund is to determine whether an individual or entity has engaged in one or more prohibited practices in connection with an IFAD-financed and/or IFAD-managed operation or activity.

22. Reviews and investigations conducted by the Fund are, inter alia:

(a) Strictly confidential, meaning that the Fund does not disclose to anyone outside of the investigative, sanctioning or disciplinary process any evidence or information relating to the review or investigation, including the outcome of a review or investigation, unless such disclosure is allowed under the Fund's legal framework;

(b) Independent, meaning that no authority is allowed to interfere with an ongoing review or investigation or to otherwise intervene in, influence or stop such a review or investigation; and

(c) Administrative, as opposed to criminal, in nature, meaning that reviews and investigations conducted by the Fund are governed by the Fund's rules and procedures, not by local laws.

23. The office within the Fund that is mandated to conduct reviews and investigations into alleged or otherwise indicated prohibited practices is the Office of Audit and Oversight (AUO). Without prejudice to paragraphs 9(d) and 11(f), AUO may agree not to disclose to anybody outside of AUO any evidence or information that it has obtained on the condition that such evidence or information may be used solely for the purpose of generating new evidence or information, unless the provider of the evidence or information consents.

F. Sanctions and related measures

(i) Temporary suspensions

24. During the course of an IFAD review or investigation, or pending the conclusion of a sanctioning process, the Fund may decide, at any time, to temporarily suspend payments to IFAD non-staff personnel, non-government recipients, vendors or third parties or to temporarily suspend their eligibility to participate in IFAD- financed and/or IFAD-managed operations and activities for an initial period of six (6) months, subject to a possible extension of that suspension for an additional six (6) months.

25. IFAD staff may be temporarily suspended from their duties in accordance with the applicable human resources framework.

(ii) Sanctions

26. If the Fund determines that IFAD non-staff personnel, non-government recipients, vendors or third parties have engaged in prohibited practices, the Fund may impose administrative sanctions on such individuals or entities.

27. Sanctions are imposed on the basis of: (i) the findings and evidence presented by AUO, including mitigating and exculpatory evidence; and (ii) any evidence or arguments submitted by the subject of the investigation in response to the findings presented by AUO.

28. The Fund may apply any of the following sanctions or a combination thereof:

(a) Debarment, which is defined as declaring an individual or entity ineligible, either indefinitely or for a stated period of time, to: (i) be awarded any IFAD- financed contract; (ii) benefit, financially or otherwise, from any IFAD- financed contract, including by being engaged as a subcontractor; and (iii) otherwise participate in the preparation or implementation of any IFAD- financed and/or IFAD-managed operation or activity;

(b) Debarment with conditional release, which is defined as a debarment that is terminated upon compliance with conditions set forth in the sanction decision;

(c) Conditional non-debarment, which is defined as requiring an individual or entity to comply with certain remedial, preventive or other measures as a condition for non-debarment on the understanding that a failure to comply with such measures within a prescribed period of time will result in an automatic debarment under the terms provided for in the sanction decision;

(d) Restitution, which is defined as a payment to another party or the Fund (with respect to the Fund's resources) of an amount equivalent to the amount of the diverted funds or the economic benefit obtained as a result of having engaged in a prohibited practice; and

(e) Letter of reprimand, which is defined as a formal letter of censure for the actions of an individual or entity which informs that individual or entity that any future violation will lead to more severe sanctions.

29. The Fund may extend the application of a sanction to any affiliate of a sanctioned party even if the affiliate has not been directly involved in the prohibited practice. An affiliate is defined as any individual or entity that is: (i) directly or indirectly controlled by the sanctioned party; (ii) under common ownership or control with the sanctioned party; or (iii) acting as an officer, employee or agent of the sanctioned party, including owners of the sanctioned party and/or those who exercise control over the sanctioned party.

30. For the purposes of IFAD-financed and/or IFAD-managed operations and activities, the Fund may consider as debarred individuals and entities that have been debarred by another IFI where: (i) that IFI is a signatory to the Agreement for Mutual Enforcement of Debarment Decisions; and (ii) such debarment meets the requirements for mutual recognition under the Agreement for Mutual Enforcement of Debarment Decisions.¹⁰

(iii) Disciplinary measures

31. If the Fund finds that IFAD staff have engaged in prohibited practices, the Fund may apply disciplinary measures and may require restitution or other compensation in accordance with the applicable human resources framework.

G. Referrals and information-sharing

32. The Fund may, at any time, refer information or evidence relating to an ongoing or completed investigative, sanctioning or disciplinary process to the local authorities of a Member State. In determining whether such a referral is appropriate, the Fund takes into consideration the interests of the Fund, the affected Member States, the individuals or entities under investigation and any other persons, such as witnesses, who are involved in the case.

33. If the Fund obtains information or evidence indicating potential wrongdoing in connection with the operations and/or activities of another multilateral organization, the Fund may make such information or evidence available to the other organization for the purposes of its own investigative, sanctioning or disciplinary processes.

34. In order to facilitate and regulate the confidential exchange of information and evidence with local authorities and multilateral organizations, the Fund seeks to conclude agreements which establish the rules for such an exchange.

H. Operational responses to Prohibited Practices

(i) Rejection of an award of contract

35. The Fund may refuse to give its no-objection to the award of a contract to a third party if it determines that the third party, or any of its personnel, agents, sub PFIs, subcontractors, service providers, suppliers and/or their employees, engaged in a prohibited practice while competing for the contract in question.

¹⁰ The Fund may, in the future, decide to also recognize debarments imposed by entities that are not signatories to the Agreement for Mutual Enforcement of Debarment Decisions.

(ii) Declaration of misprocurement and/or ineligibility of expenditures

36. The Fund may, at any time, declare a misprocurement and/or the ineligibility of any expenditures associated with a procurement process or contract if it determines that a third party or a representative of the recipient has engaged in a prohibited practice in connection with the procurement process or contract at issue and that the recipient has not taken timely and appropriate action, satisfactory to the Fund, to address such practices when they occur.

(iii) Suspension or cancellation of loan or grant

37. If the Fund determines that a recipient has not taken timely and appropriate action, satisfactory to the Fund, to address prohibited practices when they occur, the Fund may suspend or cancel, in whole or in part, the loan or grant affected by such practices.