



# RAISE-FS Innovation Fund Manual

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RAISE-FS manual #001



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The RAISE-FS Innovation Fund Manual is a guide developed within the context of the RAISE FS programme. It provides an overview of the steps that should be followed during application for the innovation fund at RAISE-FS.

Keywords: Innovation fund, food system, concept note, signing agreement, disbursement

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# Preface

Resilient Agriculture for Inclusive and Sustainable Ethiopian Food Systems (RAISE-FS) is a four-year program funded by the Dutch Embassy in Addis Ababa and hosted by Stichting Wageningen Research Ethiopia based in Addis Ababa, to bring about transformation in the Ethiopian food system. RAISE-FS will develop and implement a demand-driven and interdisciplinary approach to Research for Food System Transformation (R4FST) and as such contribute to the Government of Ethiopia's transformational agenda.

RAISE-FS adopts the food system approach as a Theory of Change (ToC), which helps in analysing the drivers and food system activities that contribute to the transformation of the food system by addressing leverage points, resulting in increased productivity, enhanced value chain performance, and improved human nutrition for food security while minimizing environmental impact and ensuring social inclusion.

The project aims to leverage transformation in Ethiopian food systems, covering the spectrum from food-insecure households and regions, to better-off households that are food-secure and can realize production surpluses, towards commodity commercialization efforts that contribute to rural and urban consumption demands and export.

The project focus on three food system typologies in Ethiopia: low potential or food-insecure (non-commercial), high potential or moderately food-secure (semi-commercial), and commercial orientation. The areas chosen are representative of different environments, ranging from very low land areas below 600 meters to that of very highland elevations that reach over 3,500 meters above sea level. This allows the project to evaluate innovations in various climatic conditions considering the specificities of the targeted food system types.

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**More information :** [www.raise-fs.org](http://www.raise-fs.org)



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## List of abbreviations and acronyms

AACCSA	Addis Ababa Chamber of Commerce & sectoral associations
BENEFIT	Bilateral Ethiopia-Netherlands Effort for Food Income and Trade
NGO	Non-Governmental Organization
RAISE-FS	Resilient Agriculture for Inclusive and Sustainable Ethiopian Food Systems
RARIs	Regional Agricultural Research Institutions
SNNPR	South Nations, Nationalities and Peoples Region
SWR	Stichting Wageningen Research
WCDI	Wageningen Centre for Development Innovation, Wageningen University & Research
WUR	Wageningen University & Research

## Summary

Resilient Agriculture for Inclusive and Sustainable Ethiopian Food Systems (RAISE-FS) aims at leveraging transformation in Ethiopian food systems. It focuses on the low potential, food-insecure system, the high potential, moderately food-secure system and the commercially oriented system. There is a national RAISE-FS office and eight regional partners, 4 universities and 4 Agricultural Research Institutions (RARIs) with a dedicated staff to coordinate activities at each partner institute. The coordinators of the partners report to the RAISE-FS manager. Five components are comprised in RAISE-FS. Sector performance and Value Chain is one of the five components. This component focuses on the demand-oriented development of commercial or potentially commercial value chains in domestic and export markets, while attracting more smallholders into these value chains. Innovation fund is incorporated into Sector Performance and Value Chain component to encourage sustainable business ideas that can resolve sector challenges. The Innovation Fund will provide grant funding for two types of innovative projects depending on the grant amount. The first type (Type A) is a grant funding of €25,001 to €50,000 while the second type (Type B) is a grant funding of €10,001-€25,000. Projects are considered innovative when they introduce new or improved products, services, technology, business models and/or service delivery model to the country. Innovative projects that take place in the poultry, legumes, spices, oil seeds, potato and vegetables are eligible for co-funding.

The Innovation Fund is operational up to June 2025, with a maximum grant budget of €0.6 million. Concept notes can be sent to RAISE-FS until March 24, 2024. Concept notes will be evaluated at the end of every month in which they have reached RAISE-FS and applicants will be contacted to submit project proposals if their concept notes are accepted by the Evaluation Committee. An applicant for RAISE-FS grant funding should be a recognized Ethiopian company that is able to present a valid Ethiopian business license. Partnerships of multiple companies, NGOs, research institutions, etc. are allowed to submit an application, as long as this partnership consists of at least one licensed company in Ethiopia, which is the formal applicant for the grant. The applicant is required to make matching fund in cash and in-kind contributions for Type A projects. At least 20 per cent of the contribution is to be made in cash. For Type B projects, applicant contribution and RAISE-FS grant share is 25:75 and the applicant's contribution can be in cash, kind or in both cash and kind. The category (Type A or Type B) in which the project falls will be determined by the amount of grant approved by the Approval Committee. Grant type and range; applicant's contribution both in cash and kind is presented in section 2, table 1 of this fund manual.

A two-stage submission process will be employed to reduce transaction costs for RAISE-FS and applicants. Applicants first submit a brief concept note. Applicants of promising concept notes will be invited to submit full proposals for formal evaluation. Concept notes are screened by a Concept Note Evaluation Committee of 3 members against the minimum criteria, and are endorsed by RAISE-FS Manager. The Committee members are selected by the RAISE-FS Manager from the local RAISE-FS staff. The Review Panel will evaluate the proposals on technical approach (methodology), economic viability, and implementation capacity of the applicant; value for money, additionality and impact. The review panel advises the Approval Committee to either (a) approves the proposal, (b) approve the proposal with amendments on approach or budget or both, or (c) reject the proposal. The Approval Committee is end-responsible for project approval or disapproval, based on advice of the Review Panel and project proposal.

# 1 Background and objectives

## 1.1 RAISE-FS

The Government of Ethiopia prioritizes agricultural development as key to accelerating growth, overcoming poverty and enhancing food security. RAISE-FS aims at leveraging transformation in Ethiopian food systems covering the spectrum from food-insecure households, to the better-endowed households that are food-secure and can realize production surpluses, towards commodity commercialization efforts, contributing to rural and urban food supply and agricultural export. Based on both sector and analysis of the food system priority areas for innovation fund will be determined. The focus will be on low-cost technologies to improve post-harvest handling and reduce food losses. RAISE-FS will explore if viable cases can be developed in collaboration with local stakeholders. Processing and product development is important for diversifying the range of available food products, to improve shelf life and to create employment and income-generating opportunities. The innovation fund will take into consideration innovations at any segment in the value chain, from production to marketing/consumption for the selected commodities.

RAISE-FS comprises the following five components (outcome areas).

- Social and economic empowerment of women and youth in food systems,
- Efficient and environmentally sustainable production,
- Sector performance and value chains,
- Availability of safe and nutritious foods, and
- Enabling environment for systems change

Primarily, RAISE-FS operation area covers the following subsector/commodity and geographic combination.

- Oromia: Poultry, lentils (pulses) and potato
- Amhara: Soya, Sesame and Potato
- SNNPR: Poultry, Mung bean and Potato
- Tigray: Poultry, Small ruminants, and haricot bean?

## 1.2 Objective of the Innovation Fund

In this fund manual innovation is referred to as “a process by which a domain, a product, or a service is renewed and brought up-to-date by applying new processes, introducing new techniques, or establishing successful ideas to create new value.” the creation of value is a defining characteristic of innovation. Producing the same product or offering the same service in another region in Ethiopia is not an innovation, but bringing in an existing technology/product/service to Ethiopia from another country is an innovation (this would bring in some points during the evaluation) while offering a completely new product/service in Africa / world is an innovation (this would bring in the most points during the evaluation of the proposals).

The innovation fund functions by having a range of screening expertise, developing a flexible co-funding mechanism, providing technical support during implementation and enhancing due diligence and monitoring to realize the potential of the innovation fund mechanism. As indicated in the preceding sections, RAISE-FS will focus on technology transfer. The focus will be on low-cost technologies. Innovations at any segment in the value chain, from production to marketing/consumption for the selected commodities are accepted by the Fund. Innovation fund functional area is throughout the country for the selected subsectors/commodities even though other RAISE-FS operations concentrate on the subsector/commodity and geographic combination mentioned in section 1.1 of this fund manual. This is because the main purpose of the innovation fund is scaling up of successful innovations by stimulating other companies to replicate these innovations and innovations in one part of the country can be replicated by agri-business firms to the selected RAISE-FS subsector-geographic combinations. Therefore, the innovation fund will cover all innovative projects in all parts of Ethiopia for the selected subsectors/commodities as far as the minimum requirements and eligibility criteria are met as well as the project area can be safely accessed by RAISE-FS staff and the respective platform members and other entrepreneurs interested in scaling up/replicating the innovation project financed by the Fund.

The Innovation Fund will provide matching grant funding (50:50) for innovative projects requiring grant amount of €25,001-€50,000 and 75% of the total project cost for grant amount of €10,001-€25,000. Projects

are considered innovative when they introduce new or improved products, services, technology, business models and/or service delivery models to the country. Projects that take place in the poultry, spices, oil seeds and pulses, potato and vegetables subsectors/commodities are eligible for co-funding.

The Innovation Fund will be operational up to June 2025. Concept notes can be sent to RAISE-FS until March 24, 2024. Concept notes will be evaluated at the end of every month in which they have reached RAISE-FS and applicants will be contacted to submit project proposals if their concept notes are accepted by the Evaluation Committee. Selection process will be conducted on First come, first served basis: Applications will be dealt with strictly in the order in which they arrive RAISE-FS. Up-scaling of successful innovations will be achieved by stimulating other companies to replicate these innovations. Hereto, RAISE-FS will draft Innovation Opportunity reports that describe each successful innovation. The innovation opportunity reports will be published, and actively promoted during company visits and platform meetings. Therefore, companies must be willing to disclose information before, during and after implementation for proper documentation.

### 1.3 Objectives of the Fund Manual

The principal objective of this manual is to provide stakeholders with all relevant information in relation to governance of the Innovation Fund. The guideline will help them to clearly understand minimum eligibility criteria, procedures, selection criteria and project timeframes. The Fund Manual will also serve as a procedural and operational guideline and reference for RAISE-FS staffs and external experts involved in selection activities at different stage and for the overall innovation fund governance. The Fund Manual is prepared by Innovation Fund and Access to Finance Consultant, reviewed by Sector and Value Chain Coordinator, Sector Performance and Value Chain Advisor and RAISE-FS Manager and approved by RAISE-FS Coordinator.

## 2 Innovations, Funding and Minimum Criteria

### 2.1 Innovation entitlement

In this fund manual innovation is referred to as “a process by which a product or a service is newly developed or renewed and brought up-to-date by applying new processes, introducing new technologies and techniques, or establishing successful ideas to create new value”. The creation of value is a defining characteristic of innovation. Producing the same product or offering the same service in another region in Ethiopia is not considered as an innovation, but bringing in an existing technology/product/service to Ethiopia from another country is an innovation (this would bring in some points during the evaluation process), while offering a completely new product/service in Africa / world is an innovation (this would bring in the most points during proposal evaluation). Therefore, the project applied for innovation fund financing should introduce new or improved product/s, service/s or delivery method/s, and technology and business model to Ethiopia.

### 2.2 Innovations that are not eligible for funding

Innovations that have been funded by RAISE-FS in the first-round Call or by Bilateral Ethiopia-Netherlands Effort for Food Income and Trade (BENEFIT), the predecessor of RAISE-FS are not eligible for funding. Projects funded by the Dutch Government through its Embassy in Addis Ababa and managed by different NGOs in Ethiopia **ARE NOT** eligible. Similarly, projects being supported by any other donor and is not yet completed are not allowed to apply. Projects applied with different names, but content-wise same are not eligible. Overview of innovations that aren't eligible for funding are presented in Annex 1.

### 2.3 Grant amount

The maximum amount of grant for Type A project is €50,000, while for Type B project it is €25,000. Applicants are required to contribute in cash and in-kind towards the project, whereby for Type A projects this contribution is equal to or larger than the grant amount. For Type B projects, applicant's contribution is equal to or more than 50% of the grant amount or 25% of the total project cost. For Type A projects, a minimum of 20% of the own contribution should be in cash while for Type B project, applicant's contribution can be in cash, kind or in both cash and kind (table 1). In-kind contributions should be directly associated with project requirements, such as machinery, tools and (part of) salaries of staff that are involved in project implementation.

Table 1 Maximum grant amount and minimum beneficiary's contribution by grant category

Grant Category	Grant range	Maximum Grant	Minimum Beneficiary's Share	Type(s) of Beneficiary's Share	Maximum Contribution in Kind	Minimum Contribution in Cash
Type A	€25,001- €50,000	50% of the total project cost	50% of the total project cost	in kind & cash or fully in cash	80% of beneficiary's total contribution	20% of beneficiary's total contribution
Type B	€10,001- €25,000	75% of the total project cost	25% of the total project cost	In kind, in cash or both in kind & cash	100% of beneficiary's total contribution	-

## 2.4 Costs covered by the innovation fund

- RAISE-FS innovation fund will cover costs for purchasing machinery, equipment and consumable items crucially required for implementing project activities;
- Hiring skilled and casual labour vitally important for implementing innovation related activities;
- Acquiring farm inputs (fertilizers, pesticides, laboratory chemicals, packing material, etc.) depending on the nature of the project.

## 2.5 Costs not covered by the innovation fund

- The Innovation Fund will not cover costs of land lease, land, office, or warehouse rent;
- Company overhead costs such as insurance, utilities (water, electricity, telephone ...);
- Staff salaries except for skilled employees, consultants/advisors vitally important for project activities;
- The fund cannot be allocated to reimburse the cost of existing buildings, facilities and consumable items;
- Costs of locally available farm inputs.

Please note that the above enumerated costs are only indicative and there are many costs, which could be eligible/ineligible depending on the nature of the project. Thus, categorization of such costs for their eligibility or ineligibility is entirely within the RAISE-FS discretion.

## 2.6 Minimum criteria

In order to be eligible for the Innovation Fund, applicants and projects need to meet the following criteria:

- The project should address challenges in the poultry, pulses, spices, oilseeds, potato or vegetable sub sectors. The applicants can apply for the fund to support projects in the above sub sectors and with innovative ideas. Among others innovative projects that focus on the following operation areas are worthy of better acceptance:
  - Potato
    - Seed production
    - Seed handling
    - Micro processing
    - Contract farming
  - Haricot bean
    - Baltina processing
    - Contract farming
  - Poultry
    - Breeding
    - Mobile Agro veterinary service
    - Small and medium scale slaughtering
    - Contract farming
  - Seed Spice
    - Value addition-essential oil extraction
    - Contract farming
- Should be a project not being supported or approved for funding by any other donor
- The project should directly or indirectly benefit farmers, processors, consumers and/or contribute to youth and women economic empowerment.
- The project should be implemented within one year.
- Applicants are required to make cash and in-kind contributions towards the project – see table 1
- The own contribution must come from other sources than grants, especially not from grant programs of the Embassy of the Kingdom of the Netherlands or the Dutch Ministry of Foreign Affairs. The range of grant fund, beneficiary's contribution and means of contribution are summarized in table 1.
- The applicant should be able to present a valid Ethiopian business license. As such, there is no restriction on shareholder nationality of applicant companies.
- Partnerships of multiple companies, NGOs, research institutions, etc. are allowed to submit an application, as long as this partnership consists of at least one company that possesses Ethiopian

business license. In this case, the licensed company will be an applicant for the grant, and will be end-responsible for project implementation.

- Foreign companies without Ethiopian business license are only allowed to apply in partnership with a company that possesses an Ethiopian business license. In this case, the licensed company will be the applicant for the grant, and will be end-responsible for project implementation.
- Applicants (principal applicant in the case of group applicants) can't receive grant funding for more than one project at a time.
- Partner companies, NGOs, research institutions can be involved in more than one project at a time.
- Companies can only re-apply a rejected proposal once. After the second rejection, the same project idea cannot be submitted again. Please note that re-applications still need to follow the regular procedure, including submission of a concept note.
- The applicant should complete the concept note and full proposal format with all its requirements, as outlined in underlying document and relevant Call for Projects.
- Applicants should agree with terms and conditions outlined in the grant contract.
- Applicants should be willing to host RAISE-FS staff on company premises and project sites during due diligence examination, project follow-up, project implementation and operation.

# 3 Procedures

## 3.1 Overview

Based on the particular challenges found in selected sectors/value chains and which innovations need priority, in addition to announcement of call for innovative projects, relevant companies will be approached to suggest ideas to resolve those challenges. This is probably the most effective approach, along with having a range of screening expertise, developing a flexible co-funding mechanism, providing technical support during implementation and enhancing due diligence and monitoring to realize the potential of the innovation fund mechanism. The focus area of the Innovation Fund is, technical support during implementation, technology transfer at any segment of the value chain, including post- harvest loss reduction, processing and product development. The Innovation Fund application process is structured around Call for Projects. A two-stage submission process will be employed for each Call for Projects to reduce transaction costs for RAISE-FS and applicants. The procedures for project selection and management are outlined in a graph below:

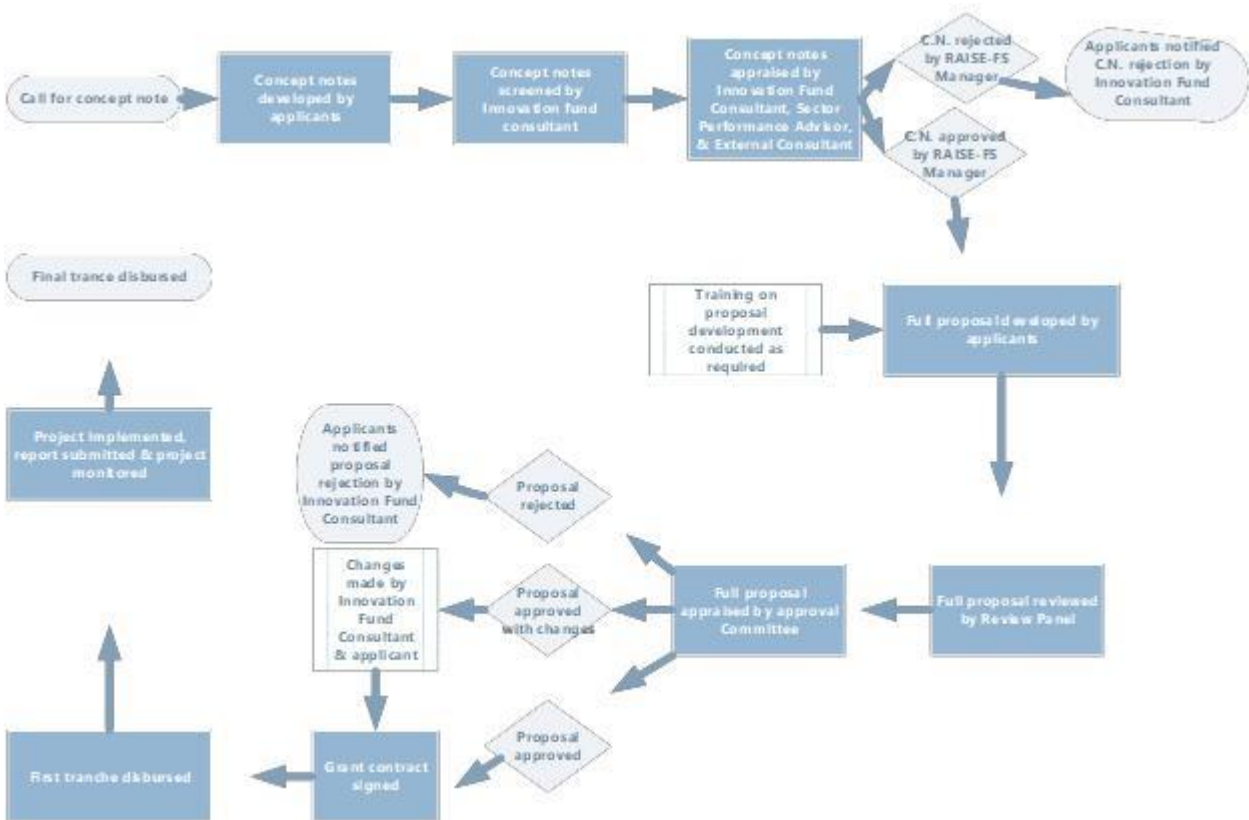


Figure 1 Procedures for project selection and management



## 3.2 Awareness creation

RAISE-FS will use various means of communication to create awareness with potential stakeholders. One of the mechanisms to reach the stakeholders is mass media. The Innovation Fund and Call for Projects will be promoted in different newspapers and [www.ethiojobs.net](http://www.ethiojobs.net) at the start of the program. The program will also be advertised on specific websites including RAISE-FS and Partner Projects, AACCSA, Regional partners, Universities and Agricultural Research Institutions. More targeted communication at sub-sector platform meetings will also be carried out. Relevant Sector Associations will be contacted, so that they can pass on the information to their members. Face-to-face contact will be made with entrepreneurs that are planning to implement innovative projects that meet the Fund's objectives.

Scaling up of successful innovations will be achieved by stimulating other companies to replicate these innovations. Hereto, RAISE-FS will draft Innovation Opportunity Reports that describe each successful innovation. The Innovation Opportunity Reports will be published, and actively promoted during company visits and platform meetings.

## 3.3 Two-stage submission process

### 3.3.1 Stage 1: Concept note submission

During the first stage a concept note will be submitted, including business license. The purpose of the concept note is for applicants to demonstrate how their innovation meets the objectives of the Innovation Fund. Applicants can also send a video, maximum 10 minutes, as optional in addition to the Concept Note. The concept note is to be prepared by using a template (Annex III), which will be provided by the Innovation and Access to Finance Consultant. Applicants can also get clarifications on the concept note templates or ask advice while preparing the concept note from the Innovation Fund and Access to Finance Consultant.

Overall eligibility of the concept note will be checked against the minimum criteria as laid out in corresponding Call for Projects and underlying Fund Manual. Technical and financial capacity of the applicant to implement the intended project might be assessed via company visits. Applicants that fulfil the minimum criteria will enter the second stage, and will be invited to submit a full proposal. Companies can only re-apply a rejected concept note once.

For the concept notes with complex content, in consultation with the RAISE-FS Manager and Sector Performance Advisor, experts from the RAISE-FS staff or external experts will be invited to assist the Committee. Field appraisal will be conducted by the Committee Members to the project site to carry on due diligence check. The Concept Note Evaluation Committee will undertake screening for eligibility and due diligence check. The Innovation Fund and Access to Finance Consultant summarizes the screening process, and report to RAISE-FS Manager for joint approval with the Sector Performance Advisor. The Innovation Fund and Access to Finance Consultant will communicate results of the concept note evaluation to the applicants.

### 3.3.2 Stage 2: Proposal submission

Companies that have passed the concept note stage will be invited to submit a full proposal. The proposal is to be prepared by using a template, which will be provided by the Innovation Fund and Access to Finance Consultant. The proposal is to be prepared in English language in not more than 10 pages, excluding signature page and annexes.

Interested applicants can get technical support while writing the proposal document from the Innovation Fund and Access to Finance Consultant. Innovation fund manual introduction workshops and call-based one-to-one orientations will be used as capacity building mechanisms.

The full proposal will be reviewed and evaluated by a panel of three experts. Members of the Proposal Review Panel are as follows:

- An expert from Wageningen University & Research, Netherlands (to be selected by RAISE-FS Coordinator and Sector Performance Coordinator)
- A local staff from RAISE-FS Sector Performance and Value Chains Development outcome team

- An external expert from Ethiopia (to be selected by the RAISE-FS Manager and Sector Performance Advisor).

The submitted proposals will be evaluated by the Proposal Review Panel. Each proposal is evaluated on the basis of the five Selection Criteria and the minimum criteria given in sub-section 2.6, as laid out in corresponding Call for Projects and Section 4 of the underlying Fund Manual.

The Proposal Review Panel is responsible for evaluating the proposals and giving advice to the Approval Committee to either:

- approve the proposal,
- approve the proposal with amendments to approach and/or budget, or
- reject the proposal.

### 3.4 Proposal approval

The Approval Committee is end-responsible for project approval or disapproval, based on project proposal and advices of the Review Panel. The Approval Committee comprises RAISE-FS Coordinator, RAISE-FS Manager and Sector Performance Coordinator. The decision and recommendations of the Review Panel will be submitted by Innovation Fund and Access to Finance Consultant to the Approval Committee. The Approval Committee has full right to accept, reject or alter the recommendations made by the Review Panel. The committee, if need arises, can investigate the proposals again. The decision of the Approval Committee, including all interpretations made, is final. The Innovation Fund and Access to Finance Consultant will communicate the decision of the Approval Committee to the applicants in an email, whereby rejected projects will receive a short clarification why their project was not accepted. Applicants of approved projects will receive feedback given by Approval Committee (if any) to make the necessary preparations for contract signing.

Project proposals approved by the Approval Committee will go through contract agreement signing and fund disbursement steps. However, physical, technical and financial capacity of the applicant to implement the intended project might be assessed via company visits prior to contract signing and fund release.

### 3.5 Appeal and reapplication

The selection process will be conducted with high level of check and balance. RAISE-FS staff and local and international experts will take part in the selection process. Therefore, an appeal procedure will not be introduced. An applicant, who has a complaint, can re-apply during the next call. He/she can mention dissatisfaction felt in handling of his/her concept note or proposal during the previous call so that the issue for the complaint can get attention while processing the re-application.

Companies can only re-apply a rejected project proposal once. Please note that re-applications still need to follow the regular procedure, including submission of a concept note.

### 3.6 Contract signing

After grant approval by the Approval Committee, the beneficiary will sign the contract before initial grant disbursement. The contract will stipulate responsibilities of RAISE-FS and the grant beneficiary, including fund disbursement modalities and mechanisms; reporting and consequences of inappropriate contract implementation. The purpose of the contract is not to command the beneficiaries, rather, to motivate them to implement their projects in accordance with the accepted proposal. However, it should be noted that the contract is legally binding and enforceable. The contract template will be prepared by Stichting Wageningen Ethiopia Legal Advisor in conjunction with the Innovation Fund and Access to Finance Consultant, and approved by RAISE-FS Manager or RAISE-FS Coordinator. Beneficiaries will get insight of the contract before signing. Accordingly, they will be made aware of each article in the contract. RAISE-FS Finance Manager/Controller or a person assigned by her/him will provide half day or one day training for the grant beneficiaries regarding financial obligations, documentations, RAISE-FS financial standards and procedures, etc. Grant contract will be signed between each beneficiary and the RAISE-FS Manager.

## 3.7 Disbursements

Fund disbursement to the beneficiaries will be carried out by means of a flexible payment plan, based on decision by the Review Panel or Approval Committee and cash flow need of the project. In each and every case, companies have to purchase some items that were committed under their own contribution and show payment proof for these expenditures, before RAISE-FS will disburse the first tranche. Different grant payment mechanisms such as direct financing, result based cost reimbursement; voucher and e-payment systems will be introduced depending on the project nature and financial requirement. Grant disbursement mechanism(s) to be employed for each project will be indicated in the grant contract.

Fund disbursement to the beneficiaries will be carried out in two or three instalments. The final disbursement will be held until the final report is approved, including proof of payment of expenditures. This implies that the first disbursement can be relatively high, but will never exceed 80% of the grant amount. If a beneficiary has a dollar account and foreign purchase is absolutely essential, the company will be given the opportunity to receive the funds on the dollar account. If a beneficiary doesn't have a dollar account, the company will receive ETB. Applicants who have no dollar accounts are advised to go for local equipment purchase as getting foreign currency for international procurement is scarce. Since beneficiaries have limited implementation period, access to foreign currency and import process will negatively affect project implementation. Access to Finance Consultant and Sector Performance Advisor are responsible for arranging the overall payment plan of the Innovation Fund depending on the Review Panel's recommendations and/or Approval Committee's decisions and cash flow need of the project.

The last disbursement can be made effective in exceptional cases, such as critical financial shortage of the beneficiary. The Innovation Fund and Access to Finance Consultant and Sector Performance Advisor are responsible for handling these situations. In any case, beneficiaries should provide proof of project progress and proof of payment of the expenditures related to the preceding disbursement(s), before receiving the next disbursement.

The Innovation Fund and Access to Finance Consultant will appraise each disbursement request, and report to the Sector Performance Advisor with appropriate recommendations. The Sector Performance Advisor ascertains that the request for disbursement by the beneficiary and the recommendation by the Innovation Fund and Access to Finance Consultant is in order. Once the disbursement is accepted by the Sector Performance advisor, request for approval will be sent to the RAISE-FS Manager, who will approve, reject, or instruct for changes. After his approval, the RAISE-FS Manager will advise RAISE-FS Finance Manager and Controller to handle the disbursement request according to the financial policy of RAISE-FS and the grant contract. RAISE-FS Finance Manager/Controller may request Innovation Fund and Access to Finance Consultant and Sector Performance Advisor as well as the grant beneficiary to submit detail supporting evidences that meet RAISE-FS financial standard.

In case, the project is implemented or is under implementation according to the approved project proposal and the grant contract, but the beneficiary cannot meet the required RAISE-FS financial standards due to the reasons above his/her scope, the Innovation Fund and Access to Finance Consultant, depending on a written request by the grant beneficiary, will assess the case and provide recommendations to the Sector Performance Advisor. The Sector Performance Advisor, after examining the beneficiary's application and the recommendation made by the Innovation Fund and Access to Finance Consultant, accepts, rejects or alter the recommendation and pass on to the RAISE-FS Manager for a final decision. RAISE-FS Manager instructs RAISE-FS Finance Manager/Controller to take action based on the decision reached.

## 3.8 Reporting

Grantees are required to submit quarterly narrative report and financial progress update (maximum 2 pages). Other briefings, task reports and success stories may be requested when necessary. The Innovation Fund and Access to Finance Consultant is responsible for assessment of progress reports and annexes. If a project isn't implemented in accordance with the grant agreement and accepted project proposal, he will take appropriate actions with the Sector Performance Advisor to get the project back on track. This may include company visits, adjustments of deliverables, payments and timelines. If the applicant fails to follow the advice of the Innovation Fund and Access to Finance Consultant and the project is not back on track, the Innovation fund and Access to finance Consultant will report to the Sector Performance Advisor and the RAISE-FS Manager. RAISE-FS Manager, Sector Performance Advisor and Innovation Fund and Access to Finance Consultant will together sort

out for appropriate measures to be taken. If the project is completed before 3 months, the Grantee only needs to submit the Final Report. The Final Report that activates the last disbursement of the approved grant budget is subject to:

- submission of the final activity and financial reports within 30 days after the end of the grant period, as well as other deliverables as described in the grant agreement,
- proof of payment of project expenditures, and
- an official request for the final disbursement.

The bi-annual and final reports will be prepared by the beneficiary using a reporting template prepared by RAISE-FS. Grantees can get the reporting forms by requesting the Innovation Fund and Access to Finance Consultant.

### 3.9 Project management

RAISE-FS will closely monitor project implementation. A two-tier monitoring will be employed during implementation by Innovation Fund and Access to Finance/Sector Performance advisor and RAISE-FS M&E Organ. Besides, the reporting structure as described in previous section, The Innovation Fund and Access to Finance Consultant will visit grantees every 6 months and/or at the end of the project to discuss project achievements. RAISE-FS Regional Team Leaders will be made aware of projects financed by RAISE-FS grant that are located in their respective working regions and will closely follow them up more frequently and update the Innovation Fund and Access to Finance Consultant.

If a project isn't implemented in accordance with the grant agreement, the Innovation Fund and Access to Finance Consultant will take appropriate actions with the Sector Performance Advisor and RAISE-FS Manager to get the project back on track. This may include additional visits to the company, adjustments of deliverables, second payment, adjusted timelines, etc.

The long-term objective of the Innovation Fund is to scale up successful innovations by stimulating other companies to replicate these innovations. Hereto, RAISE-FS will draft and promote Innovation Opportunity reports that describe each successful innovation. Grantees will also be asked to provide input for the Innovation Opportunity reports during/after project implementation. Opportunity reports are jointly prepared by Sector Performance Coordinator, Sector Performance Advisor and Innovation Fund and Access to Finance Consultant. If the need arise, external consultants can be hired to design and develop standard reports.

### 3.10 Legal liabilities

The Grantee shall fully and timely perform all activities described in the Grant Agreement and its Annexes in strict accordance with the terms and conditions of the agreement and all applicable Ethiopian laws and regulations. Grantees that have misappropriated grants transferred to them or fail to fully account for such grants, upon reminder by RAISE-FS, shall be given an ultimatum not exceeding 30 calendar days to either refund such grants, or fully account for them. Failure to comply with this requirement shall make the Grantee legally liable. The case will be decided upon by the court of competent jurisdiction/arbitration in Ethiopia.

## 4 Selection Criteria

In addition to the minimum criteria as outlined in section 2 of this fund manual, the following set of selection criteria are leading in evaluating the project proposals.

1. Technical approach (20 pts): this is the degree to which the proposed project:
  - offers new or improved products, services, technology, business models and/or service delivery models to Ethiopia/to one of its regions;
  - is feasible for implementation in the Ethiopian context, whereby projects should be well thought through, with logical linkages between inputs and expected outputs;
  - is demand-driven, private sector-led and addresses constraints faced by the sector, preferably as articulated during platform meetings;
  - is low-cost technology and ease of technology transfer
  - provide input for easy and cost-effective replication at other locations;
  - Probability of success, potential cultural issue, etc.
  
2. Economic viability (20 pts): Proposed project must show:
  - a cost-benefit analysis indicating a roadmap towards profitability in the short to medium term (1-3 years). This should be calculated taking into account the injection of the grant support, and consider the total project cost, cash flow projections and profitability;
  - Financial appropriateness;
  - Probability of financial success
  
3. Implementation capacity (20pts): The extent to which the applicant and possible partners are capable of undertaking and accomplishing the proposed activities:
  - Evaluation base principally on the company profile, financial standing and past achievements, as well as qualifications of key staff involved in the project;
  - The scale of operation and company's ability to operate at that scale;
  - Probability of operational success
  
4. Value-for-money and additionality (20 pts): This criterion considers the relationship between requested grant and significance or quality of project outcomes. The criterion looks at:
  - the overall ambition level of the project, given the requested inputs, envisaged outputs, Innovation Fund minimum criteria and RAISE-FS objectives.
  - the level of interest expressed by the company and possible partners to share their project results in the platform meetings and/or the commitment to produce publications arising from the project are also assessed in this criterion.
  - justification for the need of using public funds to co-finance the project: how is the own contribution financed, would the project take place without Innovation Fund financing, would it take place on a different scale without Innovation Fund financing, what activities have been taken place to source funding from other sources, and why isn't it possible to source funding from other sources?
  
5. Impact (20 pts): The criterion assesses to which extent the proposed project is likely to either have positive and sustainable impact on employment, smallholder farmers, women, and youth income improvement; food security or climate resilience. During the proposal stage, companies are requested to elaborate further on the sustainability impact factor(s) of the innovative project under consideration, making clear projections on a minimum of one impact factor among bulleted below. The proposal should provide estimated numbers for the bulleted points listed below, e.g. how many employment positions will be generated; how many smallholder farmers, women or youths will be involved during project implementation.
  - Employment generation (direct and indirect);
  - Involvement of smallholder farmers,
  - Youth and women economic empowerment;
  - Food system and nutrition improvement & security, and
  - Climate resilience;

Each proposal is evaluated on the basis of the five assessment criteria as outlined above. Each criterion carries 20 points, summing up to 100 points for the five criteria. The evaluation result will be considered by the Review Panel from two directions. The first consideration is that a proposal has to score more than 10 points for each criterion. The second consideration is that the total score should not be less than 67% (i.e. two-third) of the maximum ( $5 \times 20=100$ ) points. Thus, to pass to the Approval Committee, each proposal must satisfy both conditions. If the total remaining Innovation Fund budget at the start of a Call for Projects is below the amount of money required for approved projects, ranking of projects will take place, based on the total score of each proposal. Projects will be ranked from highest score to lowest score. First, grants will be awarded to the proposal that ranked highest. The remaining grants will then be awarded to the applications that ranked next highest, and so on until the available resources are exhausted.

## 5 Timeframes

### 5.1 Timeframe per activity

The Innovation Fund approval process formally commence with Call for Projects. The Call for Projects shall be disseminated through brochures, newspapers and websites. The various activities during the approval process are outlined below:

- Announce Call for Projects.
- Companies have +/- 4 weeks to submit a concept note.
- The Concept Note Evaluation Committee has +/- 8 weeks to review concept notes, and visit project sites of the promising applicant
- Concept note approval: 1 week
- Companies that have passed the concept note phase have +/- 4 weeks to submit the proposal.
- The Review Panel has +/- 2 weeks to review proposals, visit project sites (if necessary), and forward recommendations to the Approval Committee.
- The Approval Committee has +/- 1 week to approve projects.
- Proposal adjustment after comments of Approval Committee (if necessary), contract preparation and signing will take +/- 4 weeks.
- Release first tranche of the grant will take +/- 2 weeks after contract signing.
- Total days from the date of concept note submission to first disbursement = 22 weeks

### 5.2 The Underlying Call for Projects

- Announce Call for Projects: September 25, 2023
- Submission of concept note: Concept notes can be submitted to RAISE-FS until March 24, 2024. Concept notes will be evaluated at the end of every month in which they have reached RAISE-FS and applicants will be contacted to submit project proposals if their concept notes are accepted by the Evaluation Committee.
- Selection process will be conducted on First come, first served basis: Applications will be dealt with strictly in the order in which they arrive RAISE-FS

# Annex I

## Innovation that is not eligible for funding

### **I. Potato**

- Production and marketing of mini-tubers

### **II. Legumes**

- Cleaning machinery for peas
- Application of water pads for production

### **III. Poultry**

- Small packaging of poultry feed
- Community-based poultry production
- Improvement of local breed chickens
- Poultry supplementary feed and antibiotics production from bamboo plant
- Poultry Breed Value Chain through Dual Purpose Koekoek Chicken Production Models

### **IV. Spices**

- Korerima (Black Cardamom) seedling production
- Mint and sage production and marketing
- Vacuum packaging
- Produce and market pre-packed stews and sauces
- Non-live support for black pepper farming
- Mobile rosemary distiller and solar bubble drier







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Resilient Agriculture for  
Inclusive and Sustainable  
Ethiopian Food Systems  
(RAISE FS)

[www.raise-fs.org](http://www.raise-fs.org)

Stichting Wageningen  
Research Ethiopia

[www.wur.eu](http://www.wur.eu)

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Resilient Agriculture for Inclusive and Sustainable  
Ethiopian Food Systems (RAISE-FS) is a four-year  
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and hosted by Stichting Wageningen Research Ethiopia  
based in Addis Ababa, to bring about transformation in  
the Ethiopian food system. RAISE-FS will develop and  
implement a demand- driven and interdisciplinary  
approach to Research for Food System Transformation  
(R4FST) and as such contribute to the Government of  
Ethiopia's transformational agenda.

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