**Date:**  March 18, 2021

**Subject:**  Questions and Answers Document to APS-CAM-001

Questions and answers are organized in the order in which they were received.

**Questions Received by March 15, 2021**

1. Referring to your criteria **Logistics:** connectivity between production and consumption centers with minimal loss in quality and quantity in the agriculture sector:
	* + - What connectivity do you mean, only transportation?

Connectivity between production and consumption centers could mean improved physical logistics, like storage or transportation, or improved ICT logistics like a new and innovative inventory management or e-commerce systems.

* Do you have some specific use case examples in which you see excess losses which need fixing?

MSP aims to reduce post-harvest loses across the broader agricultural value chain. There is no specific agricultural sub-sector being targeted.

* Could they be fixed by digital solutions such as a marketplace?

Yes, a digital solution, such as a marketplace is eligible assuming it meets the development objectives outlined in Section I of the APS.

1. The notice of funding opportunity solicitation indicates that the challenges in storage and logistics capacity have impeded the growth of Cambodia’s agriculture sector while the MSP is to address these challenges. This raises a question whether or not DAI could provide the potential applicants the detailed report or study with respect to the challenges in storage and logistics capacity the Cambodia’s agriculture sector is facing, if any.

DAI encourages firms to utilize their existing market information and experience as well as information available through open source methods (available for free on the internet) including but not limited to the USAID Development Experience Clearinghouse (<https://dec.usaid.gov/dec/home/Default.aspx>) and other relevant donor platforms, which may have helpful resources.

1. In terms of the definitions – does ‘agricultural’ trade and investment also include fish – a) farmed in aquaculture operations and b) harvested in fisheries operations?

Aquaculture is considered eligible under this APS.

1. Is this, or maybe only parts of this project, eligible for this call? We are a young Cambodian start-up that designs regenerative agroecosystems, trains farmers to implement regenerative practices, and aims to reward them with our Payment System for Ecosystem Services that is based on an automated, machine learning, remote sensing monitoring, verification and reward system.

Currently we are working with US-based companies to develop this payment system technology. The objective of the project is to build and refine blockchain based applications that integrate (i) a transparent monitoring and verification system for food grown with regenerative production methods, (ii) a digital marketplace for sales and services, and (iii) a reward system for engaged stakeholders. Would this be of interest to you?

We also plan to launch a new product which is an organic food preservative that extends shelf-life of any food product, grain, fruit, meat, seafood, liquid, fats and oils. This product will help to reduce food waste, it is inexpensive and can be use by food producers or processors during the washing process.

All activities must meet the development objectives outlined in Section I of the APS. Monitoring and verification systems or a digital marketplace would be considered eligible assuming they meet objective 3: logistics (connectivity between production and consumption centers, over space and time, with minimal loss in quality and quantity).

1. Instead of new cash can [our company] contribute some of the assets it already created?

No, this opportunity is for novel ideas that go beyond ongoing activities or business as usual. Investment spent towards an initiative or investment that is already in progress cannot be counted towards the leveraged amount.

1. We encounter a shortage of raw material [in the] off season. However, in the season, [there is a surplus and] the processing factory cannot absorb all of them. Farmers face a huge price drop during the season. Therefore, having a cold room [for storage] is a real need.

I have a plan to build a large store room…and I would like to understand how your fund supporting mechanism work. The equipment and infrastructure will cost around USD 1.5 Million.

MSP funding can be used for the purchase of equipment, environmental assessments, building design, and feasibility assessments for construction projects; however, construction activities cannot be included in the grant. MSP defines construction activities as the construction, alteration, rehabilitation, improvement or repair (including dredging, excavating, and painting) of a variety of structures or facilities. This may include agricultural facilities, such as irrigation systems or other improvements, markets, warehouses, or other types of buildings, roads, bridges, and collection sites.

1. Is the grant illegible for capital expenditures? For example, an applicant may be interested in building solar-powered cooling warehouse and packing house while another may be interested in developing a market-based platform connecting farmers with consumers.  Will these applicants be able to use the grant for both tangible and intangible capital expenditures?

MSP funds can be used for eligible capital expenses. However, MSP cannot fund construction activities, see answer to question 6 for additional information. The development of a market-based platform connecting farmers with consumers would be eligible assuming it meets at least one of the development objectives outlined in Section 1 of the APS.

1. If the activity is part of an existing Development Project which is certified as a Qualified Investment Project (QIP) and is exempt from local VAT & Customs duties on imported equipment, construction materials, etc.;
2. Will the equipment or materials used in the funded activity be recognized as eligible for the same exemptions or are there restrictions imposed by the presence of USAID funding / involvement as an NGO?

The activities proposed should be novel ideas that go beyond ongoing activities, business as usual, or existing development projects. MSP does not provide any exemption to local VAT, customs, or other duties.

1. Will USAID be required to monitor / audit the partner’s procurement and purchase of equipment or services required for the activity?

MSP issues fixed-amount, milestone-based grants. Activity costs, including equipment procurement, will be monitored and verified through the completion of milestones negotiated before the start of the grant.

If and only when the purchase of equipment or supplies is itself the milestone and such purchase is specifically named in that milestone, the recipient must comply with USAID source and nationality rules (22 CFR 228) (see USAID policy in ADS 310 and ADS 312). Otherwise, purchases of the recipient that are incidental to the recipient’s completion of a milestone are not deemed “financed” by the fixed amount award. No restricted commodities are planned and /or purchased with grant funds (see list of ineligible costs; Section IV of the APS).

1. Once the award is made and the grant activities commence, will be there any scrutiny or monitoring activities by DAI with respect to the compliance with the grant’s terms and conditions?

Yes, activities will be monitored through regular reporting, site visits, and milestone verification that will include submission of supporting documentation (e.g. sales records, warehouse intake log, etc.) with data quality checks. See answer to question 8(b) for more information.

1. As many of the suggested areas/ activities or those potentially proposed by the private sector partner will involve interfacing with various Royal Government of Cambodia Ministries / Departments and or the granting of certifications or licenses, will the private sector partner be expected to interface with the RGC solely or will there be support or assistance from USAID and or any US Government entities?

The private sector partner will be expected to obtain any necessary Ministry approvals or permits for its proposed activities and are expected to interface with any relevant government departments itself.

1. Will the local partner be required to sign and fully comply with US FCPA guidelines? If the local partner has signed a Private Sector MOU with the Cambodian Anti-Corruption Unit (ACU), will this MOU be recognized as superseding the FCPA requirements?

Private sector partners are not required to sign US FCPA guidelines but are expected to comply with its standards of anti-bribery and accounting provisions.

1. As the new Cambodian EIA Law and Environmental Codes are not yet formally ratified;
2. will the selected activity be required to comply with US Environmental Regulations or, can the activity follow the guidance and requirements given by the RGC Ministry of Environment as part of a locally recognized IEIA or EMP?

Partners will be expected to comply with all local environmental regulations, as well as any relevant US environmental regulations. The MSP team will ensure that all parties are clear on which regulations will apply during the co-development and final award negotiation period.

1. If required, will the costs of meeting the US Environmental requirements be expected to be borne solely by the local partner?

Cost of meeting environmental requirements for the proposed activities can be included in requested funding.

1. Since we are really interested in this opportunity, is it fine if you allow us to meet virtually via Zoom to get a bit more information, example which value chain, target areas, scale of commercial, target market, etc.

While we cannot provide input or guidance specific to proposed partnership activities, MSP is available to hold a consultation to discuss the details of the APS. Only publicly available information will be shared. Please submit an email request to grants\_nofo@ftf-msp.org and you will be contacted by the appropriate MSP personnel. Also note that candidates shortlisted at the concept paper phase will enter into a co-development process with MSP. During this process, the MSP team will provide feedback and input to support applicants in their development of the full application.

**Questions received during virtual applicant’s conference**

1. Can non-profits be part of the application if there is a company leading the concept?

Yes, non-profits may be part of a consortium as long as the lead applicant is a private sector entity and all applicants meet the eligibility criteria outlined in Section III of the APS and contribute to the one-to-one contribution requirement.

1. Can equipment purchase for cold-storage be part of an application?

Yes, MSP funding can be used for the purchase of equipment.

1. When you mention one-to-one cash investment, does this include other funding from other grants/donors that are not USG?

No, Funding received from other donors cannot be counted towards the one-to-one cash contribution. The cash investment is defined as a transfer of funding from the private sector entity (or consortium) to pay for goods and services that will specifically and exclusively be used to implement activities under the partnership, or a transfer of funding to be used in making loans or equity investments under the partnership.

1. How can applicants access more details?

The full APS and concept note materials can be accessed at [www.mspgrants.com/cambodia/](https://www.mspgrants.com/cambodia/). The concept note and budget template may be downloaded by clicking the “Attachment 1” and “Attachment 2” buttons on right side.

1. How can I get the concept note?

See answer to question 17 for more information.

1. Assuming I'm going to build a cooling packinghouse, could I use the grant to build the packing house?

No, funding cannot be used for construction activities. See answer to question 6 for more information.

1. Can companies co-apply/join as applicants?

Yes, private sector consortiums may apply as long as the all applicants meet the eligibility criteria outlined in Section III of the APS. Additionally, the consortium must make a combined cash contribution equal to or greater than the funds requested from MSP or five times larger for activities involving loan or equity investments (see answers to questions 16 and 31 for more information). The appropriate designees from all co-applicants should sign as representatives on the concept note application.

1. Are only expenses on equipment allowable, but those on building construction are not allowable?

Yes, see answer to question 6 for more information.

1. When is the project expected to really start implementation?

Implementation of proposed activities is expected to start by November 2021 and continue up to October 2023. The full process is as follows:

After the concept paper deadline on April 16, there will be a review of all submissions and successful candidates will be notified by late May that they have been selected for the co-development process. The co-development process will take place between late May and late July and during this time the MSP team will provide feedback and input to support applicants in their development of the full application. Full applications are due by August 31 and will be evaluated between September 1 and September 15. Successful applicants will be notified of award by September 15 and enter into final negotiations of grant terms with MSP. Issuance and signing of grants will occur by early November 2021.

1. May I clarify the maximum amount from grant is $500,000 per applicant or $1,000,000 per applicant?

MSP will issue performance-based grants ranging between US$100,000 and US$1,000,000. US-based entities may only receive up to US$500,000 in funding. Non-US-based entities may receive up to $1,000,000 in funding. Applicants are expected to make a cash contribution equal to or greater than the amount of funding received. For example, if a company request US$250,000 in funding, it is expected to also contribute at least US$250,000 to the activities. See answer to question 16 for more information on cash contributions.

1. Can you give examples of what 'Materials' would & would not be included in the budget template?

Materials may include any equipment or tools necessary to complete the proposed activities. For example, laptops, cold storage equipment, or tools for inventory management may all be considered eligible materials. Applicants will not be evaluated on the specifics of their budget at the concept paper phase. During the co-development process MSP will provide additional guidance on creating an appropriate budget and what cost verification is needed. All proposed costs will be reviewed based on cost effectiveness, reasonableness, allocability, and allowability, as defined in Section IV of the APS.

1. Can two or three private sector companies apply together? Or must be there only be one main applicant?

Yes, private sector consortiums may apply. See answer to question 20 for more information.

1. Does MSP fund equipment in cold storage facilities?

Yes, equipment is eligible for funding. See answer to question 6 for more information.

1. For the eligible companies, is limited to American owned companies or can local companies also apply?

Local firms are strongly encouraged to apply. Any firm must meet the eligibility requirements outlined in Section III of the APS.

1. The APS states grants will be issued, "In fall 2021". What does it mean?

The review of full applications and issuance of grants will take place between September and November 2021. See answer to question 22 for more information.

1. Can you explain “activities must be related to private sector solution”?

The activities should contribute to the development objectives outlined in Section I of the APS, but they should also be market-led solutions that contribute to the growth and success of the business, create positive change in the industry beyond the partner’s immediate suppliers and consumers, and create additional benefits for other market actors.

1. What is the timeframe of the project’s actual implementation?

See answer to question 22 for more information.

1. Can the grant be used for equity in a company or working capital?

Grant funding can be used for loans or equity investment in a company, but the partner cash contribution must then be five times greater than the requested funding. See question 16 for more information.

Working capital should not be included as a line item in proposed budgets, but some associated direct costs are allowable. Applicants will not be evaluated on the specifics of their budget at the concept paper phase. During the co-development process MSP will provide additional guidance on creating an appropriate budget and what cost verification is needed.

1. Can you go over again the timeline for the competition, when will co-development with selected concept begin?

See answer to question 22 for more information.

1. What if our factory is in Cambodia?

Entities based in Cambodia that meet the eligibility requirements outlined in Section III of the APS are encouraged to apply. MSP cannot fund the construction of a factory (see answer to question 6 for more information), but the program can fund the expansion or improvements of services related to that factory.

1. Does the project have any limit on regions of Cambodia?

No, there is not a regional focus or any geographical limitations within Cambodia.

1. Why does this project focus only private sector?

USAID recognizes the private sector has great technical knowhow and resources for innovative approaches to development. Activities like MSP can leverage these commercial resources where they align with USAID’s development objectives to create sustainable change.

1. We plan to work with farming cooperatives, would agriculture inputs such as seed or training of farmers be eligible for funding?

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The objectives of this APS focus on cold chains, storage, and logistics (see Section I of the APS for more information), so a production-level activity is unlikely to be selected. Furthermore, there are restrictions on using USAID funds for the procurement of agricultural inputs.

1. Is frozen equipment eligible?

Yes, equipment is an eligible cost under this program assuming it’s use contributes to one of the development objectives outlined in Section I of the APS.

1. COVID will impact companies, will implementation of this program be delayed?

MSP acknowledges the challenges of COVID, especially in the agricultural sector. The timeline for selection and awarding of grants will not be delayed. The grants are designed to be flexible and allow for adaption to changing markets and environments.

1. Is animal feed eligible?

Animal feed for livestock is considered an eligible agricultural subsector. The activities proposed must meet the development objectives outlined in Section I of the APS.

1. Is the amount of grant $1,000,000 from the grant only or is half from the grant and half from the company?

See answer to question 23 for more information.

1. Can you clarify if transportation and storage of animal feed is allowable under MSP?

See answer to question 39 for more information.

1. Is it eligible if the private company has close relation with the government or person working at government that wants apply for?

Only private sector entities are eligible to apply. See the full list of ineligible applicants in Section III of the APS.

**Questions Received by April 13, 2021**

1. As part of its cash contribution is [an applicant] allowed to utilize donations that it receives from private sponsors in the US (usually used to support its NGO’s activities related to backyard poultry) for this specific project…and use it as match fund?

Cash contributions from a company’s operating fund including those whose business models feature private donations can be counted towards the co-investment amount. However, please note that donor or government grants cannot be counted as a cash contribution.

1. Similarly, could you please confirm if the investments from a farmer’s coop could be used for the match?

Investment from the farmer’s coop cannot be counted if they are not an implementing partner. If you have a farmer’s coop as a member of the consortium and they are investing in this activity, then this can be counted as a cash contribution if it is during the period of performance and a demonstrable cash investment (in-kind is not counted).

1. Finally, would there be a way for [a consortium partner] to contribute with in-kind contribution, namely time – and could this contribution be used for the matching funds?

Staff time which directly supports the activity can be considered on a case-by-case basis. Staff time, either short- or long- term, must be distinguishable from business as usual operations and time contributed must be in support of a clearly defined objective or activity under the proposed concept.

1. With regard to the funding opportunity number APS-CAM-001, we would like to ask if the items below can be funded by this program and/or can be used as the match for funding:
* Development costs of the project

Cost associated with developing a concept paper and any cost incurred in developing or planning activities before the start of an MSP award may not be included in proposed budgets either as requested funding from MSP or as co-investment. Development of physical structures, i.e., construction as defined in the answer to question 6, may not be included in proposed budgets either as requested funding from MSP or co-investment.

* OPEX, Working Capital and staff training of the project

No. Operational costs, working capital, and staff training are not eligible expenses for requested funding from MSP or co-investment.

* Engineering/Design of the project

Feasibility studies, engineering plans, and designs specific to the proposed activities may all be included either in requested funding from MSP or co-investment.

* Refrigeration equipment: pre-cooling unit

Refrigeration equipment specific to the proposed activities may be included either in requested funding from MSP or co-investment.

* Electrical equipment: Transformer and generators

Electrical equipment specific to the proposed activities may be included either in requested funding from MSP or co-investment.

* Permits, fees and insurance of the project

Permits, fees, and insurance specific to the proposed activities may be included as co-investment.

* Material handling equipment: Forklifts and pallet trucks

Forklifts and pallet trucks specific to proposed activities may be included as co-investment, but not in requested funds from MSP.

* Rooftop solar installation

Solar installations would need to be assessed on a case-by-case basis but would likely be considered a construction activity and therefore could not be included either in requested funding from MSP or co-investment. See answer to question 6 for more information.

* Marketing campaign for the promotion of our cold chain project

Direct marketing may not be included, but public outreach or communications campaigns may be included either in requested funding from MSP or co-investment.

* Equity Capital Injection, initial capitalization

Equity investment may be included as co-investment, but the partner must demonstrate co-investment that is five times greater than the funding requested from MSP. See answers to questions 16 and 31 for more information.

1. In the APS (Amendment #2) under Section IV, it is stated that “the MSP cannot fund construction costs such as the construction, alteration, rehabilitation, improvement, or repair (including dredging, excavating, and painting) of a variety of structures or facilities. This may include agricultural facilities, such as irrigation systems or other improvements, markets, warehouses, or other types of buildings, roads, bridges, and collection sites.” Whereas in the Proposed Partnership Investment Budget (Excel File Attachment 2), it is stated that construction materials (cement, wood, fuel, etc.) can be funded by this program. Can you please confirm that this means that the construction labor is not an eligible activity whereas construction materials (cement, steel structure, etc.) is an eligible one?

Amendment 2 to the APS supersedes the definitions in Attachment 2. Construction is an ineligible activity under MSP and any costs, whether labor or material, may not be included. See answer to question 6 for more information.