



Issuance Date: November 7, 2022

Request for Application (RFA): MS4G WASH Blended Finance Program for Financial Institutions

Request for Application Number: RFA-CATALYZE-217772-Ethiopia-2022-0037

The due date for submission of questions: November 14, 2022

Pre-application Conference Date: November 15, 2022

Closing Date for Receipt of Applications: November 30, 2022

Total funding available (all grants): \$1,000,000

Anticipated Number of Grants: 3 to 5

REF: USAID/CATALYZE MS4G WASH Blended Finance for Program for FIs

Prime Contract Number: 7200AA19C00080

Subject: Palladium's Request for Applications (RFA) Number RFA-CATALYZE-217772-Ethiopia-2022-0037

Dear Prospective Applicants,

USAID CATALYZE MS4G, an initiative funded by the United States Agency for International Development (USAID) and implemented by Palladium LLC, is inviting financial institutions (FIs) that are interested in increasing access to finance for Micro, Small, and Medium Enterprises (MSMEs) with a special focus on the water, sanitation, and hygiene (WASH) sector. Palladium is implementing this Blended Finance mechanism under USAID Prime Contract # AID-7200AA19C00080

The RFA is comprised of the following five sections, plus attachments.

- 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 the achievement of program objectives. Please refer to the Program Description, under the funding opportunity section of this RFA for a complete statement of goals and expected results.

Subject to the availability of funds, CATALYZE MS4G intends to issue grants up to \$1 million in total for results achieved from December 2022 to November 2023. CATALYZE MS4G reserves the right to fund any or none of the applications submitted.

To be eligible for the award, applicants must provide all required information in their applications, including the requirements found in any attachments to this RFA. Applications that are submitted late, or incomplete, will not be considered. Awards will be made to the applicants whose applications best meet the requirements of this RFA and the evaluation criteria contained herein.

If potential applicants have any questions, queries, or clarifications, they may forward them to the following email address before the date stated on the cover page of this RFA: EthiopiaMS4G.procurement@thepalladiumgroup.com. Answers will be shared through an amendment to this RFA.

We are kindly inviting the applicants to send their expression of interest in participating in the conference related to this RFA through an email **no later than November 14, 2022, @ 17:00 EAT** to EthiopiaMS4G.procurement@thepalladiumgroup.com.

CATALYZE MS4G requires that applications be submitted electronically (e-mailed) to EthiopiaMS4G.procurement@thepalladiumgroup.com **no later than November 30, 2022, @ 17:00 EAT**.

Issuance of this RFA does not constitute an award commitment on the part of CATALYZE MS4G, nor does it commit CATALYZE MS4G to pay for any costs incurred in the preparation and submission of an application. Further, CATALYZE MS4G 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. Full Technical Application Template
- B. Full Cost Application/Budget Template
- C. FAA grant template

SECTION I: FUNDING OPPORTUNITY DESCRIPTION

1. Program description

USAID CATALYZE Market Systems for Growth (MS4G) is a four-year activity focusing on creating transformative outcomes in the food security and WASH sectors. To achieve these goals, the activity will engage youth, mobilize capital, increase access to finance, and support stakeholders to self-advocate toward policy change which will promote opportunities for the private sector community.

The MS4G WASH Blended Finance Program for FIs is intended to contribute to transformational change in the Water Sanitation and Hygiene (WASH) sector by increasing access to finance for MSMEs operating in the sector. The direct result will be loans to WASH sector MSMEs, incentivized by MS4G payments to participating FIs. The expected indirect results include FIs with more specialized experience lending to MSMEs in the WASH sector

2. Scope

The WASH sector is critical for achieving improved health and life expectancy, poverty reduction, and other important social outcomes. However, ranging from the need for large capital investments (for new infrastructure or manufacturing) to household finance to afford WASH products, there is inadequate finance available to the WASH sector in Ethiopia. WASH involves a diversity of sub-sectors, types of business operations and models, products, services, and enterprise types, each with its market dynamics, influences, incentives, and barriers.

Financial institutions lending to the WASH sector is constrained by three major factors, namely: 1) the high transaction costs and perceived risk associated with lending to MSMEs in this sector, particularly women-owned enterprises; 2) the lack of appropriate financial products targeting the WASH sector; and 3) banks and MFIs (Micro Finance Institutions) are under-capitalized and must choose between lending to traditional well-understood and the less well-known sectors and underserved groups. Understandably, they tend to choose the former.

In Ethiopia, small and medium enterprises often cite the lack of affordable financing as one of their top challenges. For enterprises offering sanitation and other WASH products and services, accessing loans is even more difficult than for other sectors. WASH businesses and consumers lack access to affordable credit, constraining household, and commercial investments in the WASH sector.

CATALYZE MS4G seeks to work with multiple financial institutions (FIs) in Ethiopia to address the shortage of capital for Micro, Small and Medium Sized Enterprises (MSMEs), to unlock the potential of private capital to strengthen operational and financial capacity of growth oriented Ethiopian MSMEs in WASH sector. To bridge the gaps that exist in credit access to MSMEs in the WASH sector and particularly to women-owned enterprises, MS4G has developed a blended finance program targeting financial institutions. The blended finance program entails the use of incentive payments to provide FIs with the motivation and resources to address the barriers to lending at scale to MSMEs in the WASH sector.

The direct beneficiaries of this blended finance program are the FIs themselves. The indirect target beneficiaries include water treatment product producers/distributors/service providers, liquid waste transporters, women hygienic product producers/distributors, last-mile distributors of WASH products, sanitary and hygiene products producers/distributors (including menstruation products), latrine producers/distributors/installers, bore-hole drilling service providers, distributors of spare parts for handwashing stations, latrine and bore-hole drilling, WASH products importers, distributors,

retailers, and other supporting local enterprises who wish to expand into the WASH sector from plastic manufacturing, etc.

3. Objectives

CATALYZE MS4G is issuing this RFA for the MS4G blended finance activity to FIs on a pay-for-results basis. MS4G seeks to engage FIs to expand access to finance for MSMEs by providing them with incentives as they extend credit to MSMEs in the WASH sector. This financing may include working capital, capital investment, debt, and any type of structured finance investments. This result-based grant is intended to encourage, and drive expanded financing and investments into WASH MSMEs and through this mechanism, FIs get incentive payments based on the amount of finance extended. CATALYZE MS4G strongly encourages and welcomes the facilitation of financing for women-owned enterprises and enterprises located in peri-urban and secondary cities.

Through this blended finance mechanism, MS4G expects partner FIs to lend up to USD 25 million to businesses engaged in the WASH sector. It also aims to increase lending to women-owned WASH MSMEs through an increased incentive rate. Banks can form consortia with MFIs to expand the coverage of their services to reach MSMEs. In such instances the roles and contributions of each member of the consortium should be clearly described.

Eligible Sectors and Geographic Scope

FIs will be eligible to receive incentives for supporting financing for MSMEs in the WASH sector. This will include financing for enterprises to improve WASH product or service quality and availability, scale innovative products or services, expand distribution to underserved market segments, and/or improve access to safe drinking water, sanitation solutions, and hygiene in Ethiopia.

CATALYZE MS4G will provide incentives to participating FIs for financing MSMEs throughout Ethiopia, including Addis Ababa. However, based on MS4G's geographic focus, at least 50% of qualified MSMEs for which a participating FI receives an incentive payment under this initiative must be located within peri-urban areas (areas that are in some form of transition from strictly rural to urban) and secondary cities (defined as cities –apart from Addis Ababa -- with a population size of 100,000 or greater). MSMEs that serve urban, semi-urban and secondary cities especially those affected by drought and increased internally displaced persons (IDPs) due to drought and conflict, to reach disadvantaged and increased slum populations should be given special consideration.

Incentive schedule

For qualified MSMEs, MS4G will offer a 4.0% success incentive on the financing/investment approved by MS4G, paid in USD currency. In the case of financing women-owned WASH businesses (with women holding 50% plus ownership stake), the success incentive shall be 5.0%.

A summary of the **Pay-for-Results** (P4P) payment schedule is listed below.

Type of Qualified MSME	Success Incentives (% of loan)
Qualified MSME in the WASH sector	4%
Qualified women-owned (50%+ majority) MSME in the WASH sector	5%

Eligible Enterprise Definitions

CATALYZE MS4G will pay an incentive per verified financing to MSMEs in target sectors and geographies that meet the following size parameters:

Enterprise Type	Sector	Employee Size	Total Assets (USD)
Micro	Industry	≤ 5	≤ \$4,630
	Service	≤ 5	≤ \$2,310
Small	Industry	6-30	\$4,630 - \$69,500
	Service	6-30	\$2,310 – \$23,150
Medium *		50-249	>\$23,150

Source: Ministry of Urban Development and Housing, * Medium enterprise is defined primarily by the size of employees. Asset size can be between \$23,150 to >\$69,500 (depending on sector type).

The ideal profile of MSME targets is those that are seeking financing in the range, on average, between \$50,000 and above, operating in the WASH sector, located in peri-urban/secondary cities, and preferably women-owned. CATALYZE MS4G will also support transactions/loans below \$50,000 if they meet all previously specified requirements.

Financial institutions participating in the blended finance program can generate and qualify MSME client pipelines in multiple ways including:

- a. **MSMEs identified through MS4G activities:** Through initiatives being undertaken by the MS4G enterprise growth objective area, and the utilization of business advisory service providers, several MSMEs are receiving technical assistance to improve overall firm performance and operations to make the enterprises bankable. MS4G may identify MSMEs and firms within the broader MS4G program ecosystem whose profile and financing needs align with the blended finance program objectives. In these instances, MS4G will provide participating FIs with MSME referrals to consider, understanding that the FI will need to undertake its credit assessment. If MS4G recommends an MSME for financing to the FI, then the MSME is considered pre-qualified and does not need to undergo additional prescreening requirements.
- b. **MSMEs identified by participating in FIs.** Participating FIs may – and are encouraged to – identify MSMEs and firms outside of the MS4G ecosystem that they would like to extend credit to under this incentive program. These proposed MSMEs will need to meet the criteria set by MS4G, including that at least 50% of the MSMEs financed under this specific blended finance program must be in the WASH sector and operate in peri-urban and secondary cities.

4. Requirements

Full Applications must conform to the structure in Attachment A Technical Application Format, which includes the following sections, described in more detail in SECTION III of this RFA.

5. Anticipated Outcomes

CATALYZE MS4G, through grants issued under this RFA, seeks to achieve the following but not exclusive illustrative outcomes:

Indicator	Intervention Outcome towards Target	Remark
Ind G1: USD capital mobilized	Up \$25m	This indicator is an all-inclusive sum of capital mobilized through MS4G efforts

6. Schedule

MS4G anticipates awarding one or more Fixed Amount Award (FAA) grants because of this solicitation process by November 2022. The expected performance period is between December 2022 to November 2023.

7. Project Guidance and Post-Award Support

During the grant period, the Grantee will report to the CATALYZE MS4G Grants Team for overall guidance related to this grant, to appropriate technical staff for technical matters, and the M&E team regarding monitoring deliverables. MS4G will provide the following to the selected Grantee(s):

- Project activity brief
- Simplified report template including, type of MSME, financing type, ownership structure, geography, loan repayment status, among others
- Kick-off meeting

8. Monitoring

CATALYZE MS4G will monitor the 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 the 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

To be considered eligible for a grant award, prospective grantees must:

- Be legally registered per the laws of Ethiopia (registration documents required).
- Not be part of a government or any government structures.
- Not to 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.
- Certify that they are receptive to participation in available learning opportunities and commit to participating in capacity-building components
- In addition, all prospective Grantees under consideration for an award exceeding \$25,000 (or local equivalent) must have or be able to obtain a **Unique Entity Identifier (UEI)** Number. Please include your UEI number or proof of UEI application with your application.
- Meet one or more of the following attributes:

- Be a FI without an existing MSME financing unit with an interest in developing an MSME lending portfolio
- Be a FI with an existing MSME portfolio with an interest in expanding lending to MSMEs, particularly in the WASH sector, or introducing new MSME lending standards and practices, and types of finance products available to MSMEs
- Be a FI with a demonstrated ability to initiate or expand lending to MSMEs in peri-urban and secondary cities
- Be a FI with a compelling and feasible strategy to initiate or expand financing to MSME clients, with a specific focus on MSMEs operating in the WASH sector, and/or women-owned MSMEs
- Be a FinTech or innovative financial service provider licensed by the National Bank of Ethiopia (NBE)

For more information on eligible sectors and geographic scope, refer to Section 1 Objectives of this RFA

Note: GSA has developed a useful interactive PDF tool that guides through the most common scenarios about UEI (https://www.fsd.gov/sys_attachment.do?sys_id=af05f8fb1b44851006b09796bc4bcb6d)

SECTION III: APPLICATION AND SUBMISSION INSTRUCTIONS

Activity Name: MS4G WASH Blended Finance Program for Financial Institutions

CATALYZE MS4G will award up to five (5) grants resulting from this solicitation to the responsive 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 MS4G 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.

FULL APPLICATION

a. Cover Sheet

The applicant provides basic contact information and information regarding the status of the organization. General information includes these elements:

- i. Legal Name of Organization
- ii. Mailing Address
- iii. Physical Location
- iv. Contact Information
- v. Organization's Legal Representative
- vi. Tax ID number (or other local ID required for organizations to be eligible)
- vii. UEI number, for grants expected to exceed \$25,000

b. Instructions for Preparation of the Technical Application (maximum 12 pages total, excluding annexes)

The Technical Application should be submitted in the English language, and attached with the following annexes, using the template included as Attachment A to this RFA:

- i. **Cover Letter (1 page):** with information regarding the FI. General information includes: (1) the Legal Name of the Entity, (2) the TIN, (3) the Mailing Address, (4) the Physical Location, (5) Contact Information, and (6) the Organization's Legal Representative.

ii. Company Profile (maximum 2 pages, refer to the technical proposal template)

Applicants are expected to present a two (2) Page summary providing an overview of their current lending/investment activities and provide any relevant details on their overall strategy and financial products and services used in mobilizing credit in the WASH sector, specifically MSMEs in the WASH sector.

iii. Project Description (maximum 4 pages. Use provided technical proposal template):

Applicants are requested to present a plan to mobilize financing to MSMEs in the WASH sector based on the requirements and eligibility presented in Section II above, including the following elements:

- State the total amount in US dollars to be committed for financing/investment into Ethiopian WASH MSMEs for the grants period. To the extent possible, provide details on which types of financial products and services are likely to be offered to or expanded to WASH MSMEs under this program. To the extent possible, estimate the potential number of WASH MSMEs to be served and the average size of a transaction. Provide a brief rationale on how this committed amount is feasible in the grant time frame. *(Note: this target financing amount will be used to set milestone targets and milestone grant payment amounts. Final milestones and payment amounts will be negotiated prior to award).*
- A strategy to rapidly expand financing to eligible WASH MSMEs. This can include orienting current financial services to WASH MSMEs, introducing new financial instruments/loan products well suited for WASH MSMEs, re-orienting staff resources towards expanding a WAHS MSME client base, any potential partnerships, or other actions to reduce obstacles to viable WASH MSMEs to access financing from the applicant.
- A strategy for inclusive financing to WASH MSMEs that includes a minimum of 30% women-owned enterprises, and 50% of financing to enterprises in peri-urban and secondary cities outside of Addis Ababa.
- Outline how the proposed elements will support progress toward the applicant's longer-term engagement in the WASH sector and MSME lending at large.

iv. Project Implementation Plan (1 page, use provided technical proposal template):

Applicants are expected to present an implementation that outlines when key activities will take place to ensure success under this initiative. Please attach a Gantt chart of planned activities and a timeline for their completion, with a brief description.

v. Monitoring and Evaluation Plan (maximum 2 pages)

Describe the monitoring and evaluation methods implemented by the applicant as well as the tools used to measure and evaluate WASH financing results and impact. CATALYZE MS4G expects collected data to comprise, among others, the type of SME, location, ownership structure, male/ female owned, age of the owner, and other parameters

vi. Experience and Capacity (up to 2 pages, please use template provided):

The applicant lists previous and ongoing experience implementing similar activities. This is a critical factor in assessing the capacity of the grantee to implement the activity. T

c. Instructions for Preparation of the Cost Application

As part of the Cost Application and in addition to the Budget Template (Attachment B), the applicant shall include the following:

i. Transmittal Letter

The application must be signed by an individual authorized to commit to the organization.

ii. Organizational Information and Certifications

The applicant shall submit the following annexes to the cost application:

- Copy of the organization's chart and bylaws and power of attorney of the authorized signer.
- Copy of the organization's legal registration under the laws of Ethiopia.
- Copies of the last annual financial report(s) completed by an authorized/certified accountant.

iii. Budget Narrative and Detail

This section should include a summary of the information provided in the application budget forms and includes the total grant funding request. The applicant must provide a budget, a budget narrative, and adequate cost and historical or unit pricing data to establish a reasonable cost and the assurance that the recipient will not realize any profit above the actual cost.

The applicant shall include a budget narrative that breaks down proposed costs in sufficient detail corresponding to the attached budget template to permit cost analysis. The budget shall be denominated in USD.

Cost estimates must be submitted **in Excel format using the attached budget template**. The file must be unprotected and there should be no hidden columns/rows/cells. Each cost element must include a basis for estimate or rationale. Any budget submitted without the accompanying narrative or in a different template will not be accepted and the application will not be considered. **Please note that applications will be judged based on the efficiency of costs vs. proposed performance targets and/or the ratio of MS4G investment/loans the FIs commit to provide MSME loans.**

The budget template contains the following budget categories:

a. Salaries (activity staff)

The applicant shall provide the individual's name, position title, the unit (days), the number of units (i.e., the level of effort), the unit salary or consultant fee, and the total salary or consultant fee. Unit salaries shall be stated in days. Benefits, fees, and indirect costs should not be included in the unit salary.

b. Fringe Benefits

This could include social security, health insurance, and other mandatory withholdings for relevant grantee staff.

c. In-Country Travel and Transportation

Travel and Transportation include per diem and shall be broken down by traveler, vehicle, number of trips, and the corresponding number of days of per diem. Include a basis of estimate for each trip.

d. Other Direct Costs (ODCs)

As part of the detailed budget breakdown, the applicant shall submit details of all other direct costs (ODCs) required for undertaking the award grant. ODCs include costs of direct program implementation, as well as costs for communication, meetings, expendable supplies and materials, report preparation/reproduction, and publications. Include a basis of estimate for each item.

As illustrative examples only, program implementation costs could include but are not limited to the following (or many others):

- *Marketing costs: The applicant should provide details of marketing costs that would promote its services. Illustratively, marketing costs could include events, signage, and promotional print materials.*
- *Assurance costs: The applicant should provide details of costs for quality improvement/assurance that could include supervisory visits and monitoring mechanisms.*

Submission of the full Application:

Full applications must be submitted no later than 17:00 EAT, November 30, 2022, electronically (via email) to EthiopiaMS4G.procurement@thepalladiumgroup.com using the subject line "Subject: MS4G Blended Finance Program for WASH Financial Institutions RFA 0037."

IMPORTANT NOTE: Technical and financial applications should be submitted in two separate electronic files.

SECTION IV: APPLICATION REVIEW INFORMATION

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

EVALUATION OF FULL APPLICATIONS

CATALYZE MS4G 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. The criteria below will serve as the basis upon which the application will be evaluated. Selection will also be based on the capabilities of the organizations as detailed in the application.

a. Evaluation Criteria

The technical applications will be evaluated according to the following criteria, which are listed below, with additional details:

	Evaluation Criteria	Details	Information Source (Attachment A- Technical Proposal)	Maximum Score

1	Strategic Fit	<p>Commitment, capacity, and strategy to expand financing activities to MSMEs, i.e., strategic fit</p> <p>Points will be awarded to FIs with existing MSME financing programs with a compelling strategy to expand lending to MSMEs in the WASH sector and geographies; introduce new financial products; or test new MSME products that are less reliant on traditional collateral.</p> <p>Points will also be awarded to FIs without existing MSME financing programs able to present a compelling rationale and strategy to introduce new MSME-oriented financial products and invest in internal capabilities to expand lending to MSMEs in the WASH sector.</p>	Technical Proposal	20
2	Capital Mobilization Commitment	<p>Amount and reasonableness of financing to be committed (in USD or ETB terms) in value of financing in target sectors and geographic areas of this initiative. The greater the value of financing to be committed by FIs and deemed reasonable, the greater the points to be awarded.</p> <p>Points will be awarded according to the proportion of the FI loan portfolio currently committed to WASH enterprises and/or to the proposed increase in overall financing to WASH MSMEs because of participation in this program.</p>	Technical Proposal and financial statements	25
3	Technical Approach (Inclusivity)	Compelling strategy and capacity to contribute to MS4G's target of 50% of financing mobilized under the blended finance program for women-owned enterprises, applicants should target a minimum of 30% women-owned enterprises	Technical proposal	25
4	Technical Approach (Geography)	Compelling capacity and strategy to provide loans to MSMEs in peri-urban and secondary cities as measured by the number of branches outside of Addis Ababa and % of loans extended in peri-urban and secondary cities.	Technical proposal	20
5	Organizational Capacity	The current level of financing extended to MSMEs in the WASH sector (per annual report) as a percentage of the total loan portfolio.	Technical proposal based on data extracted from the applicant's	10

			institutional Annual Report	
		Total		100

CATALYZE MS4G will award up to five (5) grants under this solicitation to applicants that achieve an evaluation score of 70 or above.

SECTION V: AWARD ADMINISTRATION INFORMATION

a. Award Notices

Successful applicants can expect to receive the following upon approval by USAID:

- A notice of USAID approval
- Draft Fixed Amount Award grant agreement

b. Award Administration Standards

Grants resulting from this solicitation will be administered by 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 https://www.acquisition.gov/far/part-31#FAR_31_000 and terminations per 2 C.F.R. 200.201 (b)(1)) - <https://www.ecfr.gov/current/title-2/section-200.201>
- Automated Directives System (ADS) Chapter 303 Grants & Cooperative Agreements to Non-Governmental Organizations: 303.3.25 Fixed Amount Awards to Non-Governmental Organizations - <http://www.usaid.gov/ads/policy/300/303saj>
- A Mandatory Reference for ADS Chapter 303: 303_mak Fixed Amount Award Entity Eligibility Checklist – <http://www.usaid.gov/ads/policy/300/303mak> as adapted by Palladium
- A Mandatory Reference for ADS Chapter 303: 303_mat Fixed Amount Awards to Non-Governmental Organizations - <http://www.usaid.gov/ads/policy/300/303saj> as adapted by Palladium
- ADS 302.3.4.13 Grants Under Contracts (GUCs) - <https://www.usaid.gov/ads/policy/300/302>
- 2 C.F.R. 200.1 Definition Fixed Amount Awards - <https://www.ecfr.gov/current/title-2/section-200.201>
- 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.) - <http://www.usaid.gov/ads/policy/300/303mak>
- 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)) - <https://www.ecfr.gov/current/title-2/section-200.201>

c. Reporting

Deliverables required for the success incentive payment

Each of the FIs selected under this RFA will have a quarterly success incentive payout until reaching the agreed grant ceiling. The grantee shall invoice CATALYZE quarterly based on the total amount it has mobilized in adherence to MS4G's geographic focus, at least 50% of qualified MSMEs should be

located within peri-urban (areas that are in some form of transition from strictly rural to urban) and secondary cities, defined as cities with a population size of 100,000 or greater.

The quarterly payment will be determined by incentive percentage rates based on the types of qualified MSMEs receiving financing. To receive payment, the FI must provide evidence of the approval and disbursement of financing or investment in the enterprise. The required documentation is listed below.

Proof of financing/investment disbursement

Disbursement may include legally binding financing or investment offer/acceptance documents.

- i) for debt, a **written or electronic financing commitment** (a legally binding loan agreement) from a finance provider and accepted by the finance seeker
- ii) for non-debt (equity or grants), disbursement of financing

CATALYZE MS4G reserves the right to audit documentation of disbursement results at any time, as the project conducts Monitoring and Evaluation (M&E) verifications. CATALYZE MS4G will obtain both the FI and enterprises' approval to release information in publicly reported success stories, periodic reports, and lessons learned reports. The FI may be required to submit additional reporting periodically (reporting format will be provided by MS4G). Participating FIs agree to comply with and respond to MS4G requests for information.

d. Branding & Marking Requirements

Should successful applicants have the plan to publicize any document relating to this grant, they will be required to submit a Branding Strategy and a Marking Plan that complies with the 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 for approval.

e. Environmental Compliance

The grants program anticipates funding only activities that fall under the categorical exclusions of "USAID Environmental Guidelines."¹ Therefore, if all activities under a specific grant are identified as categorical exclusions, the project will not conduct any additional environmental assessment or will not require prior review by USAID's environmental officer. However, in instances where the proposed activity may directly affect the environment outside the exclusions, the project will seek guidance from the COR, to ensure compliance with 22 CFR 216 and the "USAID Environmental Guidelines." https://www.usaid.gov/our_work/environment/compliance/22cfr216#216.1

CATALYZE MS4G 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

¹ 22 CFR 216

Addendum to the RFA

Definitions

- **WASH -Water, Sanitation and Hygiene:** “WASH business” refers to enterprises offering products or services in the water, sanitation, and hygiene sector. This encompasses a wide range of businesses including small-scale artisans making or installing latrines; retail shops selling latrine pans and related sanitation and hygiene supplies; importers and wholesale distributors of WASH products; and commercial manufacturing operations fabricating supplies for the sector.
- **Blended Finance:** blended finance is defined as the leveraging of public funds to catalyze private-commercial capital. The structure blends capital, which has a development mandate, with capital that does not, in a way that makes the target sector more investable. For all intents and purposes of this RFA, the blended finance mechanism is about providing incentives to FIs so that they lend more to businesses engaged in MS4G’s preferred sector, that is, WASH.

Table 1: Illustrative MS4G WASH Target Enterprises, Investments, and Outcomes

WASH segment	Target Enterprise Types	Target installations, products, and service types	Illustrative outcomes of MS4G WASH finance activities
Water	<ul style="list-style-type: none"> ● Wastewater management ● Water treatment manufacturer ● Plumbing companies ● Water drilling and construction companies ● Distributors/ retailers of water purification solutions. ● Urban water tank operators ● Bottled water manufacturers, with a focus on recycled plastic ● Recycled plastic producers of water pipes 	<ul style="list-style-type: none"> ● Enable scaling of existing wastewater management service ● Increased domestic production of water treatment chemicals ● Scale and enhance plumbing services ● Expand water well drilling and construction services to more geographic areas ● Increase the provision of water purification solutions ● Purchase of vehicles, spare parts, and sourcing opportunities ● Increase production and distribution in different segments of the market ● Purchase of vehicles, provide credit scheme with farmers 	<ul style="list-style-type: none"> ● Procurement of vehicles and equipment required to scale enterprise ● Enable MSMEs to source raw materials and production equipment for increased production. ● Enables plumbers to procure and store fast-moving spare parts and tools and increases their customer base ● Enable driller and construction companies to procure required equipment and supplies to drill and construct water lines ● Capacitate and Enable MSMEs to provide Operation & Maintenance services in the Water sector
Sanitation	<ul style="list-style-type: none"> ● Sanitation product importers/ wholesalers 	<ul style="list-style-type: none"> ● Import increased volumes (e.g., Sato stool, Sato pans, etc.) Scale services for a wider reach 	<ul style="list-style-type: none"> ● Import increased volumes (e.g., Sato stool, Sato pans, etc.)

	<ul style="list-style-type: none"> ● Masons and toilet service providers ● Sanitation product manufacturers ● Septic tank waste removers (pit-emptying) ● Residential and small commercial biogas installers ● Recycling of waste materials into new materials. ● Fecal sludge management (FSM) (storage, collection, transport, treatment, and safe end use or disposal of fecal sludge.) 	<ul style="list-style-type: none"> ● Increase production of sanitation products (e.g., plastic slabs) ● Purchase of vehicles, spare parts, and service expansion ● Turnkey installations, importation of hybrid tanks, and other equipment ● Sludge drying bed construction 	<ul style="list-style-type: none"> ● Enables MSMEs to increase their merchandise to reach more households and grow their enterprise ● Procure equipment, machinery, spare parts, and input materials, as well as market products ● Accessibility of septic tank waste removal services ● Expansion of biogas services for cooking ● Volume of Waste recycled and used for other services
I Hygiene	<ul style="list-style-type: none"> ● Manufacturers of feminine hygiene products ● Handwashing facility manufacturers and installation ● Detergent manufacturers ● Sanitizer manufacturers ● Non-medical mask manufacturers ● Mouth and tooth cleaning product manufacturers ● Shower service providers 	<ul style="list-style-type: none"> ● Increased production of sanitary pads ● Increase production and improve the quality of handwashing facilities ● Scale production of detergent ● Scale production of non-medical masks ● Scale shower service to increase quantity/availability 	<ul style="list-style-type: none"> ● Increased access to finance to procure machinery required to produce the products ● Procurement of input materials and machinery for increased production, enabling us to produce more of the products. ● Procure machinery, raw materials, and inputs required to scale ● Procure machinery and raw materials required to scale production ● Procure facilities, shower fixtures, spare parts ● Finance for Installation and provision of shower service increased.

N.B: Loans to SMEs for the construction or rehabilitation of WASH boreholes, sanitation, or hand washing wash stations.