

Innovative Partnership Announcement: Unlocking Agricultural Finance for Small Borrowers in Ghana

Partnership Opportunity:	Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity
Opportunity Number:	217788-Partnerships-01
Issuance Date:	December 22, 2023
Closing Date	October 15, 2024
Deadline for Submission of Concept Papers:	Rolling basis. See table below.
Submit Concept Papers To:	GhanaMFA.Procurement@thepalladiumgroup.com

Concept Paper Submission Deadlines:		Deadlines for Questions:
Round One	March 31, 2024, 5:00 PM GMT	March 15, 2024, 5:00 PM GMT

To Interested Offerors:

The purpose of this Innovative Partnership Announcement is to solicit applications from interested parties wishing to receive technical assistance and funding from the Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity.

Palladium is implementing a program funded by the United States Agency for International Development (USAID). Palladium is seeking interested parties to participate in the formation of innovative partnerships to uncover new business models that significantly expand inclusive financing to underserved actors in the agribusiness space, especially smallholders, microentrepreneurs, and base of the pyramid (BOP) populations seeking under \$10,000 in financing at appropriate terms. These partnerships will be between commercial firms and other actors, which may include but not limited to anchor buyers, corporate entities, financial institutions (FIs), large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances, smallholders, and micro-entrepreneurs. Palladium will provide technical assistance to structure these partnerships, help identify potential partners and structure financing solutions, provide co-funding and oversee the implementation of these new ways to lend at scale to the underserved customer base profitably.

The Selection Process will employ a three-phased evaluation that shall allow Palladium to be highly involved in co-creating and co-designing the partnership structure.

The process will comprise of the following three stages:

Phase 1: Initial Review of Concept Notes and Evaluating Against Initial Strategic Partnerships Evaluation Criteria.

Phase 2: Co-Creation Discussions to Refine Concept Note and Develop Detailed Scope of Work of Activities.

Phase 3: Request for Accompanying Budgets and Final Source Selection for award of a subcontract or grant (see definitions below).

On behalf of USAID, Palladium anticipates awarding technical assistance in the form of consultants, grants, and/or subcontracts to fund selected proposals/applications submitted in response to this notice.

Applicants may submit Phase I Concept Papers in response to this notice any time during the twelve months period noted above (“on-ramp period”). According to the schedule listed above, all proposals / applications will be reviewed against Phase 1 evaluation criteria in four rounds. At each round, successful offerors may be invited to the co-creation stage, in which Palladium will work with the offeror to develop the proposal and model, identify other partners, and complete a scope of work for the activities. Based on the co-creation stage outcome, the offeror may be asked to complete a budget proposal to support the implementation of the partnership. This may result in a dedicated consultant or a grant or a subcontract, as defined further below. Successful proposals will be selected for funding by the MFA/Palladium Source Selection Team. Palladium reserves the right to fund any or none of the applications submitted.

Submission of questions: Questions on this notice should be addressed to GhanaMFA.Procurement@thepalladiumgroup.com and will be reviewed and answered according to the schedule above and circulated to all offerors via email. The deadlines for receipt of questions are listed above. Telephone calls regarding technical content will not be entertained.

Palladium may award a subcontract, a grant, or provide technical support as a result of any applications received and evaluated under Phase 3. For the purposes of this announcement, a funded Subcontract is defined as a firm fixed-price contract to procure goods or services at firm fixed-prices, where payments are made for acceptable received and inspected services or goods per the stated criteria. Subcontracts may include profit or fee when priced.

For this announcement, a funded grant is defined as an agreement by Palladium to fund the grantee on a cost reimbursable or fixed-price basis to carry out innovative concept proving, R&D, or other work, which may or may not produce a desired final objective or a result. Grants shall not include any profit or fee when priced.

The announcement solicits applications for interventions that will be implemented in all areas of Ghana, and offerors should clearly mention the geographic areas in which project activities will be implemented.

Grants will be administered per the terms and conditions in the attached [FAA sample grant](#) or other conditions to be negotiated for a cost reimbursable grant. Subcontracts will be administered per the terms and conditions of [Firm Fixed Price Contracts](#) under MFA.

This announcement comprises the following main sections:

1. Program Summary
2. Innovative Partnership Announcement
3. Award Information
4. Eligibility Requirements
5. Application & Submission Information
6. Application Review Information

To be eligible for consideration, offerors must provide all required information in their application. Applications that are submitted late, incomplete, or are non-responsive will not be considered. Awards will be made to the

responsible offerors whose application or concept best meets this announcement's requirements and the evaluation criteria contained herein.

Palladium requires that applications be submitted electronically (e-mailed) to GhanaMFA.Procurement@thepalladiumgroup.com no later than the deadlines listed above.

Issuance of this announcement does not constitute an award commitment on the part of Palladium, nor does it commit Palladium to pay for any costs incurred in preparing and submitting an application. Further, Palladium reserves the right to reject any or all applications received. Applications are submitted at the risk of the offeror, and all preparation and submission costs are at the offeror's own expense.

Sincerely,

Victor Antwi

Ghana MFA Chief of Party

INTRODUCTION

1. PROGRAM SUMMARY

Palladium is a global leader in the design, development, and delivery of Positive Impact — the intentional creation of enduring social and economic value. We work with corporations, governments, foundations, investors, communities and civil society to formulate strategies, and implement solutions that generate lasting social, environmental, and financial benefits.

The Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity is a \$25 million, 5-year USAID Activity that aims to increase commercial financing for agriculture to facilitate capital investment and promote trade. MFA will leverage financial incentives to spur agricultural finance market behavior change and system reform, leading to more inclusive economic growth through agribusiness development.

To unlock agricultural finance in Ghana, the Feed the Future Ghana Mobilizing Finance in Agriculture (MFA) Activity will facilitate transactions to drive capital investment and trade in selected value chains in Ghana: maize, soy, groundnuts, cowpea, shea, cashew, mango, and other high value export crops. It will leverage performance-based incentives to enhance the capacity of Business Advisory Service Providers (BASPs) to close deals and catalyze financial institutions' (FIs) engagement with the target sector. Over the four-year period of performance (2020-2025), MFA will unlock \$309 million in investment, in addition to spurring agricultural finance market behavior change and system reform to drive sustainable agricultural lending and inclusive growth.

One of MFA's key objectives is to reduce financing transaction costs and expand scale and sustainability of inclusive lending to the smallest actors, especially women, youth, smallholders, and micro enterprises seeking loans under \$10,000. At present, it is often unprofitable for universal FIs to lend to the smallest actors, and high interest rates charged by FIs to BOP customers due to perceived risk causes these potential borrowers to rely on the cash economy. MFA aims to incubate strategic partnerships that will address this market failure and mobilize \$71.2M in financing at growth-enabling terms to smallholders and microentrepreneurs.

2. INNOVATIVE PARTNERSHIP ANNOUNCEMENT

MFA aims to significantly expand inclusive financing to small agricultural actors (smallholders, microenterprises, bottom of the pyramid borrowers) seeking under \$10,000 in financing at appropriate terms (favorable tenor and interest rates) and is seeking firms willing to participate in a commercial partnership to try new business models to unlock this financing. MFA is especially interested in partnerships that also improve the competitiveness of BOP borrowers, by for example, by improving yields, product quality, and access to equipment, and ultimately result in inclusive growth and increased profitability. MFA will provide technical or financial support to form and implement partnerships potentially to involve a range of other actors in Ghana, under a structure in which the financing risk is shared among the participants. The partnership will ensure one actor does not bear all the cost and risk of piloting a new financing intervention. The commercial firm must be willing to co-invest in the financing solution and/or a relationship with a financing partner (e.g., financial institution, institution providing risk mitigation) that could feasibly continue after USAID funding is no longer available. Applicants may already have a proposed financing solution or financing partner, or they may have a compelling business model or expansion strategy, that, with an appropriate partner, would unlock substantial financing for BOP borrowers.

MFA seeks to:

- Identify new and innovative partners in Ghana that are committed to expanding finance to actors with small financing needs (e.g. smallholders, microenterprises, BOP borrowers) at favorable terms; and
- Structure and support partnerships between anchor buyers, corporate entities, FIs, large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances, smallholders, and micro-entrepreneurs that unlock access to finance, improve competitiveness of small borrowers, and support inclusive growth.

MFA encourages offerors to submit a concept note if their business model is aligned with MFA's desired outcome of unlocking financing for small actors, and can demonstrate their viability according to the below evaluation criteria:

Sector and Geographic Scope

MFA aims to impact, through increased financing and improved competitiveness, small actors in specific agricultural sectors; the full list with geographic scope is included below. Offerors should be able to demonstrate that their activities will involve small value chain actors that are conducting business in the above listed value chains (VC). Examples of value chain actors include input dealers, producers, processors, aggregators, storage service providers, traders, retailers, exporters, agriculture logistics firms, and technology providers.

There are three categories of eligible small actors (smallholders, microenterprises, bottom of the pyramid borrowers) under this subcontract:

1. **Maize, soy, cowpea and groundnut value chain deals.** Approved enterprises must be situated in or must work with suppliers/producers located within the Feed the Future Ghana Zone of Influence's (ZOI) 17¹ Districts across four regions (Northern, North East, Upper East, Upper West). The enterprise must be located in, selling to, or buying from any of these districts.
2. **Trade acceleration value chain deals (High value export crops, including but not limited to Shea, Cashew and Mango).** Diversification into higher-value crops of agricultural transformation that offers the potential to pull farm households by connecting them to more lucrative domestic and international markets and diversifying their incomes. This could include crops such as yam, moringa, pineapple, papaya, or tomatoes, among others. The small actors must be operational within Ghana, but there is no regional geographic requirement.

3. AWARD INFORMATION

Estimated Funding Level

Palladium expects to award several grants and/or subcontracts and may choose to fully fund or incrementally fund the selected application(s). Awards may not exceed USD 100,000 for Ghanaian and international organizations. However, the final amount will be dependent upon the proposed activities and final negotiation that will take place in Phase 3 and may be lower or higher than that range. Preference will be given to Ghanaian organizations with previous experience implementing projects in the related activity area and showing tangible results and impact.

Anticipated Performance Period

Palladium anticipates a performance period of up to one year, with the possibility of extension.

Award Type

Palladium anticipates awarding Fixed Amount Award (FAA) or Cost Reimbursable Grants and/or Firm Fixed Price Subcontract as defined above. The MFA team will determine the award mechanism through a pre-award determination process based on the nature of the proposed activity and the selected organization's financial and management capacity. The award size, the number of awards, and the amount of available funding is subject to change.

Co-Investment

Offerors will have to commit at least 20% of the business model's final costs during implementation. The contribution to the business model would be dependent upon the estimated cost of the business model and subject to the award size and the amount of funding available. Depending on the nature of the award, the offeror may be required to commit the expected contribution upfront (in the case of FAA) or in tranches in the

¹ **Northern Region** (Gushiegu, Karaga, Mion, Sagnerigu, Nanton, Yendi), **North East** (East Mamprusi, Mamprugu Moagduri); **Upper East Region** (Bawku Municipal, Bawku West, Garu, Tempene), **Upper West Region** (Daffiama Bussie Issa, Nadowli-Kaleo, Sissala East, Sissala West, Wa East)

case of Reimbursable grants or fixed price subcontracts where the payment would be closely linked to the percentage of work completed.

Illustrative Examples

The MFA partnerships will involve the creation of new financing business models built by multiple actors, including resource partners, joining forces to discover new ways to profitably lend at scale to an underserved customer base they cannot support acting singly. The actors may include but are not limited to financial institutions (FIs), large-scale agricultural investors, technology firms, digital/mobile money platforms, agricultural alliances and small actors with the object of reaching smallholders and micro-entrepreneurs and with focus on women and youth, seeking under \$10,000 in financing at appropriate terms.

The following are indicative partnerships, although not exhaustive:

- **Large scale agricultural investors**
A large maize processor in northern Ghana wants to upgrade the production capacity of its network of outgrowers. It applies to this notice and MFA identifies an interested FI to enter into the partnership and designs a specific financial product for the outgrowers, with the processor acting as a guarantor. The financing allows the outgrowers to invest in improved maize inputs and labor to produce more maize, increasing the output of the processor. This partnership results in unlocking at least US\$10M to 10,000 farmers at favorable rates which boost incomes and their ability to expand production even further during the next farming season.
- **Fintech and mobile money**
An emerging fintech company has a mobile application to analyze credit and channel digital finance to 30,000 microenterprises around the country. They apply for a partnership for MFA to identify financing sources to scale their model and provide support to developing their business model. This partnership results in the unlocking of over US\$30M of financing.
- **VSLAs**
A large network of village savings and loan associations (VSLAs) in northern Ghana has a total of 30,000 members, and they apply for a partnership to help their members access financial services. The partnership with MFA results in several FIs committing to loan products and other financial services that address the issue of the remote location of these VSLA groups. This lowers the cost for FIs, addresses the unique needs that drives and sustains the VLSA groups, and creates a business case for FIs to reach the VSLA groups for future lending. This partnership generates loans of US\$20M beyond the share out value from the groups' savings.

The strategic partnerships all demonstrate a clear impact on the following:

- Linking smallholder and microenterprises to new and diverse markets for increased profitability;
- Providing smallholder and microenterprises with a platform that facilitates their access to financial services; and
- New business models that will set the stage for new ways of engaging with BOP customers that facilitates inclusive growth.

4. ELIGIBILITY REQUIREMENTS

This announcement is issued as a public notice to ensure that all interested and qualified organizations have a fair opportunity to submit applications for funding. The following criteria will be applied to all offerors in Phase I to determine the eligibility of offerors:

- Offeror is legally registered as a non-for profit or for-profit organization per the laws of Ghana and is in good standing, legally licensed and up to date on all applicable taxes.
- Offeror has been in existence for at least three years.
- Offeror has a DUNS number or can provide proof they have applied for a DUNS number. Instructions for obtaining a DUNS number can be found here (<https://www.dnb.com/duns-number/get-a-duns.html>).
- Must not have any active exclusions in www.sam.gov, UN, or other international compliance databases.

Palladium strongly encourages applications from potential new partners (NPIs). NPIs are organizations which have never received funding from USAID directly or indirectly.

5. APPLICATION & SUBMISSION INFORMATION

Palladium will review and finalize proposals using a three-stage process. All applications for Phase 1 must include the following:

1. Concept Paper

Offerors must submit a concept paper of no more than five pages directly to Palladium to participate in this program. The concept paper should demonstrate the offeror's capabilities and expertise for achieving this program's goals. Concept papers must contain the following:

1. Cover Page (no more than 1 page). The cover page must include:
 - a. Opportunity number and name
 - b. Address of organization
 - c. Contact point (lead contact name; relevant telephone, fax, e-mail information);
 - d. Signature of authorized representative of the offeror.
2. Technical Proposal (no more than 3 pages): This section should address the capabilities of the organization and commitment to achieving the selected objectives of this document and should include:
 - a. Background and capabilities of the organization, with an emphasis on existing networks of small actors (smallholders, microentrepreneurs, bottom of the pyramid borrowers) engaged by the organization, if any;
 - b. Discussion of the offeror's proposed business model and how it meets MFA's evaluation criteria; and
 - c. The geographic focus of the offeror's existing operations and networks.
3. Supporting information (no more than 1 page):
 - a. Statement on whether the offeror commits to co-financing or sharing financial risk of proposed activities;
 - b. Proposed or existing partner(s) to participate in the partnership, if applicable; and
 - c. Proposed duration of the activity.

Do not submit a full proposal unless requested by Palladium. Only upon receipt of positive Palladium feedback on the concept paper is the offeror requested to put together a full proposal for Palladium consideration.

2. Supporting Documentation

Offerors must submit, in addition to the concept note, the following documents:

- Due Diligence form (Click [here](#))
- Local Company Data sheet (Filled, dated and signed) (Click [here](#))

- Signed certifications:
 - o Terrorism, Ant-Kick Back, Debarment (Click [here](#))
 - o Foreign Corrupt Practices Act (Click [here](#))

Submission Information

The concept paper must be submitted by email to: GhanaMFA.Procurement@thepalladiumgroup.com no later than the deadlines on this announcement's cover page. All correspondence must include the relevant announcement number and title. Offerors that are not selected will be notified and may request a debrief, after which they may resubmit concept notes for consideration with feedback from Palladium incorporated.

Selected offerors will be notified and will be invited to participate in co-creation meetings with MFA/Palladium staff, where the concept note will be discussed, refined, and additional partners will be identified. The end result of the co-creation Phase 2 will be a full Scope of Work for the partnership. At that point, the offeror will be asked to submit a complete grant or subcontract budget based on the information in the final Scope of Work. Palladium will provide instructions and templates at that time. The budget will be analyzed for cost reasonableness and is open to negotiation prior to any award.

Palladium reserves the right to award any or none of the applicants at any stage of the process. For example, proceeding to co-creation does not guarantee a final award, and Palladium will not cover any costs associated with participating in this process.

6. APPLICATION REVIEW INFORMATION

1. Evaluation Criteria for Concept Paper

Concept papers will be reviewed against the below criteria:

- Past performance and buy-in of the strategic partner (15 points)
 - o Level of competitiveness of the strategic partner/s
 - o Demonstrated track record of success in previous engagements
 - o Commitment to leverage strategic partners' own funds to achieve program objectives.
- Business model and its relevance to MFA (35 points)
 - o Soundness of the business model to deliver financing sustainably
 - o Potential number of small actors (smallholders, microentrepreneurs, bottom of the pyramid borrowers) reached with financing
 - o Value of financing facilitated by the strategic partnership (scale)
 - o Relevance to target VCs and geographies
- Impact of the partnership on target groups, small borrowers, and Ghana's growth and development (50 points)
 - o Benefits to women, youth and other disadvantaged segments
 - o Ability of business model or proposed partnership arrangement to improve lending terms for borrowers and inclusivity
 - o The extent to which the proposed partnership contributes to increasing VC competitiveness, inclusive growth, competitiveness of small actors, increased income, sales, and profits