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Issuance Date: November 23, 2022

Request for Application: MS4G Debt restructuring for agriculture loans

Request for Application Number: RFA-CATALYZE-217772-Ethiopia-2022-0051

The due date for submission of questions is November 29, 2022

Pre-application Conference Date: November 30, 2022

Closing Date for Receipt of Applications: Rolling submissions evaluated through December 2022, or until available funding has been allocated to qualified applications.

Total funding available (all grants): up to \$2 million

Anticipated Number of Grants: Multiple until total funding is obligated

REF: Debt restructuring for agriculture loans

Prime Contract Number: 7200AA19C00080

Subject: Palladium's Request for Applications (RFA) Number RFA-CATALYZE-217772-Ethiopia-2022-0051

Dear Prospective Applicants,

CATALYZE Ethiopia: MS4G, an initiative funded by the United States Agency for International Development (USAID) and implemented by Palladium LLC, through this grant mechanism, is inviting financial institutions (FIs) that are interested in restructuring or refinancing loans to agribusinesses, one-stop-shops, agro-dealers/retailers, farmers, farmer cooperatives, cooperative unions, exporters or smaller financial institutions suffering demonstrable shocks caused by the Ukraine conflict and increased fertilizer prices. Palladium is implementing the MS4G Debt restructuring for agriculture loans under USAID Prime Contract # AID-7200AA19C00080.

The RFA is comprised of the following 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 the achievement of program objectives. Please refer to Section I of this RFA entitled Funding Opportunity Description for a complete statement of goals and expected results.

Subject to the availability of funds, CATALYZE MS4G intends to issue multiple grants of up to \$2 million in total for results achieved from December 2022 to May 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 application, 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 25, 2022 to EthiopiaMS4G.procurement@thepalladiumgroup.com.

CATALYZE MS4G will accept and review applications on a rolling basis to enable expedited implementation of this activity. CATALYZE MS4G will commit funds on a 'first qualified' to apply, first to be awarded' basis, for all applicants that meet the minimum evaluation score as detailed in Section IV of this RFA.

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 Grant 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 funded by USAID/Ethiopia 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.

In response to the impact of supply disruptions, sharp prices increase in the price of food, and increases in the cost of agricultural production in Ethiopia, CATALYZE MS4G is placing a special focus on activities and partnerships with Ethiopian private sector partners to help increase farmer's access to – and ability to afford – both chemical and biological fertilizer, enhance the reliance of enterprises impacted by the rising cost of fertilizer, and strengthen Ethiopia's fertilizer and supply chain over the long term.

2. Scope

As the food and agriculture sector experiences near-term inflationary pressures, the increases in fertilizer prices not only impact the ability of Ethiopian farmers to purchase fertilizer but also impacts their ability to service their existing debt. It also impacts Agri-SMEs in the agriculture sector for whom fertilizer and other input costs can have a significant impact on the performance and viability of their supply chain or ability to conduct business. Ethiopian Agri-SMEs are experiencing several challenges ranging from lack of access to fertilizer inputs, unaffordable prices when available, and ever-increasing costs of other inputs and fuel, resulting in high workforce costs, reduced productivity, strained or minimal cash flow, hence the inability to service existing debt.

Ethiopian FIs have provided agricultural loans/financing to businesses in the value chain and have been increasing their portfolio in the sector. Although most of their borrowers are creditworthy and loyal to the bank, many of them failed to pay their contractual loan commitments due to the Ukraine conflict, which disrupted the international trade supply chain of which agricultural inputs and others are the main. As a result, the portfolio at risk (PAR) exposure of these FIs is increasing since the conflict started. The Ethiopian financial sector is currently experiencing a liquidity crunch for a variety of reasons, including the conflict, with banks allocating a sizable portion of their limited liquidity to trade finance activities. This pushes FIs to focus more on debt collection, rather than refinancing or restructuring activities.

As part of its larger response to the impact of rising fertilizer costs on farmers, agribusinesses, and food security in Ethiopia, CATALYZE MS4G plans to partner with banks looking to restructure or refinance loans to agribusinesses, portfolios of farmers, or smaller financial institutional suffering demonstrable shocks caused by the Ukraine conflict and increased fertilizer prices. This debt restructuring and refinancing activity will focus on alleviating debt service challenges faced by bona fide debtors who have experienced cashflow difficulties resulting from the impact of the Ukraine conflict starting in February 2022. CATALYZE MS4G will prioritize banks with a portfolio of Agri-SMEs whose failure or reduction in production or operations would have a significant impact on workers of farmer supply chains. As a result, these Agri-SMEs have had problems repaying their loans, demonstrably starting from March 2022. ***To facilitate and incentivize the debt restructuring and refinancing process, CATALYZE MS4G will cover, or co-fund – based on limitations agreed within the grant agreement – the minimum loan repayment amount required to regularize the status of Agri-SME loans that are categorized as non-performing, or borderline (special-mention category).*** While this specific initiative will focus on immediate debt restructuring and refinancing to prevent Agri-SME failure in the near term, CATALYZE MS4G also intends to link its Business Advisory Service Providers (BASPs) networks to support small and medium Agri-SMEs receiving debt restructuring to enhance their long-term business performance.

3. Objectives and Anticipated Outcomes

MS4G's debt-restructuring activity aims to assist **at least 300 Agri-SMEs** whose loan is categorized by the bank as either "special mention" or "non-performing" - **because of the increased cost or scarcity of fertilizer and production stemming from the economic impacts of the conflict in Ukraine.**

This will be achieved by grants to multiple qualified commercial banks. This debt restructuring initiative is intended to ensure that eligible Agri-SMEs have the funds needed for the required minimum payment to restructure or refinance a loan and allow banks to adjust payments to enable client Agri-SME's operations to monthly, quarterly, semi-annual, or annual payments to avoid a mismatch between cashflow generation and bank loan repayment schedules.

This debt restructuring initiative is expected to benefit the Agri-SMEs, their workforce, and farmer supply chains in the following ways:

- The ability to continue business operations without risk of default or inability to access working capital, thus reducing the potential negative impact on workers' or supplier farmers' livelihoods.
- Protecting Agri-SME's credit rating to allow them to access refinancing or new credit in the future to grow or maintain the size of their current workforce and supply chains; or
- Reduce the risks of higher interest rates for current and future loans and/or credit lines that would result from a default, thus enhancing their future growth prospects.

As appropriate, following debt restructuring, MS4G will connect client Agri-SMEs whose loans were restructured to its network of BASPs. These BASPs will provide advisory and consultancy services to improve the longer-term operational, financial, and organizational performance of these businesses to reduce the risks of future debt service challenges and thus overall restructuring risks.

4. Program Structure

To assist qualified and selected partner banks in restructuring and refinancing loans to eligible Agri-SMEs (see below), CATALYZE MS4G debt restructuring activity will involve the following steps (with some variations based on individual banks' technical proposals and internal processes as agreed upon within the grant award):

- 1) Upon issuance of this RFA, interested banks shall submit their application as per the technical proposal template attached to this RFA. Based on the strength of the proposal, banks that pass the minimum requirement shall be pre-selected and shall be notified of their pre-award selection.
- 2) Pre-selected banks will identify Agri-SMEs that a) meet the basic eligibility requirements, and b) have loans eligible based on the criteria set by CATALYZE MS4G and contact them for consent and engagement. These banks, upon eligible Agri-SMEs' consent, will share all relevant information on each proposed borrower based on the requirements outlined by the RFA (and the technical proposal template). The data will comprise, among others, the type of Agri-SME, location, ownership structure, male/ female owned, age of the owner, number of employees, size of any farmer supplier networks, and other parameters.
- 3) Based on the selected partner bank's proposal, the grant amount shall be approved, and milestone payments agreed upon, and CATALYZE MS4G will award a grant to the selected partner bank and release the first tranche of the grant. The first tranche of the grant shall be released upon submission of the first milestone.
- 4) Partner banks shall conduct workout analysis, including determining and collecting the **minimum** loan repayment amount required to regularize the status for problem loan categories as determined in the RFA.
- 5) Selected banks will close the workout process with adjusted payments based on what best fits the needs of the Agri-SMEs to match current and anticipated cash flow to new loan repayments.
- 6) Selected banks then sign a debt restructuring agreement with the borrower and notarize the modified contract, as needed.
- 7) Selected banks will provide data on the Agri-SMEs that received debt restructuring or refinancing support. Upon completion of the debt restructuring or refinancing process, CATALYZE MS4G will connect assisted Agri-SMEs – in coordination with partner banks – to its networks of BASPs to provide support to enhance client Agri-SME's longer-term business prospects.
- 8) The release of subsequent tranches will depend on the performance of the partner bank (debt restructuring that is adherent to this RFA's expectations and how fast the tranche is utilized). Upon successful utilization of the first tranche, CATALYZE MS4G shall release subsequent grant/s, until the full amount is utilized. (Refer to the following table for milestone payments).

Anticipated Milestone Payment Table for Grantee Financial Institutions

Milestone #	Milestone Name	Deliverables	Acceptance Criteria	The anticipated date for the milestone	Payment
1	Presentation of Eligible Agri-SMEs	A detailed breakdown of its problem loans per the requirements of the RFA <i>(Please refer to the technical proposal template.)</i>	Alignment with RFA requirements and reasonableness of the proposal.	Within 15 days of receipt.	30% of the approved grant
2	Confirmation of Debt Restructured #1	M&E data, restructuring contract signed by the Bank and the borrower	Effectiveness of partner bank in restructuring of its problem loan per the agreed timetable.	Upon utilization of the first tranche	40% of the approved grant
3	Confirmation of Debt Restructured #2	M&E data, restructuring contract signed by the Bank and the borrower	Effectiveness of partner bank in restructuring of its problem loan per the agreed timetable.	Upon utilization of the second tranche	30% of the approved grant
4	Confirmation of Debt Restructured #3	M&E data, restructuring contract signed by the Bank and the borrower			No payment

Note: CATALYZE MS4G could change the payment modality based on the reasonableness of the bank's debt restructuring ability as presented in the technical proposal.

5. Eligible Sectors and Geographic Scope

This funding opportunity is intended to focus solely on debt restructuring of Agri-SMEs operating in the agricultural sector. The geographic scope of these target Agri-SMEs is Addis Ababa, rural, peri-urban areas (areas that are in some form of transition from strictly rural to urban), and/or secondary cities.

6. Requirements

Full Application must conform to the structure in Attachment A, Technical Application Format, in SECTION III of this RFA.

Responsibilities of a partner Financial Institution

Selected Financial Institutions will be expected to carry out the following activities:

- Identify Agri-SMEs whose loan repayment capacity is affected by **the increased cost or scarcity of fertilizer and production stemming from the economic impacts of the conflict in Ukraine** and provide data and documentation on each Agri-SME loan restructured/refinanced,
- Set up a rapid response team to fast-track loan workouts and restructuring within the agreed period.
- The partner bank should justify that the loans that it plans to restructure can or would not otherwise be rescued and as such requires CATALYZE MS4G's intervention. This justification may include the bank's internal loan follow-up documentation.
- Collect the balance of the required minimum payment that CATALYZE MS4G does not cover for special mention/non-performing loans and undertake the workout on a case-by-case basis.

- Provide data on Agri-SMEs supported to support program MEL. The data will comprise, among others, the type of Agri-SME, location, ownership structure, male/female owned, age of the owner, and other parameters.
- Provide timely reports to MS4G on the utilization of the fund and provide alongside its progress report, details of loan restructuring as per the requirements of CATALYZE MS4G.

7. Schedule

CATALYZE MS4G anticipates awarding one or more Fixed Amount Award (FAA) grants through this solicitation by the closing date. Grant applications will be evaluated, screened, and awarded on a first qualified-to-apply, first-to-receive award basis, until the full \$2 million budget for this activity is allocated or until the closing date, whichever comes first. The expected performance period is between December 2022 to June 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 to the M&E team regarding monitoring deliverables. CATALYZE MS4G will provide the following to the selected Grantee(s):

- Project activity brief
- Simplified report template
- 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:

- Bi-weekly meetings with Project Team
- Monthly 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) and be a regulated and licensed financial institution by the National Bank of Ethiopia.
- Not be part of a government or any government structures.
- not appear on any list of disbarred 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.
- Willingness to sign all applicable assurance certifications.
- 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)**¹ Number.

¹ 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)

- Meet one or more of the following attributes:
 - Be willing to engage with CATALYZE MS4G to restructure agriculture loans that are affected by the cost and availability of fertilizer and justify that recipient Agri-SMEs are unable to service their loans because of strained cash flow.
 - Have the commitment, capacity, and a clear plan to actively engage and offer flexible debt restructuring terms including interest rate reduction.
 - Be willing to accommodate a fast turnaround activity on debt restructuring (i.e., set up a rapid-response team).
 - Be willing to provide baseline portfolio at risk (PAR) information to demonstrate the banks' normal default for loans at risk and allow CATALYZE MS4G to quantify the impact of the program.

Eligibility criteria for benefiting Agri-SMEs

Agriculture-related businesses with existing agricultural loans that are under special mention, or non-performing category are eligible for debt restructuring. These include but are not limited to farmers or farming enterprises, one-stop shops (OSS), agro-dealer/retailers, farmers, farmer cooperatives, cooperative unions, exporters, agricultural training institutes, or smaller agricultural lending or financial service institutions. Businesses that may benefit from debt restructuring. Additional and specific eligibility is as follows:

- Borrowers whose livelihoods are at risk because of a disruption in business operation, higher costs of production, and who are at risk of default.
- Borrowers who failed to pay their contractual loan commitments in the last nine months have been classified as non-performing loans in both the conventional and interest-free financing modalities.
- Borrowers whose loan is already rescheduled/renegeotiated; however, the past due interest and principal amounts are still not collected and hence it is not possible to classify them as regular, per NBE directive² on asset classification and provisioning.
- Borrowers whose loan status is classified as Special Mention as of September 30, 2022, with past due loan amounts. These borrowers could have no capacity to repay it now and deserve consideration in the rehabilitation of their loan. Loans under these categories could be considered if there is a possibility of going into default.
- Borrowers whose loans are special mention or nonperforming must agree to have their loan restructured and receive business advisory support from our BASPs.

SECTION III: APPLICATION AND SUBMISSION INSTRUCTIONS

Activity Name: CATALYZE MS4G Debt restructuring for agriculture loans for Financial Institutions

CATALYZE MS4G will award multiple 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. Solicitations will be evaluated and awarded on a rolling basis until the \$2 million in funds budgeted for this activity are awarded.

This solicitation does not commit CATALYZE 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 full application consists of a technical application and a cost application which are explained in further detail below.

a. Instructions for Preparation of the Technical Application (maximum 11 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 applicant. 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; (7) *UEI number, for grants expected to exceed \$25,000 (or proof of registration/application for UEI number)*

- i. **Commercial Bank Profile (2 pages):** Provide a one (1) Page summary providing an overview of the applicant FI's current lending/investment activities, inclusive of a narrative of the current level of financing in the agriculture sector and Agri-SMEs by region. Provide any relevant details on the applicant's overall strategy and priorities in working out of problem loans in the agriculture and agribusiness sector and how the FI meets eligibility requirements.

- ii. **Project Description (4 pages maximum):** Applicants are requested to present a plan and strategy to rapidly restructure and refinance qualified loans for eligible Agri-SMEs based on criteria presented in Section II above, including the following elements:
 - A description of the portfolio of qualified loans of eligible Agri-SMEs that the applicant proposes to restructure or refinance under this activity. This includes details on the number of Agri-SMEs identified, the total amount and the average size of loans to be restructured or refinanced, and the anticipated/proposed value of minimum payments requested from CATALYZE MS4G to regularize the proposed portfolio of loans to be worked out.
 - As information is available, a summary of the number of jobs, amount of revenue, the volume of agriculture production, or several supply chain partners sustained by the operations of the proposed portfolio of Agri-SMEs is available for debt restructuring and refinancing.
 - A compelling strategy to rapidly identify and engage eligible Agri-SMEs to negotiate and finalize debt restructuring or refinancing contracts that avoid default, disruption of eligible Agri-SME's operations, or Agri-SME's future creditworthiness and performance. This includes a staffing strategy of mobilizing a rapid response team and policies and processes to ensure a rapid yet prudent workout process.
 - Outline how the proposed elements will support progress toward their borrowers' credit quality and longer-term engagement in the agriculture sector.

- iii. **Project Implementation Plan (1 page):**
Present an implementation plan that outlines key activities and when they will take place to ensure success under this initiative. This section may include a Gantt chart of planned activities and a timeline with a brief narrative.

- iv. **Monitoring and Evaluation Plan (2 pages):**
Describe the monitoring and evaluation methods to be implemented by the applicant as well as the tools used to measure and evaluate the loan restructuring and refinancing activities, targets, and results. This includes methods to capture impact data on the levels of worker and supplier farmer livelihoods sustained because of loan restructuring or refinancing, as well as sales, production, and revenue volumes sustained.

- v. **Experience and Capacity (1 page):**

Describe the applicant's capability to quickly mobilize a rapid response workout team and policies and processes to ensure a rapid yet prudent workout process. Existing workout loan policies and procedures should be explained and referred to about this RFA's purposes.

- vi. **Organizational Information and Certifications (annexes)**
The applicant shall submit the following annexes to the technical 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.

b. Instructions for Preparation of the Cost Application

The applicant must provide a detailed budget and accompanying budget narrative which describes the necessary costs for implementing the grant program. The budget narrative should include adequate cost and historical or unit pricing data to support the reasonableness of costs included.

Applicants must distinguish between costs for the different loan categories: Special Mention, Non-performing loans, and Renegotiated Loans per NBE directive SBB/69/2018. Where applicants will provide Renegotiated Loans per NBE directive SBB/69/2018, the applicants shall use the required cost breakdown and reflect the minimum payment per the requirement of the directive.

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 the organization.

ii. Budget Narrative and Detail

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.

The budget template contains the following cost categories to effectively restructure problem loans. Applicants are not required to budget costs under each category, but should only include costs necessary for the applicant to be able to deliver the grant program as designed:

a. Salaries (activity staff)

The applicant shall provide the 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, several 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 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 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.

NOTE: USAID Policy Prohibits the Payment of Fee/Profit to recipients under assistance instruments.

Submission of the full Application:

Full applications must be submitted as soon as possible, as rolling submissions are evaluated through December 2022, or until available funding has been allocated to qualified applications.

Applicants should send their applications electronically (via email) to EthiopiaMS4G.procurement@thepalladiumgroup.com using the subject line “Subject: CATALYZE MS4G Debt restructuring for agriculture loans for Financial Institutions.”

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, which are listed in order of importance, with the most important listed first with additional details.

	Evaluation Criteria	Details	Information Source (Refer Annex I- Technical Proposal)	Maximum Score
1	Potential Impact	<p>Level and reasonableness of the potential applicants' proposed loan restructuring and refinancing amounts, as well as the overall number and geographic coverage of loans to be regularized.</p> <p>Consideration will be made for Banks proposing a portfolio of Agri-SMEs for loan restructuring and refinancing whose default or disruption of operations would have a significant impact on Agri-SMEs' employees, supply chains, agriculture production, and food security in Ethiopia. The number of farmers and/or workers benefiting because of the restructuring activity is an additional consideration.</p>	Technical Proposal	30
2	Technical Approach (reasonableness and rapid response)	<p>Compelling strategy, willingness, and flexibility to engage in debt restructuring engagement with MS4G. Consideration will be given to the extent the bank is willing to align itself with this initiative in terms of setting up a rapid-response workout team, means of carrying out its specific activities in a prudent way to improve its credit quality.</p> <p>Consideration will be made for FIs with a compelling strategy to deliver a "quick turnaround" workout strategy to restructure problem loans in the agricultural sector whose loan repayment ability is impacted by increased costs because of the Ukraine conflict.</p>	Technical Proposal	30
3	Technical Approach (Cost workup)	<p>Compelling capacity and strategy to restructure problem agriculture loans as reflected by a clear, reasonable, and acceptable cost workup and the related loan amount to be restructured. This will inform what the restructuring grant shall be as a percentage of the total problem loans.</p>	Technical proposal	20
4	Organizational Capacity	<p>Applicant's capability to rapidly mobilize a rapid response workout team and policies and processes to ensure a rapid yet prudent workout process.</p> <p>Consideration will be made to Banks with a demonstrated commitment and ability to work with Agri-SMEs in the agriculture sector, including past lending, loan restructuring, and refinancing rates</p>	Technical proposal based on data extracted from the applicant's institutional Annual Report	20
		Total		100

CATALYZE MS4G will accept and review applications on a rolling basis to enable expedited implementation of this activity ('first come, first serve'). Applicants that meet the minimum evaluation score of 70 or above will be considered eligible for funding and will proceed to the pre-award assessment stage of review.

This solicitation does not commit CATALYZE 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.

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 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

Deliverables required for success fee payment

Per the terms of the award agreement, CATALYZE MS4G will release the debt restructuring funds in tranches. The first tranche shall be released on signing the grant agreement. Subsequent releases shall be justified through proof of debt restructuring by utilizing the preceding tranche.

Proof of debt restructuring

Debt restructuring will include legally binding contracts per the Ethiopian financial laws and civil code.

CATALYZE MS4G reserves the right to audit documentation of restructuring results as well as conduct spot checks 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 grantee may be required to submit additional reporting periodically (reporting format will be provided by MS4G). Successful grantees agree to comply with and respond to MS4G requests for information.

d. Branding & Marking Requirements

Successful applicants 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.

e. Environmental Compliance

The grants program anticipates funding only activities that fall under the categorical exclusions of “USAID Environmental Guidelines.”² 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.”

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

NOTE: CATALYZE MS4G will keep all information/data shared by potential partners confidential

² 22 CFR 216