



Issuance Date: August 22, 2023

Due date for submission of questions: September 6, 2023

Pre-application Conference Date: TBD please refer to <https://www.f4f.et/> for details

Closing Date for Receipt of Concept Papers: September 29, 2023

Total funding available (all grants): \$1,000,000 (to be awarded in Ethiopian Birr)

Anticipated Number of Grants: 6 - 10

Prime Contract Number: 7200AA19C00080

Subject: Palladium's Request for Applications (RFA) Number RFA-CATALYZE-217772-Ethiopia-2023-0063

Dear Prospective Applicants,

Palladium is seeking applications from qualified applicants, as grantees, to implement under the USAID CATALYZE Market Systems for Growth (CATALYZE MS4G) Grants Program. Palladium is implementing CATALYZE MS4G under USAID Prime Contract 7200AA19C00080.

The RFA is comprised of the following main sections:

- I. FUNDING OPPORTUNITY DESCRIPTION
- II. ELIGIBILITY REQUIREMENTS
- III. APPLICATION AND SUBMISSION REQUIREMENTS
- IV. APPLICATION REVIEW INFORMATION
- V. AWARD ADMINISTRATION INFORMATION

Successful Applicants will be responsible for ensuring achievement of the program objectives. Please refer to the Section I of this RFA entitled Funding Opportunity Description for a complete statement of goals and expected results.

Subject to availability of funds, Palladium intends to provide up to \$1,000,000 in total funding for activities to be implemented no later than December 31, 2024 with award amounts in the range of \$20,000-\$200,000 (contracted in paid in Ethiopian Birr). Palladium reserves the right to fund any or none of the applications submitted.

To be eligible for award, Applicants must provide all required information in their application, including the requirements found in any attachments to this RFA. Applications that are submitted late, incomplete, or are non-responsive will not be considered. Awards will be made to the responsible applicant(s) whose application(s) best meet the requirements of this RFA and the evaluation criteria contained herein.

Palladium intends to use a two stage application process to evaluate and select one or more grantees under this RFA. The initial stage requires the submission of a Concept Paper, which will be evaluated in accordance with Section IV, Step 1 of this RFA. Palladium requires that concept papers be submitted via Palladium's online application portal at <https://palladium-cp.enquire.cloud/> no later than the respective due dates shown above, following the instructions included in Section III of this RFA. If selected to proceed to the next stage, prospective grantees will be asked to prepare and present a pitch of their innovation during a live event in Addis Ababa, which will be evaluated by a panel of judges in accordance with Section IV, Step 2 of this RFA.

Issuance of this RFA does not constitute an award commitment on the part of Palladium, nor does it commit Palladium to pay for any costs incurred in the preparation and submission of an application. Further, Palladium reserves the right to reject any or all applications received. Applications are submitted at the risk of the Applicant, and all preparation and submission costs are at the Applicant's own expense.

Sincerely,

CATALYZE MS4G Grants Team

Attachments:

A. Concept Note Template

SECTION I: FUNDING OPPORTUNITY DESCRIPTION

Program Description

USAID CATALYZE Market Systems for Growth (CATALYZE MS4G) focuses on creating transformative outcomes in the food security and the water, sanitation, and hygiene (WASH) sectors to benefit all Ethiopian people. To achieve these goals, the activity engages youth, mobilizes capital, increases access to finance, connects enterprises to markets, pilots inclusive business models, and supports stakeholders to self-advocate towards policy change, which will promote opportunities for the private sector community as a partner in transformation.

1. Scope

Feeding Ethiopia's fast-growing population of 117 million people is becoming increasingly more difficult due to high prices and constrained supply of fertilizer. Viewed with a business-lens, these challenges create opportunities for Ethiopian enterprises that offer fertilizer and other productivity-enhancing products, or improve logistics, distribution, and quality control of such products. The success and expansion of these business models can contribute to solving the development challenges associated with increasing domestic food production, improving logistics and distribution systems, unlocking farmer access to financing, and supporting the uptake of improved agricultural practices.

High inflation, reduced fertilizer production during COVID-19, Western sanctions on Russia, and increases in the price of natural gas (critical for production for urea fertilizer) have contributed to very high prices for fertilizer in Ethiopia. The country imports most of its fertilizer (67%) and farmers are unable to either afford it directly or identify short-term credit options to purchase this input. Addressing this need requires innovative business models that can lower the costs of effective fertilizer in Ethiopia.

The scale and complexity of this problem cannot be solved by the government or NGOs alone, requiring strong contributions from the country's private sector. To this end, CATALYZE MS4G is exploring multiple ways to collaborate with partners to expand the fertilizer market, diversify fertilizer production and supply chains, and accelerate lending to smallholder farmers and small and medium enterprises (SMEs). In this context, the Fertilizer Open Innovation Challenge seeks to accelerate and scale Ethiopian enterprises with innovative solutions focused on the production, distribution, or access to affordable and effective fertilizer within Ethiopia.

The Challenge will focus on innovations and enterprises that advance one or more of the following objectives:

- Unlock affordable and immediate access to fertilizer for Ethiopian farmers;
- Improve the resilience and increase the production of Ethiopia's fertilizer supply chain;
- Increase the adoption of good agricultural practices (GAP), especially in the application of fertilizer to crops to optimize yields; and
- Benefit (directly or indirectly) base of the pyramid (BoP) market segments, women, youth, or other vulnerable groups in need of improved fertilizer, food security, jobs, and improved livelihoods.

2. Objectives

CATALYZE MS4G is seeking concept notes from private sector businesses, social enterprises, and market-oriented non-governmental organizations with an innovative service delivery approach, product, financing solution, or business model that addresses one or more of the following challenges impacting the availability, accessibility, affordability, and use of fertilizer in Ethiopia:

- The lack of cost-appropriate fertilizer or related services for use by BoP market segments (i.e., end-users with low purchasing power parity).
- Limited end-user access to finance to purchase fertilizer.

- Insufficient user-centered design in new products or services designed to increase the value of the fertilizer value chain.
- Poorly developed supply chains or systems to manufacture, distribute, or sell fertilizer-related products or services.
- Absence of proper financing tools to fund the expansion of enterprises selling innovative fertilizer-related products or services.
- Insufficient social, behavior, or change communication strategies to end-users on adopting best practices when using available fertilizer products.
- Cultural norms/beliefs and access to and control of agricultural inputs, assets and patterns of power and decision-making that could prevent equal participation between men and women.
- Institutional and organizational barriers faced by innovators, as well as their customers/end-users.
- Insufficient planning for unintended environmental and social consequences.
- The lack of customized fertilizer products and soil amendments for specific soil types and crops, as well as the knowledge of how best to use such products.
- The lack of fertilizer products on the market that enhance or improve soil nutrition and productivity.

Specifically, CATALYZE MS4G will prioritize applicants that:

- **Operate with a financially sustainable business model as a private company and are able to demonstrate a revenue track record reaching the targeted populations listed above within Ethiopian agricultural value chains.** The Fertilizer Open Innovation Challenge is focused on financially viable companies that can demonstrate a commercially proven revenue model capable of increasing the production, distribution, or access to affordable and effective fertilizer within Ethiopian agriculture value chains.
- **Have a well-defined plan for sustainable growth.** Successful applicants will have a clearly articulated plan in existence or under development for how the technical assistance or grant capital provided by the challenge will increase Ethiopians' access to affordable and effective fertilizer. All innovators must prove they can remain financially viable without grant funding after the challenge has ended.
- **Understand the local enabling environment.** Applicants must be able to articulate the social, environmental, institutional, legal, and regulatory challenges to sustainably scale and expand their innovation and describe how they will overcome those barriers and embed their innovation within these contexts to have the intended immediate impact.
- **Promote user-centered design and demonstrate direct or indirect benefits for the BoP.** The Challenge will emphasize the importance of the end-user feedback loops in all facets of the program to unlock and scale access to and use of fertilizer in Ethiopia. Successful applicants will demonstrate an understanding of the needs of target end-users and customers. Successful applicants will also need to demonstrate how their solution is adapted to the needs of target customer segments and will result in direct or indirect impacts on BoP customer segments, either through the expanded use of a fertilizer product service, or creation of livelihoods opportunities through the delivery of fertilizer products or services.
- **Show how their innovation benefits women.** Women and men access and utilize fertilizer in different ways. By including a gender perspective into business strategies and plans, the potential of an innovation to scale increases. CATALYZE MS4G will prioritize applicants with innovations that focus on women. This may include innovations that are oriented towards the production, distribution, or access to affordable and effective fertilizer within a gender lens, or business models that provide better employment or income generation opportunities for women or help transform women's roles in their communities and households.
- **Offer the potential for significant impact in a 9 – 12 month time period.** Successful applicants will be able to demonstrate how targeted support from CATALYZE MS4G will unlock the ability of the innovation or enterprise to accelerate and scale the accelerate the production, distribution, or access to affordable and effective fertilizer in a relatively short period of time.

3. Requirements

Concept notes must conform to the structure included in SECTION III - STEP I – CONCEPT NOTE of this RFA.

Full Applications, in the form of oral presentations, must conform to the structure included in SECTION III - STEP II – FULL APPLICATION of this RFA, including any required attachments, as applicable.

4. Anticipated Outcomes

All awardees will work with the CATALYZE MS4G Fertilizer Open Innovation Challenge team to establish mutually agreed upon financial and technical benchmarks and indicators to assess implementation progress. The selection of indicators will be a co-creative process designed to benefit the innovator's business interests and USAID's priorities. The benchmarks and indicators will be included in the award agreement. Financial benchmarks and indicators may include:

- New customers or clients;
- Increases in total sales or profit margin; or
- New private investors.

Technical benchmarks may include specific technical metrics, such as the quantifiable benefit of the innovation (e.g., increased efficiency, reduced cost), distribution, and adoption. A few illustrative examples are noted below:

- Number of people with increased access access to affordable and effective fertilizer; and
- New jobs created for men, women, or youth.

5. Schedule

CATALYZE MS4G anticipates awarding six to ten milestone based Fixed Amount Award or in-kind technical assistance grants as a result of this solicitation process by December 2023. The expected performance period for all grants awarded under this solicitation is December 2023 to December 2024 with an anticipated performance duration of 1 Year.

6. Monitoring

Palladium will monitor implementation of the grant to enable sound oversight and management; examples of such monitoring include:

- Monthly meetings with Project Team
- Quarterly Program Reviews
 - Accomplishments in prior period
 - Planned activities for the upcoming period
 - Identification of any problematic issues
 - Action items list, if any
 - Modification of deliverables, if required

SECTION II: ELIGIBILITY REQUIREMENTS

The referenced grants program is designed for eligible entities as defined below. NGOs are organizations that act neither in governmental capacity nor as agents of the government. Both U.S. and non-U.S. NGOs

are eligible to receive grant funding. An international NGO is eligible if the majority of its constituent members are NGOs. Only grant applications from for-profit organizations will be accepted.

In order to be considered eligible for any grant award, prospective grantees must:

- Be legally registered as a for-profit organization in accordance with the laws of Ethiopia (registration documents required) as applicable to this solicitation;
- Not be part of a government or any government structures;
- Not appear on any list of debarred or suspended entities (as found on www.sam.gov), or on any terrorist watch list or other published list of ineligible recipients.
- Certify that they are not affiliated with any political party nor engaged in any partisan activities.
- Have or be able to obtain a Unique Entity Identification (UEI) Number for an award exceeding \$25,000 (or local equivalent)¹.

Additionally, all applicants must have a sustainable and financially viable business model for their innovation in the Ethiopian fertilizer value chain. Applicants must meet 2 of the following 3 additional criteria:

- Have been in operation for at least 1 year;
- Have at least 3 current clients for business-to-business operating models;
- Have at least 20 customers for business-to-consumer operating models.

SECTION III: APPLICATION AND SUBMISSION INSTRUCTIONS

Activity Name: *MS4G Fertilizer Open Innovation Competition*

Palladium will award six to ten grants resulting from this solicitation to the responsible applicant(s) that demonstrate the capability to carry out activities conforming to the project objectives and within the funding and other parameters set by this RFA.

This solicitation does not commit Palladium to make an award. Palladium may at its sole discretion (a) accept or reject any or all applications, at any step in part or in full without assigning a reason; and (b) waive informalities or irregularities in applications received.

STEP I – CONCEPT NOTE

Applicants meeting the eligibility criteria discussed in Section II of this RFA should submit a concept note by following the instructions in Palladium's online portal at <https://palladium-cp.enquire.cloud/>.

Applicants will be expected to provide the following information using the template provided:

Market and Technical Viability. Details on the fertilizer challenge(s) the innovation is designed to solve, and how the innovation addresses those challenges and meets end-user or customer needs; an explanation the proposed activities to take place with CATALYZE MS4G support; details on the innovation's current and

¹ **Note:** Applicants without a UEI are highly encouraged to begin UEI registration in www.sam.gov as quickly as possible to ensure compliance with the UEI eligibility criteria. Applicants have experienced delays in obtaining UEI numbers.

expected end-users and target customer segments; and an overview of the applicant's expansion and growth strategy for the innovation amongst target market end-users and customer segments in Ethiopia.

Commercial/Financial Viability. Details on how the innovation has been piloted, tested, used or sold to date. This includes information on annual sales (units or value), number of customers to date, customer growth and sales rates over the past five years. Applicants are requested to indicate if the enterprise has previously received debt, equity, or grants/prizes previously.

Innovation Impact. The applicant must describe how this innovation offers direct and indirect benefits to target end-users, BoP customers, women, youth, and vulnerable groups. This includes benefits resulting from use of the fertilizer product or service, or improved employment and/or income generation opportunities.

Sustainability: Details on how the applicant envisions CATALYZE MS4G support to help the innovation improve its financial and commercial viability and further set up the innovation for scale beyond the Fertilizer Innovation Challenge period.

Capabilities Statement. Present the background and capabilities of the applicant and other organization(s) in the partnership relative to the innovation and proposed initiative. If the applicant's concept builds upon current or past initiatives, provide information on the outcomes of those activities.

Cost Proposal. Applicants will provide a total proposed budget. The budget should include any proposed co-investments on the part of the applicant.

The concept note must be signed/submitted by an authorized agent of the applicant and must be submitted in English. Concept notes and all annexes should be submitted through Palladium's online portal at <https://palladium-cp.enquire.cloud/>. However, if applicants are unable to submit via the online portal, applications may be submitted electronically via email: CATALYZE-Ethiopia.ms4g.grants@thepalladiumgroup.com

Submission of the Concept Note:

Concept notes must be submitted no later than September 29, 2023. Information about the evaluation of concept notes is included in Section IV of this RFA.

STEP II – FULL APPLICATION

Up to 20 top scoring Concept notes will be invited to pitch their innovations to a panel of judges comprised of CATALYZE MS4G representatives, sector experts, and investors at an Open Innovation Event held in Addis Ababa. During this live event, finalists will have five minutes to present their innovation addressing the themes outlined in the concept note stage and 10 minutes to answer questions from a diverse group of judges on stage and in front of an audience.

Before the finals, additional guidance to help participants prepare for the event will be provided by CATALYZE MS4G partner, IceAddis. Feedback and questions from the concept note evaluators will be shared with finalist to aid the refinement of their presentations.

Further details on the event, presentation guidance, and judging criteria will be shared with finalists prior to the event. Limited travel support is available for finalists that must travel to Addis Ababa to participate in this event. Under special circumstances, virtual participation can be considered on a case-by-case basis. Information about the evaluation of full applications is included in Section IV of this RFA.

SECTION IV: APPLICATION REVIEW INFORMATION

The application must be fully completed in all aspects in each Step. A concept note may not be considered if it is received after the submission deadline. Costs associated with preparation of the concept note and the full application shall be at the expense of the applicant.

This RFA includes a two-step review and selection process, which includes the following elements:

- i. Initial evaluation of concept notes received as a result of Step 1
- ii. Notification to applicants of inclusion in or exclusion from Step 2
- iii. Evaluation of final pitch presentations in Step 2
- iv. Selection and notification of apparently successful applicant(s)

STEP 1 – EVALUATION OF CONCEPT NOTES

All concept notes will be reviewed by an officially convened Grants Evaluation Committee and evaluated and scored objectively using an established criteria presented below.

Only concept notes from applicants that meet the eligibility requirements included in [Section II](#) of this RFA will be formally evaluated using the following criteria:

Criteria	Scoring Factors	Points
Innovation Market Fit and Technical Approach	<ul style="list-style-type: none">• Clear articulation of the fertilizer problem or challenge and how the said innovation addresses the challenge.• Extent to which the innovation meets a clear end-user and/or customer need.• Feasibility (technological operational) and appropriateness of solution in meeting end-user/customer needs in the Ethiopian context.• Soundness and feasibility of applicant's expansion and growth strategy for the innovation amongst target market end-users and customer segments in Ethiopia.• Soundness, feasibility, and appropriateness of the proposed activities, amount, and type of support from CATALYZE MS4G Fertilizer Innovation Challenge to bring the innovation to scale and benefit target end-users and customers.	25
Commercial Viability	<ul style="list-style-type: none">• Extent to which the applicant's current customer base, revenue growth, and business model demonstrate the innovation is financial and commercially viable.	20
Potential Impact	<ul style="list-style-type: none">• Potential impact of CATALYZE MS4G Fertilizer Innovation Challenge support in improving the availability, accessibility, affordability, and effective use of fertilizer in Ethiopia, including estimated number of Ethiopians served through the proposed solution, and benefits to underserved segments like women, youth, rural and semi urban communities, low-income Ethiopians, and underserved markets.• Potential impact of the innovation in delivering outcomes over the longer term in the event the innovation successfully scales.	20

Potential for Scale and Sustainability	<ul style="list-style-type: none"> • Clear pathway to sustainability for the innovation to scale across Ethiopia without relying on grant funding in the future. 	15
Applicant Capabilities and co-investment commitment	<ul style="list-style-type: none"> • Demonstrated track record rolling out similar solutions or initiatives in Ethiopia or similar markets. • Demonstrated commitment to leverage private sector resources to achieve program objectives (financial and in-kind). 	20

Proposed costs will be evaluated for reasonableness, completeness, and overall efficiency in meeting the proposed performance targets, and will play a larger determining factor in instances where bidders are reasonably close in technical evaluation.

STEP 2 – EVALUATION OF FULL APPLICATIONS

Palladium intends to issue a grant to the organization(s) considered to provide the best strategic fit, technical approach, past performance/organizational capacity and gender considerations for the overall project. Up to 20 top-scoring applicants from Step 1 will present their innovations to a panel of judges at the competition event in Addis Ababa. The presentations will be evaluated and scored using the same criteria an weight outlined for the concept note evaluation.

SECTION V: AWARD ADMINISTRATION INFORMATION

a. Award Notices

Under this challenge, the final six to ten top scoring applicants will receive grants or in-kind tailored technical assistance packages. The challenge team will determine the appropriate award instrument for the selections resulting from this RFA. All awards are subject to the availability of funds.

All applicants selected as winners at the finals will be required to successfully complete the pre-award due diligence process prior to receiving any funding. The pre-award survey helps determine whether the applicant's financial management and internal control systems are adequate to manage, control, account for, and report on the uses of the USAID funds. This process provides Palladium with the information needed to evaluate the ability of an applicant to adequately fulfill the terms of an award.

b. Award Administration Standards

Grants resulting from this solicitation will be administered in accordance with the approved Project Grants Manual, and the following regulations (as applicable):

- FAR Part 31 – Cost Principles for For-Profit organizations used to negotiate award amounts and terminations per 2 C.F.R. 200.201 (b)(1))
- Automated Directives System (ADS) Chapter 303 Grants & Cooperative Agreements to Non-Governmental Organizations: 303.3.25 Fixed Amount Awards to Non-Governmental Organizations
- A Mandatory Reference for ADS Chapter 303: 303_mak Fixed Amount Award Entity Eligibility Checklist – as adapted by Palladium
- A Mandatory Reference for ADS Chapter 303: 303_mat Fixed Amount Awards to Non-Governmental Organizations - as adapted by Palladium
- ADS 302.3.4.13 Grants Under Contracts (GUCs)
- 2 C.F.R. 200.1 Definition Fixed Amount Awards
- 2 C.F.R. 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts (as referenced in ADS 303.3.25.a.)
- 2. C.F.R. 200 Subpart E – Cost Principles for non-profit and educational organizations – used to negotiate award amounts and terminations per 2 C.F.R. 200.201 (b)(1))

c. Reporting

No reporting beyond submission of milestones will be required.

d. Branding & Marking Requirements

Apparently successful applicants will be required to submit a Branding Strategy and a Marking Plan that complies with approved Branding and Marking Plan for the project and must follow the mandatory standard provision entitled "MARKING AND PUBLIC COMMUNICATIONS UNDER USAID-FUNDED ASSISTANCE (DECEMBER 2014)" (for standard cost type grants) or "MARKING AND PUBLIC COMMUNICATIONS UNDER USAID-FUNDED ASSISTANCE (JULY 2015)" (for FAAs) in preparing the Branding and Marking Plan.

e. Environmental Compliance

Palladium will ensure all stipulated environmental measures and conditions in the award are implemented throughout the life of the award, and that timely amendments are undertaken, as needed, by obtaining the relevant USAID Environmental Officer's prior approval in writing to ensure compliance with 22 CFR 216 and the applicable USAID Environmental Guidelines.