Issuance Date: April 13, 2023
Request for Application: Introducing SMEs to Digital Payment Platforms
Request for Application Number: RFA-CATALYZE-217772-Ethiopia-2023-0061
The due date for submission of questions is April 21, 2023
Pre-application Conference Date: April 26, 2023, at 3:00PM
Closing Date for Receipt of Applications: May 12, 2023, at 17:00 EAT
Total funding available (all grants): USD 200,000 (to be awarded in Ethiopian Birr)
Anticipated Number of Grants: 1-2

Prime Contract Number: 7200AA19C00080

Dear Prospective Applicants,

CATALYZE Market Systems for Growth (CATALYZE MS4G), an initiative funded by the United States Agency for International Development (USAID) and implemented by Palladium LLC, is inviting fintech platforms with innovative and scalable solutions for youth and women job creation and enterprise growth to apply for funding to onboard enterprises in the food security and water, sanitation, and hygiene (WASH) sectors to digital payment platforms.

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 the program objectives. Please refer to the Funding Opportunity Description 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 totaling up to USD 200,000 – to be awarded in Ethiopian Birr – with a performance period from June 2023 to May 2024. 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: CATALYZE-Ethiopia.ms4g.grants@thepalladiumgroup.com. Answers will be shared through an amendment to this RFA. The pre-application conference will be conducted both in-person and virtual on the stated day.

CATALYZE MS4G requires that applications be submitted electronically (e-mailed) to CATALYZE-Ethiopia.ms4g.grants@thepalladiumgroup.com **no later than May 12, 2023, @ 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

<u>Attachments:</u>
A. Full Technical Application Template
B. Full Cost Application/Budget Template
C. Fixed Amount Award (FAA) Template
D. ADS 303mav: Certifications, Assurances, Representations, and Other Statements of the Recipient

SECTION I: FUNDING OPPORTUNITY DESCRIPTION

1. **Program description**

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

As a key component of its work, CATALYZE MS4G aims to accelerate the use of digital solutions and services on the part of Ethiopian enterprises to improve efficiency in business operations, access new domestic and international customers, enhance financial inclusion, and reach previously underserved customers not only in Addis Ababa, but also in secondary cities and rural areas. Through this RFA CATALYZE MS4G aims to partner with Ethiopian fintech platforms to enable and incentivize small and medium enterprises (SMEs) in the food security and WASH sectors to initiate or expand their presence on digital payment platforms as part of their business growth strategies.

2. **Scope**

CATALYZE MS4G plans to partner with one or more fintech platform with innovative and scalable solutions for youth and women job creation and enterprise growth by on boarding enterprises in food security and WASH sectors to digital payment platforms.

These platforms shall be active and operational in Person to Business (P2B) payment services and have the potential to create jobs for youth and women and onboard and maintain large numbers of enterprises actively using digital payment platforms. The following are major intervention areas for CATALYZE MS4G:

1. **Trained Agents**: through its Youth Programming and Digital Economy components, CATALYZE MS4G will work with selected platforms to recruit, train, and place qualified youth and women who will serve as sales agents for full-time equivalent jobs. These agents will also be part of the process to create awareness to SMEs in food security and WASH sectors on the use and advantages of these digital payment platforms. As CATALYZE MS4G aims to scaleup existing interventions, the fintech platforms shall have a clear strategy in place for youth and women placement. The training should prepare the agents to do the following:
   - Identify and onboard SMEs in Food Security and WASH sectors.
   - Provide guidance and training to SMEs on usage of the digital payment platform.
   - Provide a year-long follow up and monitor SMEs for efficient usage of the digital payment platform.
   - Engaged with a minimum of two SMEs either in Food Security or WASH sectors.
2. **Introduction, onboarding, and capacity building of enterprises to digital payment platform**: The service providers are encouraged to identify SMEs through the sales agents trained and placed. In addition, the companies are expected to provide digital and financial literacy to the SMEs. In the process, SMEs financial management shall be improved.
3. **Expansion to secondary cities**: As 50 percent of CATALYZE MS4G's engagement is at secondary cities, the service providers are expected to have a plan to expand to secondary cities with more than 300,000 residents.

3. **Objectives**

Partnering with one or more Ethiopian fintech platforms, CATALYZE MS4G expects to introduce and onboard up to 400 businesses engaged in the food security and WASH sectors onto digital payment platforms and maintain active users of digital payments. This in turn is expected to advance the enterprise sales growth, performance, and sustainability through the use of digital solutions to increase access to the domestic consumer market and improve business efficiencies.

Eligible Sectors and Geographic Scope

This initiative is targeted toward established and proven Ethiopian fintech companies with an interest in co-investing in activities that introduce and onboard SMEs in the food security and WASH sectors. Food Security including agribusinesses, cooperatives, smallholder farmers, anchor firms engaged in food security value chain. The engagement could be in Agri-input, cultivation, harvesting, post-harvest, transportation, processing, marketing, distribution, and consumption. The WASH sector includes:

- Rural maintenance and supply service providers,
- Water supply utilities,
- Water supply spare parts supply chain,
- Rural and small town-based sanitation and supply chains,
- Small town sanitation service chains,
- Cities and small towns based sanitation service chain,
- Point of consumption water treatment service,
- Menstrual hygiene management sector,
- Cities and small-town solid waste management and recycling service chains.

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. Illustrative products marketed by WASH SMEs may include soap and cleaning products, feminine hygiene products, alcohol-based hand rubs and disinfectants, water purification tablets, water storage and filter devices, household sanitation products, wastewater treatment chemicals, and products for household waste management.

4. Anticipated Outcomes

At the end of this intervention, CATALYZE MS4G in collaboration with the service providers aims to accelerate the growth of digital economy by identifying potential areas to support the food security and WASH sectors.

Through Fixed amount awards (FAAs) issued to one or more digital payment partners, CATALYZE MS4G aims to achieve the following outcomes:
- At least 400 Sales agents trained and placed.
- At least 400 food security and WASH business introduced and onboarded onto fintech platforms.
- At least 400 food security and WASH businesses actively use digital payment for transactions.
    - Enhanced capacity of SMEs to efficiently use the fintech platforms.
    - Enhanced operations and transactions of SMEs as the result of the fintech platforms.
    - Agents have a strategy for sustained use of digital payment platform for day-to-day payments and sales.

5. Schedule

CATALYZE MS4G anticipates awarding one or more Fixed Amount Award (FAA) grants as a result of this solicitation process by June 2023. The expected performance period is between June 2023 to May 2024.

6. 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. CATALYZE MS4G will provide the following to the selected Grantee(s):

- Project activity brief
- Simplified report template
- Kick-off meeting

7. <u>Monitoring</u>

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:
    - o Accomplishments in prior period,
    - o Planned activities for the upcoming period,
    - o Identification of any problematic issues,
    - o Action items list, if any,
    - o 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 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.
- For more information on eligible sectors and geographic scope, refer to Section 1 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

CATALYZE MS4G will award one or more 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 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. <u>Cover Sheet</u>

The applicant should provide 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 15 pages total, excluding annexes)**

The Technical Application should be submitted in English using the template included as <u>Attachment B</u> of this RFA. It should include the following:

i.   **Organization/Company profile (1 page):**
      Provide a one (1) page summary providing an overview of the applicant's current fintech activities, inclusive of the current level of sales of food security and WASH products (if available) and the number of SMEs currently on the platform. Describe the applicant's current presence in secondary cities. Provide any relevant details on the applicant's strategy and priorities in attracting and onboarding new SMEs onto the platform and sustainable active use of digital payment for transactions.

ii.   **Project Description (use provided technical proposal template 8 page):**
      Describe the proposed program activities and overarching program elements. Outline how the proposed elements will support progress toward organizational sustainability. Provide a detailed description of the fintech platform strategy to focus on women-owned food security and WASH SMEs. Provide a detailed approach and strategy of how enterprises from secondary cities will be engaged. A description of how using digital payment platforms will enhance efficiency, operation and transaction of SMEs which in turn is expected to advance enterprise sales growth, business performance, and sustainability. Applicants should consider including the following:
      - A description of how youth and women will be identified, trained, and placed as full-time agents to increase the onboarding and usage of digital payment platforms by SMEs. Applicants shall demonstrate the provision of training to equip youth and women with the required technical (practical) and soft skill (business management, digital literacy, financial literacy, and marketing) trainings to provide the service as a full-time agent.
      - A strategy for attracting woman-led SMEs for onboarding.
      - A strategy for expanding to and maintaining services in secondary cities.
      - An explanation of the ability to track, monitor and report enterprises using the digital payment platform and youth benefiting from jobs created by the program to assess ongoing performance and immediate outcome of project assistance.
      - An explanation of full-time agent strategy for sustained use of digital payment platform for getting day to day payments and sales.
      - How many SMEs, youth, and women will be impacted by the proposed activities.
      - Demonstrate sustainability and scalability. As part of their business case, applicants should demonstrate how enterprises will continue to use and benefit from the digital payment platform and how to ensure agents will remain in their new jobs for at least six months and how the proposed initiatives will become independent of external funding and scale post-award.

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. **<u>Monitoring and Evaluation Plan (2 pages):</u>**
Describes the monitoring and evaluation methods implemented by the recipient and the tools used to measure and evaluate the program activities, targets, and results.

v. **<u>Project Milestone Schedule (1 page):</u>**
Applicants are asked to propose a series of milestones with corresponding deliverables against which payments will be paid by CATALYZE MS4G under the Fixed Award Agreement. Milestones are for a verifiable product, task, deliverable, or goal of the recipient. The milestones will generally have three parts: (1) a description of the product, task, deliverable, or goal to be accomplished; (2) a description of how the recipient will document the completion of the product, task, deliverable, or goal; and (3) the amount that the prime contractor will pay the recipient for the deliverable. Some milestones may also have dates indicating when the milestone is expected or required to be completed. Milestones must be objectively verifiable regarding completion and quantity and within the recipient's span of management, and control to complete as designed.

vi. **<u>Experience and Capacity (2 pages):</u>**
The applicant should list previous and ongoing experience implementing similar activities. This is a critical factor in assessing the capacity of the grantee to implement the activity. The applicant also provides contact information of at least three references that can speak to the applicant's performance and capabilities.

c. **<u>Instructions for Preparation of the Cost Application</u>**
As part of the Cost Application and in addition to the Budget Template (Attachment B), the applicant shall include the following:

i. <u>Transmittal Letter</u>
The applicant must be signed by an individual authorized to commit to the organization.

ii. <u>Organizational Information and Certifications</u>
The applicant shall submit the following annexes to the cost application:
- "ADS 303mav: Certifications, Assurances, Representations, and Other Statements of the Recipient" found in <u>Attachment D</u> of this RFA.
- 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. <u>Budget Narrative and Detail</u>

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 local currency only.

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, or 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.**

The budget template contains the following budget categories:

a. <u>Salaries (activity staff)</u>
   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. <u>Fringe Benefits</u>
   This could include social security, health insurance, and other mandatory withholdings for relevant grantee staff.

c. <u>In-Country Travel and Transportation</u>
   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. <u>Other Direct Costs (ODCs)</u>
   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 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 (grants) instruments.

Submission of the full Application:
Full applications must be submitted no later than 17:00 EAT, May 12, 2023, electronically (via email) to CATALYZE-Ethiopia.ms4g.grants@thepalladiumgroup.com using the subject line "Introducing SMEs to Digital Payment platforms."

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 inclusiveness 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 in order of importance, with additional details:

	Evaluation Criteria	Details	Information Source (See Annex 1- Technical Proposal)	Maximum Score
1	Technical Approach	Compelling strategy, willingness, and flexibility to rapidly identify, recruit, attract, train, onboard, and support SMEs, with a focus on women-owned businesses and food security and WASH products benefitting women.	Technical proposal	40
2	Technical Approach (Geography)	Fintech platform's presence and scalable approach to expand to secondary cities	Technical proposal	30
3	Organizational Capacity	Capacity, experience and approach to recruiting and training sales agents-including youth as well as experience on onboarding SMEs. Capacity, experience, and approach to recruiting and training sales agents, including the youth, and similar capacity and experience in onboarding SME's	Technical proposal based on data extracted from the applicant's organization strategy report	30
		Total		**100**

CATALYZE MS4G will award one or more grants under this solicitation to the highest scoring applicants. Applicants must achieve an evaluation score of 70 or above to be considered.

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 applicants are reasonably close in technical evaluation.

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. <u>Award Administration Standards</u>

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. <u>Reporting</u>

Deliverables required for payment

CATALYZE MS4G will work with apparent successful offerors (ASOs) to finalize a Milestone Payments Schedule with clear milestones and verifiable deliverables for which payments under the FAA will be made.

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

d. <u>Branding & Marking Requirements</u>

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. <u>Environmental Compliance</u>

The grants program anticipates funding only activities that fall under the categorical exclusions of "USAID Environmental Guidelines." 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 Guideline.