

Questions Regarding RFA-MOZ-001

For each section of questions, the questions will be answered in English up until December 20, 2022. The deadline for submitting questions is December 20th, 2022.

November 8, 2022

Q1: We would like to work on digital financial services (insurance) for smallholder farmers supplying buyers (off-takers) in the tobacco value chain - is this allowable under USAID funding? As an alternative, we are considering the cotton value chain - can you kindly confirm cotton would be a permitted value chain for USAID funding?

A1: Any business concept that meets one of the RFA-MOZ-001 objectives stated on page 1 of the RFA is eligible. USAID's Tobacco Policy: 210.3.1.3 Cease Support of Tobacco Growth and Promotion, "USAID will not support the growth of tobacco as a cash crop, nor will it support agribusiness activities contributing to tobacco production, promotion, and use." Tobacco, therefore, cannot be considered under MSP's partnership facility.

Q2: We would like to contribute funds received by our organization as a repayable grant from another donor towards our co-financing requirement. Would this be acceptable under the cash contribution requirement at a rate of 1:1 or would this be considered under the 5:1 co-financing / leverage requirement?

A2: Only equity investment or debt investment that is financed by a non-USG donor can count towards the eligible match. In such a case, the partner will be required to provide written documentation to demonstrate that this donor-financed debt or equity investment capital has been secured. No programmatic grants from any donor or government can count as an eligible match.

November 15, 2022

Applicant Conference November 8, 2022

Q1: Does the applicant need to provide a UEI at the time of application or award?

A1: Obtaining a Unique Entity ID (SAM) and registering in SAM can take at least 3 weeks but up to two months or more. Therefore, applicants are strongly encouraged to initiate the process to obtain a Unique Entity ID (SAM) and register in SAM prior to submitting an application. If an applicant is selected for award but does not have a Unique Entity ID (SAM) and/or is not registered in SAM, DAI reserves the right to deem the applicant ineligible for award or apply additional conditions in any resultant award.

Q2: Can the budget change due to unexpected circumstances during implementation?

A2: Under this performance-based grant, the budget is negotiated and agreed upon prior to the award and a payment schedule is developed to issue payments for results-based milestones. Budgets are not typically amended under a Fixed Amount Award, increases to the fixed ceiling will be rare, documented in a formal amendment to the grant agreement, and only upon Recipient's submission, DAI's acceptance and USAID approval of documented justification for an increase due to circumstances beyond the control of the Recipient such as natural causes or political upheaval.

Q3: Is tobacco one of the products that can be considered for implementation? This is because some donors are mindful of its ethical side

A3: As per USAID's Tobacco Policy: 210.3.1.3 Cease Support of Tobacco Growth and Promotion, "USAID will not support the growth of tobacco as a cash crop, nor will it support agribusiness activities contributing to tobacco production, promotion, and use." Tobacco, therefore, cannot be considered under MSP's partnership facility. Furthermore, all applications must support the overall objectives of the RFA.

Q4: When providing a budget, will the finances be for the whole project, or should it be divided in phases?

A4: The budget template provided on the webpage should be used. Budgets are to be submitted for the entirety of the project, divided across two years.

Q4: Would you co-fund EDM (Electrical company) line construction for cold chain project expansion? Or co-fund Solar for the cold chain?

A4: As per Attachment 2 of the RFA, any cost related to construction — including building renovations — cannot be funded under this RFA, neither through the grant nor as part of the one-to-one co-investment contribution.

Q5: How or what is required to prove the \$250-\$500K co-fund amount?

A5: MSP will work with the grantee to verify that all costs are reasonable. This will include a Partnership Budget (refer to Attachment 2) and Cost Narrative (refer to Attachment 3) as part of the application. Subsequently, during co-development, the grantee must present quotes for individual line items above \$5,000, among other requests or specifications requested by MSP.

The Partner will also be required to submit semi-annual co-investment reports. These reports will be submitted to MSP by April 5th and October 5th of each year of the Grant. Supporting documentation of co-investment will not be required semi-annually; however, MSP reserves the right to request supporting documentation at any point to confirm Partnership contributions.

Q6: Can rehabilitating facilities for agro-input distribution in new rural areas be supported? Can agro-processing industries be in scope?

A6: So long as the application meets one or more of the RFA objectives (see Section 1 of the RFA), the concept will be eligible.

Q7: Does the agro-processing industry fall on the scope?

A7: Refer the answer to question 6.

Q8: What if you want to expand to new ideas or the same ideas in a new area?

A8: This can be supported so long as the application meets one or more of the RFA objectives.

Q9: Is the \$500K the top end of the grant?

A9: At this time under this RFA, MSP funding for one award will not exceed \$500K.

Q10: Can MSP's award be combined by two organizations? Can the co-investment fund come from other grants of the applicant?

A10: Consortiums are eligible for the application so long as the lead applicant is a fiduciary agent and an eligible business. Only equity investment or debt investment that is financed by a non-USG donor can count towards the eligible match. In such a case, the partner will be required to provide written documentation to demonstrate that this donor-financed debt or equity investment capital has been secured. No programmatic grants from any donor or government can count as an eligible match.

Q11: Are there site visits?

A11: Yes, MSP will perform at least one due diligence site visit during the co-development process. Additionally, throughout the life of the partnership, it is expected that MSP and USAID will visit to ensure compliance with the award contract.

Q12: How will the applications be evaluated?

A12: Applications will be reviewed by a Technical Evaluation Committee based on specific criteria. For details on the requested application criteria, please refer to the *Technical Application* subsection in Section IV of the RFA. For further information on the scoring process, please refer to Section V of the RFA.



November 29, 2022

Q1: I would like to double check if startup companies without any seed funding like the 250K you have mentioned, can still apply for MSP funding?

A1: MSP allows start-up projects from applicants so long as they meet one or more of the RFA objectives (see Section 1 of the RFA). It should be noted that the RFA's selection criteria will remain the same for all activities including co-investments. MSP requires at least one-to-one matching investment from applicants (50% of total investment).

Q2: I does not have a registered company, but I do have my business idea on how to improve food security by greenhouse production and home-made biogas production and organic fertilizer so I wanted to know whether individuals can also apply for this funding program.

A2: As per page 3 of the RFA, an individual is ineligible unless an individual is a legally registered sole proprietor business entity.

Q3: I would like to understand if this is Open for startups or need to be a company founded years ago? Because I do have an idea to implement, and I think it's suitable.

A3: Please refer to the Answer to Q1.

Q4: 5:1 required if proposed activities include loans or equity investments). Can you give me more information?

A4: An equity investment is defined as the purchase of shares of a company and a loan investment is defined as the use of funds to provide credit to stakeholders. An example of a loan investment in this context could be a firm providing credit (as part of their proposed activity) for inputs or other services to agricultural producers who are suppliers to that firm. An example of Equity Investment is when a firm issue shares to the public and acquires operating capital/equity. If proposing this type of engagement, the firm would need to contribute co-investment five times greater than the USAID (MSP) contribution for the loan portion of the co-investment. The higher contribution requirement only applies to concepts which include loan or equity investments.

December 13, 2022

Q1: While we understand construction is not an eligible cost, is the purchase of irrigation kit eligible under the grant? Is the mounting of irrigation systems eligible?

A1: Purchase of Irrigation Kit is eligible under the grant, although mounting/installing the irrigation systems is only eligible if the mounting doesn't fall under the definition of construction. MSP defines construction costs as the construction, alteration, rehabilitation, improvement, or repair (including dredging, and excavating) of various 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. MSP can fund activities such as environmental assessments, building design, and feasibility assessments for construction projects. Any actions that might be deemed construction by that definition that are vital to the installation of an irrigation system or any other activity under a proposed concept must be carried out completely independently of the MSP partnership (or co-investment), and applicants must demonstrate that they will be completed without MSP support.

Q2: Is the purchase of farming equipment an eligible cost under the grant or one-to-one co-participation (specifically: harvesters, tractors, harvesting platforms)?

A2: MSP will make decisions on farm equipment on a case-by-case basis per USAID and US government regulations, however, new tractors and harvesters for agricultural use are permitted under MSP agreements.

December 20, 2022

Q1: Is a re-bagging plant in fertilizers in Mozambique would be eligible for this call of USAID?

These bagging machines will be used for a new bonded warehouse for transit cargo purposes. All will be arriving in bulk and need to be bagged before dispatch to destination countries.

A1: The eligibility of an application that includes re-bagging fertilizer as an activity is contingent upon whether the activity meets industry environmental, safety and efficacy standards and the RFA objectives. It should be noted that to be considered, the inputs to the fertilizers must be

included in the applicant's co-investment contribution (not requested as part of MSP/USAID funding). In addition, should the Technical Evaluation Committee approve the application to move forward with the co-development process, the proposed activity would then need to be screened and included in MSP's supplemental initial environmental examination (SIEE), which would include an Environmental Mitigation and Monitoring Plan (EMMP) that would likely require a safe use action plan among other environmental mitigation measures. MSP's ability to fund this activity is contingent upon the applicant's ability to adequately address/meet environmental requirements and ultimately subject to USAID's approval of the grant.

Q2: Under the illustrative partnership activities that could meet the MSPs objectives, item 6 reads "Other practices or services that promote value addition and prevent food loss or waste, support fertilizer finance/supply chain, or agricultural resilience.". Could you please clarify what is meant by "support fertilizer finance/supply chain", or provide some examples of how the grant could achieve this?

A2: Broadly, any activity that would make fertilizer and other agricultural inputs more affordable and readily accessible to MSP's target populations in Mozambique in both the short and long term could be eligible. This could focus on traditional fertilizer, organic fertilizer, or other non-traditional fertilizers as long as they are compliant relevant environmental regulations and used responsibly. All concepts still must be responsive to the questions included in the application template and the criteria established in the RFA. Further, MSP can support the purchase of fertilizer and agricultural inputs on the partner contribution side of the budget but not in the MSP contribution section.

Q3: Can consortia/partnerships or coalitions be created between organizations to compete for this call?

A3: MSP allows for consortiums to apply, but there must be a lead fiduciary applicant that is a private sector entity.

Q4: We are a co-op without much financial capacity, potential partners, if they are not able to invest at least US\$250,000 over two years, will they be eligible for funding? If mandatory, should this investment be in cash? Or can it also be in goods and services?

A4: Unfortunately, at this time, MSP cannot accept applications with less than \$250k in co-investment over the two years of the award. It is mandatory that the co-investment be invested during the partnership, but it can be in the form of cash, purchases made by applicant during the partnership, or applicable services and labor contributed by the partner during the period of performance of the partnership. Investments made before the start of the partnerships, such as equipment that is already owned, and day-to-day operational costs like rent, raw material purchases, and utilities cannot be included.

Q5: It is allowed to integrate solar technology in zones without access to the electricity grid to promote electrical production, transport and food preservation to reduce product losses due to damage or deterioration in agricultural market systems

A5: So long as the application meets one or more of the RFA objectives (see Section 1 of the RFA), the concept will be eligible. Additionally, the integration of solar technologies must not constitute construction.

Q6: Is it allowed to integrate the irrigation component through the low-cost solar energy system as an alternative to promote greater agricultural production in rural areas?

A6: Refer Answer to Q5. Additionally, any irrigation activities involving significant excavation, laying of pipe, etc. would be considered construction and thus deemed ineligible costs. Other forms of irrigation may be deemed eligible.

January 10, 2023

Q1: We were busy working on the application forms, but just noted that the due date moved from the 30th of December 2022 to 27th January 2023. Can you please confirm the due date moved.

A2: YES, in the RFA amendment 3 the application due date was extended to January 27, 2023, 5:00 pm EST (GMT-5) {January 28, 2023, 12:00 am Maputo Time (GMT +2)}

Q2: Should our application turnout successful, what are the expectations from grantees when preparing financial reports? Please feel free to share some basic information on the financial reporting process.

A2: If Successful, MSP will issue a performance-based, fixed amount award (FAA). Payments under performance-based grants are made upon accomplishment of predetermined results, referred to as milestones. Milestones are agreed between MSP and the partner during a co-development period prior to final grant award. Per USAID regulations, financial reporting is not required under FAA awards. MSP and the applicant will agree to the metrics and verification methods of those milestones during the development of the final grant award, giving latitude to the partner on how it will accomplish the agreed milestones Under this FAA, Partner will be required to submit semi-annual co-investment reports. Supporting documentation of co-investment will not be required semi-annually; however, MSP reserves the right to request supporting documentation at any point to confirm Partnership contributions.

Q3: I just wanted to know in which language we should submit the project? The project is concerned with Cashew processing and local community mobilization.

A3: The application must be prepared and submitted in English.

Q4: Our Company is very interested in developing an application for the Mozambique Partnership Facility. In this regard, we wanted to check whether you would be able to consider two applications from the same company and if so, what the likelihood would be for them to be granted?

A4: A single organization can submit more than one application, however, the viability of each application will be assessed individually based on alignment with the RFA objectives, compliance with RFA requirements, and overall competitiveness.. If an organization decides to submit multiple applications, each application must be fully distinct and independent in regard to all evaluation criteria and the co-investment requirement.

Q5: Our company has piloted plug-and-play irrigation systems with 100 smallholder farmers in Gaza District. These systems do not require any construction and have demonstrated to support farmers in creating profitable climate smart farming systems. In the coming years we have planned to also pilot these, and other, plug-and-play irrigation systems in other districts.

Can you please explain if the following costs are eligible?

Staff: Are the costs of new, and existing, staff that will exclusively allocate their time to this new project be eligible?

COGS: Are the costs of the plug-and-play irrigation systems that are sold to the farmers eligible?

CAPEX: Are the costs for establishing demonstration farms eligible?

OPEX: Are operational costs that are purely related to this project eligible (e.g. transportation of project staff, hire of project office for project staff, etc)?

Borehole drilling: We understand that borehole drilling is defined as construction and cannot be funded. Is that correct? We want, however, to support some farmers in accessing groundwater. Are the costs for training borehole drilling companies eligible? So not the drilling itself, but only the training of these companies.

A5: The eligibility of staff costs, COGS, CAPEX and OPEX will be assessed on a case-by-case basis, but they must be directly allocable to a concept that contributes to attaining the RFA Objectives. The costs for training borehole drilling companies are considered construction as per the definition of Construction and hence ineligible. *"Any cost related to construction"* is considered ineligible. Please refer to Attachment II of the RFA for a list of ineligible costs.

January 19, 2023

Second Applicant Conference Q&A

Monday January 09, 2023

Q1: This opportunity is for nonprofits only? And is it a matching funding?

A1: All applicant organizations are subject to the same requirements per Section III "Eligibility Information" of the RFA. They must be for profit businesses or social enterprises with a proposed concept that is aligned with one or more RFA objectives with the capacity to meet the investment matching requirements described on page 5 of the RFA.

Q2: I see it maxes out at \$500K and has a requirement of a 1:1 matching over a 24-month timeframe. Please confirm

A2: The range for a single award is 250k to 500k and has the requirement of a 1:1 or 5:1 matching over the life of the project. Refer page 5 of the RFA "*Applicant Contribution*"

Q3: Could you please clarify what is meant by "5:1 required if proposed activities include loans or equity investments"?

A3: The 5:1 ratio applies only if the applicant plans to use MSP funds to make equity or debt investments in an outside entity on which the applicant expects a monetary return (e.g., make an equity investment in a supply chain partner, offer input finance to smallholder suppliers or other forms of credit, etc.) as part of the activities under the proposed concept.

Q4: What is the total amount of awards or how many awards for MZ?

A4: The total anticipated amount of funding for this RFA is up to \$1,171,178. The number of awards will range from 2 to 4.

Q5: Whilst we are in the process of compiling the application, will you be willing to go through it prior to us submitting if we are unsure with regards to certain aspects?

A5: We are unable to go through all applications before the deadline. If you have any questions regarding this RFA, reach out through the mozrfaquestions@ftf-msp.org email and responses will be posted in the <https://www.mspgrants.com/mozambique/> every Tuesday through January 24, 2023.

Q6: Why so little funding?

A6: This is what is available for this opportunity for now.

Q7: Construction of a silo for storage of soy, could be considered illegible?

A7: Any cost related to construction — including building renovations — cannot be funded under this RFA, whether through the grant or as part of the one-to-one cash contribution. MSP defines construction costs as the construction, alteration, rehabilitation, improvement, or repair (including dredging, and excavating) of various 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. MSP can fund activities such as environmental assessments, building design, and feasibility assessments for construction projects.

Q8: Portable cold rooms like a container would qualify for financing?

A8: If the use of the portable cold rooms are part of a viable business concept that responds to at least one of the RFA objectives and is not considered construction (see question 7 above), then it could qualify for funding.

Q9: Will funds need to be spent and then reimbursed by you or do we get the funds upfront if we meet all the requirements?

A9: If Successful, MSP will issue a performance-based, fixed amount award (FAA). Payments under performance-based grants are made upon accomplishment of predetermined results, referred to as milestones. Milestones are agreed between MSP and the partner during a co-development period prior to the final grant award. Per USAID regulations, financial reporting is not required under FAA awards. MSP and the applicant will agree to the metrics and verification methods of those milestones during the development of the final grant award, giving latitude to the partner on how it will accomplish the agreed milestones

Q10: I believe agricultural equipment/machinery is an eligible cost and co-investment - do these need to be new purchases or is the purchase of used machines eligible?

A10: Purchase of used machines is ineligible as per USAID rules, but purchase of new machines related to attaining the objective of the project is eligible cost.

Q11: Are transport & VAT also covered

A11: These costs are covered provided they contribute to attaining the project objectives.