



**PRIME**

## **Innovation and Investment Fund - Annual Program Statement**

Issue Date: 1<sup>st</sup> January, 2014

Closing Date: 31<sup>st</sup> December, 2014

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### Purpose

PRIME is a 5-year USD 52 million USAID-funded program designed to increase household incomes and enhance resilience to climate change through market linkages in Ethiopia's dryland areas. Intermediate Results under the PRIME project include: increased livestock productivity; increased capacity of communities to respond to climate change; improved access to alternative livelihoods; improved nutritional outcomes; and improved knowledge management and learning for pastoralist issues.

### Fund Overview

The USD 5 million Innovation and Investment Fund (IIF) was designed to support activities across all Intermediate Results through targeted investments in the form of technical assistance, matching grants, and service contracts with private-sector, government and non-government stakeholders. Targeted investments made in partnership with other stakeholders will leverage program and partner resources to catalyze sustainable growth. The IIF is envisioned to support new start-ups, strengthen capacity of existing businesses which has potential to grow or expand and encourage new initiatives which brings innovation and technology into use. The overarching goal of the IIF is to catalyze sustainable improvements in industry capacity, expanded supply chains, increased sector competitiveness and a strengthened financial services industry and ultimately expediting regional economic growth and increasing employment. In general, the IIF will require a minimum 50% co-investment from partners on average across the portfolio. Through this mechanism, the IIF will minimize risks associated with new business ventures or approaches, giving partners the confidence to invest in new initiatives.

### Participating Organizations

- DONOR - United States Agency for International Development (USAID)
- Mercy Corps
- CARE
- Kimetrica
- SOS Sahel
- Haramaya University
- Afar Integrated Sustainable Development Association (AISDA)
- Horn of Africa Voluntary Youth Committee (HAVYCO)
- Ethiopian Center for Disability and Development (ECCD)
- Aged and Children Pastoralist Association (ACPA)



## Application Process Overview

PRIME's Innovation and Investment Fund (IIF) is a program facility that is designed to strengthen the resiliency of Ethiopia's pastoralist areas by providing financial and technical assistance to private companies and other organizations that participate in the value chains and markets important for the pastoralist areas. Small to medium-sized enterprises (SMEs) with impact in the livestock sector and funding needs of 2,000,000-25,000,000 birr are encouraged to contact PRIME for additional information about applying.

## Structure of IIF Funding

The Mercy Corps IIF funding is typically provided in a form of a matching grant and/or technical assistance. Mercy Corps does not take debt instruments or ownership positions in exchange for its contributions. Applicants must be prepared to match the IIF's contribution for the proposed business expansion project on at least an equal basis, and they cannot use the IIF's funds to meet working capital needs. Typically funding is provided for one-off and fixed capital investment parts of the proposed project within the donor (USAID) and governing regulations restrictions.

## Eligible Enterprises

Legally registered Ethiopian small and medium enterprises with activities that benefit the economic and market development of Afar, Oromiya and Somali regions, and that require funding for fixed assets, training, marketing, technical assistance or other one-off expenses are eligible to apply.

Illustrative ventures may include enterprises that focus on;

- Improving access to and availability of quality livestock inputs, including feed and fodder
- Improving animal health services,
- Improving meat and live animals trade,
- Strengthening the dairy value chain.
- Essential skills transfer for youth and entrepreneurs,
- Strengthening Poultry value chain
- Efficient and renewable energy technology

In addition to SMEs, financial institutions, private equity and business advisory firms, research institutes and other not-for-profit entities can apply for support of IIF under identical conditions as SMEs and for support of projects that have and objectives for economic and market development of Afar, Oromiya and Somali regions.

## Application and Selection Process

This Annual Program Statement is open for eligible entities to apply in the period of 1<sup>st</sup> January 2014 – 31<sup>st</sup> December 2014. Prospective applicants may submit their application using the prescribed application process. PRIME maintains a simplified competitive process by creating a two-tiered or pre-qualification competition for all types of recipients. This type of competition would allow for evaluation of potential applicants based on initial pre-qualification applications and reviews. After an optional IIF management and compliance training, including an individual session with the awardee to assess and improve their application, a second level of competition requiring detailed program approaches and detailed budgets is conducted among the best applicants from the initial competition.

A Screening Committee comprised of Mercy Corps staff reviews applications, and refers promising applicants to an Evaluation Committee comprised of representatives of USAID, Mercy Corps and geographically representative PRIME partners.



Screening and evaluation are conducted on the basis of the eligibility requirements noted above, certain USAID considerations including environmental compliance, and the following criteria:

- Proponent history, scale and development momentum;
- Business plan viability of the proposed project;
- Well-researched sourcing and marketing;
- Local competent authorities and stakeholder consultation and support;
- Risk mitigation;
- Appropriate and viable cost sharing resources provided;
- Potential for impact, and alignment with PRIME objectives for economic and social development of the target areas and increased resilience of target communities.

Proposals should be sent to in electronic form to the PRIME e-mail address listed below and/or via mail to the following address:

**Mercy Corps Ethiopia,  
PRIME (IIF) – Annual Program Statement (APS)  
P.O.Box 14319  
Addis Ababa**

#### Monitoring and Evaluation

PRIME will collaborate with the recipients of IIF funding to define and track a set of indicators of success, including number of households impacted or benefiting from the activity. Performance against these indicators will be monitored for the remainder of the PRIME program, and periodic reporting will be required. PRIME may request additional information or may offer technical assistance to enhance the performance of the venture.

For Application Interest Form (AIF) and further information, please e-mail: [prime@et.mercycorps.org](mailto:prime@et.mercycorps.org)

PRIME reserves the right to fund any or none of the applications submitted. PRIME may reject the whole or part of any or all proposals without giving any reason. Information submitted in response to this APS will be used only for purposes related to this initiative.