**Date:**  March 4, 2021

**Updated:** March 24, 2021

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

Questions and answers have been organized per their APS Section: Funding Opportunity Description, Award Information, Eligibility Information, Application Process, Award and Administration Information, Contacts, Other Information.

**Funding Opportunity Description**

1. “Attachment 2 - Proposed Partnership Investment Budget” has a section for Other Direct Costs? What can be included in this caption: cost of goods sold? Can indirect cost be included here, such as Specialist Consultants, rents in new buildings?

Examples of the types of cost that are commonly proposed as other direct costs include, but not are limited to: independent consultant services, workshop and training expenses, necessary equipment maintenance, etc. Indirect costs included in proposed budgets will need to be supported by a Negotiated Indirect Cost Rate Agreement (NICRA) or audited financial statements. In cases where a NICRA or audited financials are not available, indirect cost can be directly billed. The MSP team will work with applicants to finalize budgets and can provide guidance on budget structures during the co-development phase.

1. What does the nature of “own funding to the partnership” entail, does it include 3rd party investors, funds already invested to date, or currently being invested to develop the concept further, does it include existing business where there is still additional work required to achieve scale. And does sweat equity and other own contributions by the entity/ies count as co-investing?

Applicants must contribute a cash investment to the proposed. The individual applicant or 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. A cash contribution is defined as a transfer of funding from the private sector entity 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. Contributions must cover new activities – dated after the grants agreement with MSP has been signed – and not ongoing work, and neither the “Investment from Applicant” nor the “Investment requested from MSP” can cover business-as-usual operating costs. “Own funding to the partnership” does not include 3rd party investors.

1. Are there any exempted/excluded sub-sectors in the Agricultural sector, assuming one or more of the three identified areas are satisfied, for instance, are new emerging sub-sectors such as regulated medicinal cannabis and/or its supporting infrastructure permitted?

Regulated medicinal cannabis would be considered a restricted good and not allowable under US Government regulations. See the answer to question 5 for more information on limits to other sub-sectors.

1. The guidelines indicate proposed activities must include a United States or a South African Partner. In what capacity should the partner be involved? Is it as a buyer or a supplier or as an investor? Should the partner be identified prior to my application? Are they expected to fill anything out?

The expectation is that applicants will be consortiums made up of entities from South Africa or the United States and entities in one of the other eligible countries (Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, and Zambia). Alternatively, a South African or American firm can apply as a sole applicant assuming they are also legally registered to operate in one of the eligible countries and activities proposed will center in those countries. Examples of acceptable partnerships include:

* A South African peanut butter company partners with an association of Zambian groundnut growers to improve the quality of groundnut exported to the South African company for processing.
* A large American snack company with legally established operations in Mozambique proposes activities to increase sourcing of cashew from local farmers for processing in country and export to the US.

The American or South African partner should be an investor and active participant in the activity and should be identified prior to submission of the concept note. 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 2 and 28 for more information). As a co-partner and co-investor, their appropriate designee should also sign as a representative on the concept note application.

1. The guidelines indicate that the proposed commodity should not have significant impact on U.S. agricultural exports. What are these commodities or what are examples of such? Are roots and tubers ok? Similarly, with the point about restricted goods without USAID approval. How can one obtain USAID approval?

Commodities that may have significant impact on US agricultural exports typically include wheat, soy, cotton, and rice, among others. The commodity would need to be deemed a competitive volume to be considered ineligible. Should an application include such commodities, additional steps would need to be taken at the co-development stage to determine competitiveness.

Exceptions to USAID restricted goods will not be made under MSP grants.

1. I am writing to you to ask additional and detailed clarifications about the following:
	* Electronic signature of authorized representative of the applicant (referred in Attachment 1).

Authorized representatives are required to sign the submitted concept note. This can be done using software such as DocuSign or an original signature on a document and saved as a PDF or JPG.

* + Inclusion ofa South African or American partner and/or investor in proposed activities (Section III - Bullet 2 of solicitation).

Please see answer to question 4 for more information.

* + **Applicant Contribution:** Applicants must contribute a cash investment to the proposed activity equal to or greater than the value of MSP’s grant (Section IV – Cost Evaluation, Bullet 5 of Solicitation).

Please see answer to question 2 for more information.

1. Could the matching funds be quantified/costed from an in-kind contribution? For instance, if an expert required to work on the project is willing to contribute his skills for free, could we cost the amount it would cost us to hire the person as a matching fund?

No, cash contributions are required. Please see answer to question 2 for more information.

1. Are there any exceptions regarding the one-on-one matching funds?

No, applicants that cannot meet the applicant contribution requirements will be deemed non-responsive against the APS cost evaluation criteria. Please see answer to question 2 for more information.

1. Does the proposed activity need to include a South African or American counterpart?

Yes, please see answer to question 4 for more information.

1. Do you have guidance on the KPI requirements per dollar USAID spent, i.e., exports, smallholder sales, jobs created etc.? (POSTED MARCH 16)

Concept papers will be evaluated based on the criteria outlined in section IV of the APS. If shortlisted, applicants will participate in a co-development phase where specific indicators and expectation of impact reporting will be developed in coordination with the MSP team.

1. Is there a good availability of funds provided the projects can meet the leverage and KPI requirements? (POSTED MARCH 16)

MSP will issue performance-based grants ranging between US$250,000 and US$1,000,000. US based entities may only receive up to US$500,000 in funding. The total available funding available under this APS is US$5.5 million.

**Application Process**

1. Can we submit different projects under the same proposal? In other words, can a “macro” project be divided into different activities necessary to achieve the objective of increasing agricultural exports?

Yes, the concept note may outline the different activities needed to meet the development objective(s).

1. We understand that proposals must meet at least one of the three listed development objectives. Is there any one objective that holds more weight than the others?

No one objective will be favored over the others, but applicants meeting more than one objective may be prioritized.

1. Will successful grant recipients need to accomplish all three objectives indicated in APS-SAR-001, or is accomplishing one objective sufficient?

Applicants need to meet just one objective, see answer to question 13 for more information.

1. How will the concept papers be evaluated? Are there priority areas of focus? (UPDATED March 30)

Concept papers will be evaluated by a Technical Evaluation Committee (TEC) based on the criteria outlined in Section IV of the APS. Each criterion will be evaluated with the following rating system:

**Outstanding (O):** Exceeds expectations by providing information that is comprehensive, thorough, and with outstanding merit, very clearly showcasing alignment with the APS objectives and undoubtedly demonstrating how the proposed partnership will result in efficient, effective, innovative, and shared value, capable of scale. Exhibits no significant deficiencies or weaknesses.

**Good (G):** Meets requirements and demonstrates an understanding of the objectives and its alignment with the criteria through the presentation of a novel idea or innovative approach. While the applicant demonstrates an ability to fulfill the partnership, there are some weaknesses or deficiencies that need to be addressed.  However, these combined weaknesses or deficiencies still represent a manageable performance risk.

**Marginal (M):** Minimally meets basic requirements or demonstrates a limited understanding of the partnership requirements. Implementation of the proposed partnership would likely lead to unsatisfactory performance. Contains deficiencies and significant weaknesses that may negatively affect performance and would be unable to be corrected prior to the start of the performance period of awarded grants.

**Poor (P):** Fails to address the criteria completely; fails to understand the work necessary to perform the requirements or partnership, fails to follow the instructions of the solicitation. There are irreparable deficiencies and/or gross omissions.

1. Is this initiative a follow-on of prior efforts? If so, will prior grant recipients be prioritized?

This initiative is not a follow-on effort. Prior recipients of USAID funding will not be prioritized. All eligible applicants will be provided consideration and evaluated equally under the APS.

**Award & Administration Information**

1. Do you fund securing land, purchases of equipment, and trading stock?

USAID funds may not be used to purchase land or trade stock. Equipment that will be specifically and exclusively used to implement eligible activities under the partnership may be included.

1. Am I expected to invest financially to match USAID grant to access this opportunity even though I’m bringing disruptive technologies to the table and project management to support USAID objectives?

Yes, all applicants are expected to provide a cash contribution matching or exceeding the amount of requested funding. See answer to question 2 for more information.

1. Are audited financials required to benefit from the opportunity?

Audited financials are not required. MSP will assess the financial capacity of each potential partner during Stage 2: Full Application Development and Submission. As part of the vetting process, MSP will request audited financials. Companies that cannot provide audited financials will be asked to demonstrate adequate financial monitoring systems using alternative methods. Failure to do so may result in the partner being deemed ineligible for funding.

1. Can the minimum amount to be requested from MSP be less than USD250k?

No.

1. Can purchasing of equipment or expenses in working capital (in order to achieve economies of scale) be considered as part of a performance grant?

Equipment may be included if it is necessary and dedicated to the activities required for the novel idea or innovative business model proposed. Working capital should not be included as a line item in proposed budgets, but some associated direct costs are allowable (see answer to question 28 for more information).

1. Can a company's purchase of commodities count towards the project leverage requirement? (POSTED MARCH 16)

No, the purchase of commodities is not counted towards the one-to-one cash contribution.

1. According to the amendment of APS-SAR-001 and APS-CAM-001 they cannot fund include agricultural facilities, such as irrigation systems. [We have included the cost of] water solar pumps and treadles…kindly clarify whether we cannot put irrigation equipment as well on co-investment proposed amount (Partner contributions). (POSTED MARCH 24)

Solar and treadle pumps are considered equipment and the costs are allowed as part of MSP’s funding or included in co-investment. The restriction in the amendment applies to large scale irrigation projects that would include digging ditches.

**Eligibility Information**

1. I am interested in applying for the Southern Africa Agricultural Trade and Investment Activity for a seed company that I operate from Zimbabwe. I notice that Zimbabwe is not one of the eligible countries for this call and was wondering if there are any other calls that Zimbabwe is eligible for.

Zimbabwe is not eligible for this funding opportunity. Please monitor [www.mspgrants.com](https://www.mspgrants.com/) for future funding opportunities.

1. I am the director of a company registered in Zimbabwe but do get the seeds for growing from South Africa. Would this make the company eligible for this call?

Only applicants legally registered to operate in Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, and/or Zambia are eligible to apply. See answer to question 4 for more information.

1. Is it possible to apply as a consortium of companies that work in the same supply chain and have commercial relations, in a way co-investment and grants are shared amongst consortium companies?

Yes, consortiums will be considered, as long as all consortium members meet the minimum eligibility outlined in Section III of the APS. See answer to question 4 for more information

1. Will joint/collaborative concept papers involving consortiums will be considered?

See answer to question 26 for more information.

1. On requirement for a “South African (…) partner and/or investor”, what does “partner” encompass? Is an existing client sufficient, is a letter of intent or MOU from a potential client in South Africa suffice?

Please see answer to question 4 for more information.

1. The documents mention “business-as-usual operating costs” are ineligible. Would working capital costs, related to the upscaling of the business as part of the project, be eligible? For example, new hired staff costs, rent in new building, increased value of purchases from suppliers?

Yes, costs of goods and services that will specifically and exclusively be used to implement activities under the partnership, including staff time or new facilities, are considered eligible.

1. I would like to enquire on the DAI program for an investment in a cashew enterprise in Mozambique. We are South African and Netherland Investors and involved in trading of fruit, nuts, and vegetables. We have identified an opportunity in Mozambique to set up an organic cashew processing plant. We have been in process of investment from the beginning 2020 and would like to enquire if the fact that we have already started with the process of investment will disqualify the project from applying?

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. If your partnership were able to contribute one-to-one matching not inclusive of expenditures already incurred, this could be considered. However, the burden of demonstrating that the venture is not fully capitalized nor able to seek alternate financing will be critical to fulfill the requirement of USAID investment being additional instead of replacing other channels of available financing.

1. We are an investment and financial advisory firm, working with agricultural companies in Zambia with export potential. We are investing in companies that offer specialty commodities and working with them in bringing the products to market. As to that regards I wanted to ask you if your opportunity also offers co-investment options, meaning to invest into third party companies in Zambia that then use the funds in getting their business ready to export their goods to South Africa and the USA?

It is possible to co-invest your funds alongside the MSP co-investment grant as equity into a business. However, per the leveraging requirements of this activity, activities which are proposing loan or equity investments must fulfill a higher leverage ratio of five-to-one. The investment amount or cash contribution from your firm must equal or exceed five times the amount requested from the MSP project. See answer to question 2 for more information on cash contributions.

1. Can the set-up of an e-commerce platform (including the logistics aspects and not only the digital development of the platform) be included as a relevant/valid project within the scope of the development objectives for the APS? The set-up of an ecommerce platform would be used to increase the market access to the end product (hence the increase of processed agricultural business products)

An e-commerce platform would be considered eligible assuming it contributes to at least one of the development objectives listed in Section I of the APS and the private sector entity requesting funding meets the eligibility requirements outlined in Section III.

1. Is a business where only the ultimate beneficial owners are South African or American eligible to apply?

Eligible businesses, regardless of owner nationality, must be legally registered to operate in Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, and/or Zambia to apply. See answer to question 4 for more information.

1. Certain agricultural equipment can be considered as “motor vehicles,” which are listed as an ineligible cost item. Could motorized agricultural equipment be an eligible cost if linked to a new business activity?

Yes, motorized agricultural equipment will be considered assuming it is fully dedicated to a new business activity.

1. Are South African companies permitted to be grant beneficiaries? In “APS-SAR-001 Full APS Document,” South Africa is listed as an Eligible Applicant. Yet under “APS-SAR-001 Solicitation” Eligible Activities, South Africa is excluded from the list of countries “from” which trade must be increased.

Yes, financial institutions, investors, businesses, business service organizations, industry/sector organizations, trade or other private sector associations legally registered to operate in Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, and/or Zambia are eligible to apply. See answer to question 4 for more information.

1. Are grape growers who sell to wineries, and wineries eligible to apply? Kindly also confirm that related expenses, (i.e., US market development expenses) to the production of wine would be considered allowable expenses.

Grape growers and wineries are eligible to apply for activities that focus on the production of grapes. However, MSP cannot fund the distribution or marketing of alcoholic products because it is considered a restricted good.

1. Are South African blue berry growers who grow blue berries under license of US companies eligible to apply?

Yes, assuming the entity meets all criteria outlined in Section III of the APS.

1. Is there a preference for projects resulting in increased volumes of trade to the US, as opposed to trade to South Africa?

Either outcome is acceptable. Please see answer to question 13 for more information.

1. We will like to know your priority areas, do you consider horticulture (agriculture) farming? (POSTED MARCH 16)

Horticulture is considered eligible assuming it contributes to at least one of the development objectives listed in Section I of the APS and the private sector entity requesting funding meets the eligibility requirements outlined in Section III.

1. What type of involvement from a South African company is needed? Does it mean that Malagasy companies can submit their projects? (POSTED MARCH 16)

See question 4 for more information.

1. Do you allow private limited registered companies to apply? (POSTED MARCH 16)

Yes, financial institutions, investors, businesses, business service organizations, industry/sector organizations, trade or other private sector associations legally registered to operate in Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, and/or Zambia are eligible to apply. See answer to question 4 for more information.

1. Would I be allowed to apply if I’m interested in poultry farming, agri-processing and crop production farming? (POSTED MARCH 16)

These sub-sectors are considered eligible assuming it contributes to at least one of the development objectives listed in Section I of the APS and the private sector entity requesting funding meets the eligibility requirements outlined in Section III.

1. Can U.S. companies be the direct partner with the project and receive grant funding? (POSTED MARCH 16)

Yes, US companies can receive grant funding up to US$500,000. See answer to question 11 for more information. (POSTED MARCH 16)

1. Is in the development of natural ingredient supply chains for export in the project's interests?

Natural ingredient supply chains are considered eligible assuming activities contribute to at least one of the development objectives listed in Section I of the APS and the private sector entity requesting funding meets the eligibility requirements outlined in Section III.

1. Are natural ingredients for non-food-based products eligible? Can this count, or must partnerships focus on raw materials or value-added products that will be consumed as food? (POSTED MARCH 16)

See answer to question 44 for more information.

1. We are a South African company, increasing trade of wine produced in South Africa and Sold in the USA (a top market for SA wines) BUT [the APS] specifies that the trade must come FROM Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia or Zambia. Does this mean the students or products have to come from these countries or can we do SA products into USA and students/interns from the above countries? (POSTED MARCH 24)

The expectation is that applicants will be consortiums made up of entities from South Africa or the United States and entities in one of the other eligible countries. Alternatively, a South African or American firm can apply as a sole applicant assuming they are also legally registered to operate in one of the eligible countries and activities proposed will center in those countries. Please see answer to question 4 for more information.

Also, please note MSP cannot fund the distribution or marketing of alcoholic products. Please see answer to question 36 for more information.

1. Project located in Rwanda can apply on this call proposal? (POSTED MARCH 24)

No, Rwanda is not an eligible location for this opportunity. Please see answer to question 4 for more information.

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.

**Other Information**

1. I like to apply but my documents are on PDF can you please assist.

All documents have been reposted on the website in Microsoft Word.

1. MSP Grants lockout

If you experience issues with your MSP Grants account or are locked out, please contact grants\_nofo@ftf-msp.org for immediate assistance.

1. Can we present the project a slide or two on the proposed partnership and get some feedback prior to submission of the concept note? (POSTED MARCH 16)

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.