

A Grand Challenge for Development:
Water and Energy for Food (WE4F):— Regional Innovation Hubs
Addendum #2: South/Southeast Asia (S/SE Asia region)
Issued under **BAA Solicitation #:** 7200AA20R00004

BAA Solicitation #: 7200AA20R00004
Addendum #2: South/Southeast Asia (S/SE Asia region)
Issuance Date: Monday, November 19, 2019
Open Period: Monday, November 19, 2019 to Monday, December 9, 2020

I. Background: WE4F and its Regional Innovation Hubs

The Water and Energy for Food (“WE4F”) challenge fund is a partnership between the U.S. Agency for International Development (USAID), Sweden through the Swedish International Development Cooperation Agency (Sida), and the Ministry of Foreign Affairs of the Kingdom of the Netherlands (hereafter the partners¹). Through WE4F, the partners want to expand the scale of innovations that impact the sectors food and water, food and energy or all three sectors of the nexus (food, water, energy) to increase the sustainability of agricultural food value chains, improving energy and water efficiency as well as to improve climate resilient agriculture in developing countries and emerging markets in accordance with the SDGs, with a particular focus on the poor and women.

To achieve this goal, the effort must include partners from the private sector, NGOs, other research institutions, and other donors who share the common goal of increasing food production through sustainable water and energy usage. A key consideration of this effort is to ensure that feedback loops are created that integrate local conditions and new knowledge into both national and international policy and decision-making as well as to integrate capacity development, knowledge management and financial and non-financial instruments in a smart way to create an enabling environment in the partner countries.

A. Target Groups of the WE4F Challenge Fund

The programme will work with the following final and intermediate target groups. For the purpose of this programme the final target group is defined as smallholder in the agricultural sector, poor men and women as well as youth.

- To reach this target group WE4F works with an intermediate target group which is defined as:
- Innovators with large potential for sustainable scaling that have previously received support and proved successful in the introduction phase from either the Grand Challenge Fund Securing Water for Food or Powering Agriculture (for a detailed

¹ Founding partners of the We4F Challenge Fund; however, the fund remains open towards other donors.

description of the selection criteria see Terms of Reference of the regional innovation hubs).

- For-profits and non-profits organisations as well as organisations in academia with a for-profit arm that are working in the nexus of water-energy-food (new innovators). These organisations can apply through advertised regional calls.
- Other actors that are identified by the regional innovation hub and fit the criteria of WE4F and are crucial for the scaling of impacts.

Priority will be given to innovators from the Global South, female and young innovators, innovators working in the food and water, food and energy or all three sectors of the nexus (food, water, energy) as well as innovations that specifically target women, youth and the poor as end-users and therefore attempt to improve the access of these groups to water and/or energy for the production of food, mitigation of environmental shocks such as droughts, etc. Furthermore, innovations targeting fragile states, Small Island Developing States (SIDS) and coastal areas are also particularly encouraged to apply.

The programme will support innovations targeting both rural and urban food production in all countries and territories on the Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee list of Official Development Assistance recipients including fragile states, coastal areas and SIDS. In the beginning, WE4F will concentrate its activities on Africa, Asia and the MENA region. The expansion of the geographical coverage to more regions can, however, occur in the future, if this is deemed relevant by the supporting donors.

B. Learning from the Past

To address the above described trends and challenges even “traditional” development cooperation has to generate new modalities and solutions. As a result, two global Grand Challenge programmes were launched in 2012: Powering Agriculture: An Energy Grand Challenge for Development (PAEGC) and Securing Water for Food (SWFF). These were both managed by USAID and supported by the Swedish government through Sida, the German government through GIZ, the Dutch government and the South African government, Duke Energy Cooperation, and the Overseas Private Investment Cooperation (OPIC). They focused on world class science and technology innovations aiming to improve energy and water efficiency in the agricultural sector in an environmentally sustainable way, while at the same time enhancing food production and increasing employment and income opportunities for women and men living in poverty (see chapter 2.2.4). Simultaneously, Sida developed and financed guarantees to mobilise capital for developmental purposes as a complement to traditional aid modalities such as grants.

C. Grand Challenge: Powering Agriculture (PAEGC)

PAEGC is a partnership that was launched in 2012, when USAID, the Government of Sweden (Sida), the Government of Germany (BMZ), Duke Energy Corporation and the United States OPIC combined resources to create the PAEGC initiative. The overall goal of PAGEC is “to support new and sustainable approaches to accelerate the development and

deployment of clean energy solutions for increasing agriculture productivity and/or value in developing countries”.² Its objective is to engage and mobilize diverse, global solver communities to identify, select, incubate, test, and scale up science and technology innovations that have the potential to overcome critical barriers and accelerate the pace at which renewable energy is supplied to the agriculture sector in developing countries. As such, the initiative’s target group is composed of farmers and agribusinesses, and ultimately populations affected by poverty that shall benefit from the agricultural innovations. The initiative is set up to run through 2019.

The program has run two global calls for innovations that resulted in over 1000 applications and 24 selected innovators.³ The renewable energy solutions supported utilize a variety of clean and efficient fuel sources including solar photovoltaic, biomass and target agriculture applications ranging from irrigation to cold storage to post-harvest processing. The coordination and support to innovators through the PAEGC East Africa regional innovation hub, located in Nairobi, Kenya, proved to be a success and has provided the basis for the use of additional MENA Regional Innovation Hub in the WE4F.

Overall PAEGC could so far install 1,908 KW of renewable energy generation capacity and reach 44,043 beneficiaries such as farmers, households and agribusinesses. Furthermore, it could mobilise additional funding of 38,28 million US Dollar through its innovators in support of their renewable energy solutions. Moreover, it could reduce 2,652tCO₂e as a result of its innovators’ field activities.

D. Grand Challenge: Securing Water for Food (SWFF)

Since 2013, USAID, Sweden through Sida, the Government of South Africa, and the Ministry of Foreign Affairs of the Kingdom of the Netherlands have provided acceleration support through SWFF. Its main objective is to promote science and technology solutions that enable the production of more food with less water and/or make more water available for food production, processing, and distribution. Furthermore, SWFF also promotes increasing the use of saline water and soils to grow and process food. SWFF thereby identifies and accelerates water related science and technology innovations and market-driven approaches to help agricultural producers. The initiative is also set up to run through 2019.

Since the program began SWFF’s 80 innovators⁴ have so far helped save or reallocate more than 17 billion litres of water to the food value chain and have produced more than 6 million tons of food, while mobilizing more than 58 million US Dollar in additional funding. The supported innovators developed a variety of technologies reaching from aquaponics system via SMS based drought warning systems to irrigation scheduling systems. To date the SWFF program has met, and in many cases, exceeded the expected outcomes envisioned when the program was created. One key success factor has been a careful innovator selection process,

² PAEGC, 2015. Annual Report Financial Year 2014. Washington, DC: Powering Agriculture: An Energy Grand Challenge for Development (Internal Document), p. 1

³ In the first call PAEGC received 473 concept note submissions from 76 countries while in the second call 871 concept notes from 99 countries were submitted. While 11 winners were selected from the first call, 13 were chosen from the second call.

⁴ SWFF received more than 1,500 applications from more than 90 countries across the four SWFF calls for innovation.

supported by tailored technical assistance to innovators by local consultants (local vendor system).

E. Key Lessons Learned

Based upon these rich experiences from the past, USAID, Sweden through the Swedish International Development Cooperation Agency (Sida), GIZ, the Dutch government and the South African government have identified the following key lessons learned, which have been taken up in the design of WE4F.

1. Milestone-based funding, paired with acceleration support services, delivers greater program and individual innovator impact than financial means for development alone.
2. Sequenced and incremental acceleration support where innovators experience meaningful short-term results can build momentum for success and help innovators meet milestones at an accelerated pace.
3. Practical and actionable gender recommendations can facilitate gender-inclusive programming that lays the foundation for strategies that promote the participation of more women.
4. Environmental reviews and mitigation strategies can ensure that innovations are implemented sustainable and do not negatively affect natural resources, biodiversity or the climate.
5. Regionally implemented donor and investor mappings have created a wealth of knowledge about challenges and needs in the respective regions with regard to innovators and the enabling environment which can be capitalised on in the WE4F program.
6. A Base of the Pyramid Study has shown how and what kind of business models are successful in this market segment. This experience can be used when selecting and supporting innovators within the WE4F program.
7. Local context matters; successful scaling-up requires all of the following: having a long-established local presence, understanding the local enabling environment, and receiving technical assistance that includes the understanding of the local context.
8. A key challenge to reaching sustainable scale and ensuring longer-term systemic change and sustainable impact in accordance with the SDGs is to connect innovators to private and other capital and to promote an enabling environment for private sector entrepreneurship and innovation in the countries and regions of implementation.

9. Problems and potential solutions have local and regional dimensions (societal, cultural, political) that interfere with centrally organized and managed innovation programs. Regional adaptation is preferred over centralized (global) programs.
10. Innovator success requires multi-stakeholder collaboration, as well as the flexibility to pivot and recalibrate based on lessons learned from measurement and monitoring data.
11. In order to sustainably scale, every innovator must be able to define their customer segments and relationships and validate their assumptions on the value they deliver to their customer, their distribution channels, their cost structure and revenue streams.
12. Cost sharing basis (gradual) investment model, particular in combination with food production model, are very cost effective to secure value for money and sustainability in accordance with the SDG.
13. Engaging equally governmental institutions and departments as well as the private sector enables the effective formations of common goals with regard to policies of nationalisation.
14. ICT-based monitoring of project implementation and milestone verification greatly assist the fund management team(s) in addressing some of the challenges in managing global challenge funds, where projects are based in several countries.

The overall structure for the WE4F Challenge Fund envisions a steering structure consisting of

- a Steering Committee,
- one (1) Secretariat with two (2) units, and
- one (1) Regional Innovation Hub per region.

The Secretariat will be responsible for global scaling efforts as well as the management and coordination of the Regional Innovation Hubs, whose number can be increased over time.

II. Solutions Sought

A. Overview

USAID and its partners seek to expand the scale of innovations that impact the sectors food and water, food and energy or all three sectors of the nexus (food, water, energy) to increase the sustainability of agricultural food value chains, improving energy and water efficiency as well as to improve climate resilient agriculture in developing countries and emerging markets in accordance with the SDGs, with a particular focus on the poor and women.

To achieve this goal, the effort must include partners from the private sector, NGOs, other research institutions, and other donors who share the common goal of increasing food production through sustainable water and energy usage. A key consideration of this effort is

to ensure that feedback loops are created that integrate local conditions and new knowledge into both national and international policy and decision-making as well as to integrate capacity development, knowledge management and financial and non-financial instruments in a smart way to create an enabling environment in the partner countries.

USAID and its partners under WE4F seek to work with an organization or multiple organizations to manage the South/Southeast Asia (S/SE Asia) WE4F Regional Innovation Hub that will be located in Bangkok, Thailand.

To ensure the best possible prospects of success in efforts to reach scale, the S/SE Asia Regional Innovation Hub will provide both financial and non-financial support in the form of a financial brokering and technical assistance unit. Furthermore, the S/SE Asia Regional Innovation Hub will also identify potential new innovators and offer relevant support to both new and old innovators throughout and after the regional call process.

At the same time, the S/SE Asia Regional Innovation Hub will facilitate advocacy work and encourage debates around the enabling environment for producers and end-users by highlighting important issues that hinder innovations or the scaling of innovations of the supported innovators (e.g. missing regulations). For this purpose, they establish a report with local representatives of WE4F partners. In addition, they will link up with other bi- or multilateral donor programmes to integrate innovations – where possible – into these programmes.

To set up one or several of the Regional Innovation Hubs, the respective managing entity takes on the administrative and technical tasks related to the implementation of the Regional Innovation Hub in the region. Its responsibilities, amongst others, are the identification of innovators, dealing with innovation grants and maintaining proper financial systems, accompanying payment processes, implementing audits, monitoring functions as well as investigating and reporting on irregularities. The managing entity of the respective Regional Innovation Hub will execute its duties in close cooperation with its assigned unit of the Secretariat of the WE4F challenge fund and receives strategic guidance from the Steering Committee (subsidiarity principle). In addition, the managing entity of each Regional Innovation Hub will have the responsibility of the management of these funds from USAID and its partners in the region.

In detail the managing entity providing an expression of interest has to fulfil the following tasks and responsibilities that include, but are not limited to:

1. WE4F Regional Innovation Hub Management Structure

- a. set up an appropriate management, finance and control system in line with the funding requirements of the different donors
- b. set up adequate organisational structures and processes in the respective region
- c. develop clear, operational and enforceable standards for the different tasks and responsibilities described below

- d. collect and aggregate monitoring data from the innovators as well as collect and aggregate data on further engagements (e.g. monitoring enabling environment activities)
- e. establish knowledge management structures and processes with other S/SE Asia Regional Innovation Hub and the Secretariat

2. Technical Assistance or Recruitment thereof

- a. provision of any sort of non-financial assistance to the innovators and actors in the enabling environment to enable them to reach their full potential; either by employed staff or through a vendor system, which has to be set up by the managing entity
- b. provision of technical assistance which includes, but is not limited to: Business Development; Business Mentorship; Business Modelling; Holistic Environmental Assessment; Gender; Graphic Design, Branding, and Website Development; Human Resources Management; Legal Services; Market Research and Market Analysis (including base of the pyramid); Missing Markets; Materials Science; Media Training and Presentation Coaching; Organizational Capacity Building; Partner Identification and Partnerships; Policy and Advocacy; Product Development, Refinement, and Diversification; Public Relations and Communication; Smallholder Farmer Marketing and Sales; Supply Chain Development; Technical Writing and Scope of Work Development; Travel Services (Conferences/Investor Workshops/Meetings).
- c. any other form of technical assistance which includes, but is not limited to: training, coaching, train-the-trainer activities, advisory services, site visits, development of manuals or training materials, toolboxes, impact measurement tools, performance measure reporting tools, readiness tools, advice on policies and legislation, development and implementation of pilots
- d. establishing relations with the respective local and central governments in the region in order to facilitate advocacy activities to change, e.g. regulations hindering the scaling of supported innovations
- e. engage in relevant policy and private sector networks within the region
- f. participate in multi-stakeholder platforms and initiate regional activities in the region for advocacy purposes
- g. analyse and document bottlenecks for implementing and scaling innovations (e.g. in the form of sector reports and/or market studies) in order to identify actions that can be taken to foster improvements (e.g. in form of awareness raising or round tables)

3. Financial Brokering or Recruitment thereof

- a. support innovators in accessing capital for scaling-up during or at the end of going through the programme of the challenge fund
- b. facilitation of services which include but are not limited to connection to regional and local finance sources, which can consist of guarantee instruments, crowdfunding, debt financing, grants or equity financing and reimbursable grants
- c. capacity development for investors

4. End-User Financing

- a. facilitate the development of suitable end-user finance instruments for smallholder farmers, the poor and women in order to address potential market failures with regards to the demand of innovations and resulting products/services
- b. provision of capacity development services which include but are not limited to capacity development activities for staff of finance institutions, the sensitization of finance institutions through events or other advocacy activities; conducting studies on potential end-user financing instruments and related topics, forming cooperation with local and/ or regional finance institutions or business modelling for end-user financing

5. Knowledge Management and Capacity Building

- a. mainstreaming different uses of the financed innovations (e. g. along the lines of the previously developed solar power irrigation toolbox or by trying to incorporate innovations in corporate value chains) by using other financial instruments to finance e.g. capacity development activities or develop products (see above)

6. Selection and Review Process

- a. developing and establishing of a selection process for “new” innovators in close cooperation with the Secretariat
- b. developing and establishing of a review process of the “old” innovators from SWFF and PAEGC in close cooperation with the Secretariat
- c. develop and establish contacts with other actors (use of flexible funds): implementation of other financial instruments e.g. PPPs with which activities with actors that are identified by the Regional Innovation Hub and fit the criteria of WE4F challenge fund and are crucial for the scaling of impacts can be financed
- d. creation of a pipeline of innovators as well as link innovators to other funds that are more appropriate

7. Coordination of Partners’ Activities in the Regional Innovation Hub’s Region

- a. establishing at a minimum a bi-annual rapport with existing and potential partners to inform them about the Regional Innovations Hub’s activities in the region in close cooperation with the respective partners in the Steering Committee
- b. coordinating planned activities of the partners in the region to avoid redundant structures/processes and to generate synergies

B. Management Structure

To ensure the appropriate adaptation of the strategy to local and regional needs, the S/SE Asia Regional Innovation Hub plays a crucial role in the institutional set-up of the WE4F challenge fund. In this regard, those expressing interest in the S/SE Asia Regional Innovation Hub must set up the hub as a **centralized S/SE Asia Regional Innovation Hub that covers the region from one location but complements the S/SE Asia Regional**

Innovation Hub with targeted consultancies (e.g. through the established vendor system) or staff in key countries of the region on a needs basis.

In addition, they should accommodate a closely integrated **transdisciplinary team of financial brokers and technical advisors** in order to support innovators holistically and to facilitate quick feedback loops and mutual learning processes. The team of financial brokers and technical advisors perform mostly a coordinating function. While they may provide technical advice to innovators or other relevant stakeholders themselves, more specialized **instances of technical assistance or advisory work can be sourced from service providers through a vendor system** on the local markets (for a potential list of technical assistance services please see above). On the one hand, this ensures more flexibility in designing advisory activities. On the other hand, it allows to establish a performance-based management of service providers by setting clear targets, monitoring results and adapting strategies (e.g. adapting services or changing service provider).

Furthermore, the S/SE Asia Regional Innovation Hub has to provide the staff to **engage in sectoral networks to both generate knowledge and facilitate advocacy work for changes in the enabling environment to the extent possible**. If further advocacy work in specific areas is necessary, the personnel has to liaise with other programmes or actors that engage in more targeted policy consulting and can include these aspects in their programming.

Finally, each Regional Innovation Hub has a **non-standing regional advisory body** in order to increase legitimacy and suitability of the regional call process as well as to engage with the private sector in the respective countries or region. The body can provide – in close cooperation with the Regional Innovation Hub – recommendations on the design of the regional call.

1. Administration and Financial Management

The managing entity shall be responsible for setting up appropriate and proportionate administrative and financial control system in accordance with the partners' regulations which shall ensure the respect of the principles of economy, efficiency and effectiveness. The developed administrative and financial control system shall cover in particular, but should not be limited to:

- a. the definition of the functions of the entities/individuals involved in the administrative and financial control system
- b. the system for verification of payment claims and the transfer of funds from the granting Secretariat to the innovators
- c. the systems for audit and monitoring of innovators to ensure that the supported innovators abide to the relevant regulatory frameworks of the partners
- d. the quality assurance system for the implementation of the cross-cutting issues such as gender, environment and climate, poverty, local ownership and anti-corruption
- e. the system for preventing, mitigating, detecting, reporting on risks and irregularities

- f. the system to maintain an audit trail of all supported activities

2. Communication

The managing entity shall further be responsible, amongst others, for the following communication activities:

- a. participating in regular calls about current activities with the Secretariat and all other Regional Innovation Hubs
- b. meet at a minimum once a year in person with the other Regional Innovation Hubs and the Secretariat to discuss lessons learned
- c. on a continuous basis, communicate success stories, lessons learned, challenges as well as the needs and interests of (potential) supported innovators with the respective unit of the Secretariat
- d. pro-actively disseminate information about the WE4F challenge fund and make it known to important stakeholders in their respective region according to corporate design guidelines
- e. being the focal point to interested actors and (supported) innovators, who need information, advice, support, etc. on request

3. Managing for Results and Risks

The managing entity of the Regional Innovation Hub is at least responsible for the following tasks related to managing for results:

- a. set objectives and target values for the Regional Innovation Hub – including objectives for gender, poverty and environment/climate/biodiversity policies – on the basis of the strategic guidelines of the Steering Committee, in close cooperation with the respective unit of the Secretariat
- b. In those cases where the regional innovation hub is implemented by another suitable organization supported by (one of the) donors, the managing entity of the Regional Innovation Hub is responsible for implementing a performance-based milestone process for the innovators. The managing entity is thereby responsible for making the relevant clearance decisions on the basis of the innovators' performance in consultation with the respective secretariat and the approval of the respective funding partner
- c. collecting and integrating monitoring data from the supported innovators for the monitoring system established by the Secretariat
- d. collecting and documenting the needed data to measure the Regional Innovation Hub's performance
- e. assess the risks to effective implementation of the supported innovations and their results, and identify and take appropriate actions to mitigate those risks

4. Reporting

The managing entity of the Regional Innovation Hub shall report to its responsible unit of the Secretariat. The following reports shall be required:

- a. annual reports (narrative, financial and audit) according to the guidelines issued by the responsible unit of the Secretariat; they should at least include a financial report and a performance report of the Regional Innovation Hub
- b. bi-annually reports on the performance of the supported innovators and other actors as well as the performance of the Regional Innovation Hub as such based on the guidelines provided by the Steering Committee and the needs and regulations of the respective donor
- c. compile and analyse existing sector reports on policy level in the fields of water, energy, agriculture and finance; these reports have to be drawn up in the start-up phase of the Regional Innovation Hub and have to be updated through briefs at least every two years

C. Selection and Review Process

A key feature of the challenge fund is the implementation of a regional competitive call for new innovators, a review process for “old” innovators from SWFF and PAEGC as well as the ad-hoc identification of other actors that fit the criteria of WE4F and are crucial for the scaling of impacts. All these processes are managed by the Regional Innovation Hub in each region. Those expressing interest must ensure that they create a selection and review process that includes the following components.

1. Objective of the Selection and Review Process

Within the selection and review process, the Regional Innovation Hubs’ objectives is

- a. to identify relevant new innovators in the regions within the water-energy-food nexus in an efficient manner
- b. to make an informed selection of the “old” innovators from SWFF and PAEGC with regard to their potential for scale
- c. identify other actors that are fit the criteria of WE4F challenge fund and are crucial for the scaling of impacts

2. The Selection Process for New Innovators

The selection of new innovators for the WE4F challenge fund is the responsibility of the respective Regional Innovation Hub. For this purpose, the Regional Innovation Hub implements regional calls. The **selection criteria** for the regional calls are thereby defined in an agile process. Based on issued strategic guidelines by the steering structure, the Regional Innovation Hub consults the respective regional advisory body and possibly additional sectoral networks to further develop the selection criteria in order to meet the strategic requirements and at the same time adapt them to the specific conditions in each of the countries that the fund plans to operate in. Afterwards, the selection criteria are iterated one or several times with the Secretariat to ensure suitability with the strategic guidelines.

The regional calls thereby should be based at least on the following strategic guidelines, which can be – as described above – adapted or expanded by the Regional Innovations Hubs to accommodate the needs of the region:

- a. The applicants⁵ innovations have to address at least two dimensions of the water-energy-food nexus, food always being one of the two.
- b. At least two thirds of the applicants have to be legally registered in the South and have to have activities there while the remaining ones have to have a partner legally registered in the South with activities there where the majority of the funds will be spent.
- c. Applicants have to document how they want to scale their innovation and prove the demand and market for their innovation
- d. Applicants have to be willing to take on suggested activities from the Regional Innovation Hub
- e. Applicants have to show how their innovations adhere to and address the cross-cutting issues of at least gender, poverty and environment (incl. natural resources, climate and biodiversity)
- f. Applicants with their innovations should address the needs of the bottom of the pyramid customer, inclusive of small and medium sized farmers and processors.
- g. Companies with a customer base of a minimum of 5,000 customers (has to be adjusted by each Regional Innovation Hub accordingly) are given priority.
- h. Companies from fragile states and/ or with female leadership shall be given priority where the quality of the application is equivalent
- i. Companies from small island developing states and coastal areas are particularly encouraged to apply
- j. Gender as a topic should be mainstreamed in all calls including in the calls' advertisement
- k. Special calls for women-led companies and/ or with a focus on technologies that benefit women can be issued

Once the selection criteria have been confirmed by the responsible unit of the Secretariat and the Steering Committee, the regional selection process takes place in two steps:

- a. In the *first step* the Regional Innovation Hub shall engage intensely with the target groups to make the fund known to all potential applicants. This engagement includes presentations in sectoral network meetings and conferences, online and possibly other forms of physical advertising as well as the mobilization of a previously established partner network. Once the regional call is public, interested candidates will approach the Regional Innovation Hub and seek additional information as well as feedback on their ideas, which the Regional Innovation Hub shall provide.
- b. In the *second step* the Regional Innovation Hub shall implement the actual call process which shall consist of two stages. In the first stage the applicants will submit a short concept note explaining their innovation and its scalability. With regard to the latter, they have to submit prove about their customer base and/or the demand and market for their innovations. Furthermore, they have to submit their basic application information, an outline of their organisational capacity and

⁵ Applicants are defined as for-profits and non-profits organisations as well as organisations in academia with a for-profit arm that are working in the nexus of water-energy-food (new innovators). These organisations can apply through advertised regional calls.

key personnel as well as a tentative budget proposal. On the basis of the received information, the respective Regional Innovation Hub prepares a shortlist of candidates that have potential for scale in terms of the business model and financial requirements. Simultaneously, the Regional Innovation Hub compiles a list of potential candidates based on the strategic guidelines of the Steering Committee as well as developmental aspects (gender, poverty, environment, local ownership, etc.). Then the Regional Innovation Hub decides on the basis of both lists, which candidates get shortlisted and hands the shortlist on to its responsible unit of the Secretariat. If necessary, a feedback loop between the respective unit of the Secretariat and the S/SE Asia Regional Innovation Hub takes place at this stage.

In the second stage, the successful shortlisted applicants shall be invited to submit an extended application containing past performance information forms, a detailed budget proposal as well as necessary forms and certificates as well as UN, EU and donor legislation checklists. Based upon the extended application the regional advisory body once again prepares a shortlist of potential awardees in consultation with the Regional Innovation Hub. This is then again forwarded to the Steering Committee for final consultation. Final decision is taken by the regional hub and the respective secretariat with the approval of the respective donor.

Once the awardees have been selected, they are eligible to the services provided by the respective Regional Innovation Hub.

3. The Review Process for Innovators from SWFF and PAEGC

At the same time the S/SE Asia Regional Innovation Hub shall be responsible for the review process of the already existing innovators from SWFF and PAEGC in their respective region. For this purpose, they will analyse the supported innovators along at least the following guidelines issued by the Steering Committee:

- a. The supported innovators shall be investment ready and have to prove that they have a substantial customer base
- b. The supported innovations shall adhere to and address the cross-cutting issues of at least gender, poverty as well as environment and climate
- c. The supported innovations have to be scalable; this has to be proven by the existing demand and market for their innovation

In a next step, the S/SE Asia Regional Innovation Hub implements a streamlined assessment process, which will be developed by the Secretariat. The results of this process will be communicated to the Secretariat and the Steering Committee for final approval. The assessment process can either be implemented by the personnel of the Regional Innovation Hub or by an external consultancy sourced via the established vendor system of the Regional Innovation Hub.

4. Ad-Hoc Identification of the relevant Actors

In order to seize potential windows of opportunity, the S/SE Asia Regional Innovation Hub can identify other relevant actors that fit the criteria of the WE4F challenge fund and are crucial for the scaling of impacts on a rolling basis. These candidates can be identified e.g. via a referral process from local incubators or they can be identified ad-hoc via the established networks in the regions after consultation with the secretariat and the respective funding partner. For the funding of these actors, which have not participated in the regional call procedure, the S/SE Asia Regional Innovation Hub can use other financial instruments (e.g. PPP or financial agreements) at their disposal.

D. Professional Requirements of Managing Entity

Those expressing interest in this activity need to be able to perform the services with best professional practice, independence, care, due diligence and efficiency, and contribute to a positive dialogue and good cooperation with the Secretariat and any third parties involved.

The S/SE Asia Regional Innovation Hub can be managed either by one of the donors or any other suitable organization supported by (one of the) donors.

The managing entity is expected to have the following characteristics:

1. Knowledge and Skills

- a. be knowledgeable about the implementation and enforcement of transnational contracts
- b. be knowledgeable about efficient financial control and payment systems
- c. be knowledgeable about results-based management, project monitoring and programme management be skilled in identifying and assessing the most common legal issues arising in the funding of innovators
- d. be knowledgeable about tailor-made technical assistance attuned to innovators' needs
- e. be knowledgeable about different finance instruments for innovators, end-user financing and other schemes
- f. be knowledgeable about the water-energy-food nexus
- g. possess substantial knowledge in providing technical assistance (including technical assistance in generating an enabling environment)
- h. excellent English language skills, both written and oral; excellent knowledge of the most common language in the region (e.g. French, Arabic, etc.) of the Regional Innovation Hub, both written and oral

2. Independence

- a. be free of any conflict of interest

3. Management Capacity

- a. be capable of operating challenge funds which possess different instruments and modalities
- b. be capable of ensuring reliable, efficient and proportional financial control of expenditures on different levels (Regional Innovation Hub and innovator level)

- c. be capable of developing transnational contracts as well as signing and amending contracts as necessary
- d. be capable of regularly monitoring progress towards objectives on multiple levels
- e. be capable of providing timely and professional first point of contact services to applicants, innovators and other actors, proactively supporting and assisting the Secretariat's work during the programme period
- f. be capable of liaising with local governments and embassies as well as advocacy groups, platforms or other actors
- g. be capable of implementing communication and publicity tools, events, etc.
- h. be capable of performing risk assessment and implementing mitigation measures
- i. be capable of submitting user-friendly reports

4. Experience

- a. having strong experience in implementing and managing challenge funds, including contracting and financial flows
- b. having experience in operating in a politically sensitive environment
- c. having experience in working with the private sector in developing countries
- d. having experience with different instruments of technical assistance and financial brokering
- e. having experience in managing multi-stakeholder partnerships
- f. having experience in engaging with governments, advocacy groups or similar actors

III. Submission Instructions

Please submit an expression of interest addressing the criteria below, in the format required. Only one expression of interest can be submitted per organization to each addendum.

USAID will review the Expressions of Interest to determine the extent to which each Expression of Interest addresses the criteria/eligibility stated below. Not all organizations that submit an Expression of Interest will be invited to proceed to Stage 2. Due to the number of Expressions of Interest received, USAID is unable to provide details on why Expressions of Interest were not selected. Organizations are encouraged to consider collaborating with peer organizations that bring differing perspectives and/or comparative advantages.

Any awards issued under this solicitation will be for Applied Research or Development, as those terms are defined in 48 USC 35.001, as follows: "Applied research" means the effort that:

- A. normally follows basic research⁶, but may not be severable from the related basic research;
- B. attempts to determine and exploit the potential of scientific discoveries or improvements in technology, materials, processes, methods, devices, or techniques; and

⁶ The primary aim of basic research is a fuller knowledge or understanding of the subject under study, rather than any practical application of that knowledge. (FAR 2.101)

- C. attempts to advance the state of the art. When being used by contractors in cost principle applications, this term does not include efforts whose principal aim is the design, development, or testing of specific items or services to be considered for sale; these efforts are within the definition of “development,” given below.

“Development” means the systematic use of scientific and technical knowledge in the design, development, testing, or evaluation of a potential new product or service (or of an improvement in an existing product or service) to meet specific performance requirements or objectives. It includes the functions of design engineering, prototyping, and engineering testing; it excludes subcontracted technical effort that is for the sole purpose of developing an additional source for an existing product.

Expression of Interest Information should:

1. Be in English,
2. Be in a presentation of no more than 20 slides in length, and no smaller than 12-point font;
3. Be submitted electronically to WE4F@usaid.gov
4. Contain a header slide with the following information (included in the page count):
 - a. Respondent Name/Group and Contact Information;
 - b. Response Title;
 - c. BAA Addendum Name/Number;
 - d. Be in .pdf, or .ppt format

A. Review of Submissions

1. Technical Approach (40%) - Expressions of Interest must describe their thoughtful approach research or development technical proposal which will work towards discovering potential solutions to the Problem and Challenge Statements, by increasing knowledge and understanding of potential solutions, exploiting scientific discoveries or improvements in technology, materials, processes, methods, devices, or techniques, advancing the state of the art, or using scientific and technical knowledge in the design, development, testing, or evaluation of a potential new product or service (or of an improvement in an existing product or service). The interested organization will be scored based on its presentation of a clear approach which reflects the requirements of this specific activity but also incorporates the organization’s competencies. The technical proposal should clearly demonstrate the interested organization’s ability to deliver upon the WE4F Founding Partners’ vision for the Regional Hub (see Attachments 1 Program Description and Attachment 2 Ecosystem graphic). Expressions of Interest must include the following:

- a. How would your organization deliver on the Technical Assistant Unit of the Regional Innovation Hub?
- b. Describe the mechanism and strategy you would use to procure vendors to support the WE4F enterprises and how it will work faster than traditional development.
- c. How would your organization deliver on the Brokering Unit of the Regional Innovation Hub?

- d. How would your organization deliver on the advocacy and enabling environment pillar of WE4F (Addressing the obstacles innovators are facing when it comes to the enabling environment)?
- e. How would you mainstream Gender, Poverty Environment/Climate/Biodiversity/Natural Resources into your implementation activities around the Regional Innovation Hub?
- f. How would you incorporate ESG issues to support enterprise development?

2. Past Performance (30%) - USAID will also consider the reputation of an organization and its past performance in assessing the ability of the organization to contribute to the co-creation. Preference will be given to firms and/or consortia that have past performance in timely and successful delivery of similar services as well as experience in specific location of the addendum, with specific references to their existing networks in the region covered by this RFP and understanding of financing and technical assistance needs of potential investees. Responses must include answers to the following questions:

- a. How many years of experience do you have in the S/SE Asia region and how many country offices do you have in the region?
- b. Describe your organization's experience with mid-to late stage enterprises (including the number of years of experience)?
- c. Describe your organization's track record helping small and growing business reach sustainable scale. Note that WE4F is focused on mid to late stage innovation (enterprises with a minimum of 5,000 current customers that are looking to sustainably scale to 100,000 to millions of customers).
- d. Describe your organization's previous experience helping small and growing enterprises gain access to financial services.
- e. Describe your organization's previous experience with helping smallholder farmers access financial services to procure technologies.
- f. Describe your organization's previous experience/competence working with sustainable agriculture, water-ag issues and energy-ag issues.
- g. Describe your organization's previous experience with developing business/technology for climate resilience, given specific local contexts.
- h. Describe your organization's experience with sustainable natural resource management and climate resilience to support sustainable enterprise development.
- i. Describe how your organization would leverage existing systems and networks for the Regional Innovation Hub.

3. Management Capacity/Team (25%) - Expressions of Interest must indicate the background and expertise of the organization, and the managerial and technical staff or team engaged in the endeavor, the location the firm plans to establish or co-locate the Regional Innovation hub office. Reviews of this section will be based on the qualifications of proposed staff, clear delineation of the roles and responsibilities of each proposed staff and each proposed firm (if firms are partnering), and the demonstrated efficacy and clarity of the management plan. Proposals should provide a clear management plan in narrative form for the development, review, and submission of all associated deliverables, including a proposed milestone schedule. If the interested organization is submitting a proposal along with

partners, the proposal should describe the nature of the arrangement (i.e. added technical value), the division of labor among the partners, and the appropriate management controls to ensure successful delivery.

4. Significant Impact (5%)- Expressions of Interest must demonstrate the potential to have a significant impact (e.g. breakthroughs, not incremental improvements), that ultimately could achieve that even greater impact at scale. Specifically, expressions of interest must:

- a. Identify and fund at least 30 new WE4F enterprises to receive grants, technical assistance, investment facilitation, and/or loans/repayable grants over a 3-5-year timeframe.
- b. Help a minimum of 25% of supported WE4F enterprises sustainably impact 100,000 customers/end users (of which 25,000 are women customers/end-users) over a 3-5-year timeframe.
- c. Through WE4F enterprises, help farmers increase food production, while significantly /more efficiently reducing water/energy use.
- d. Must increase investments to WE4F enterprises by at least US \$7.5M over a 3-5-year timeframe.

Cost proposals will be reviewed, but not evaluated:

Cost Proposal info:

Those submitting expressions of interest must include one slide in the presentation denoting the relevant budget and co-investment resources. USAID and its partners expect that the overall program costs for the S/SE Asia Regional Innovation Hub will be between \$12 million to \$15 million.

The Cost proposal slide should align with the proposed technical approach; and contain information about a “potential” deliverables table, budget with cost breakdowns, and any relevant supporting cost information. In addition, Expressions of Interest must indicate on the slide what co-investment resources are available to bear on the solution, including those from the submitting organization and those from other third-party businesses, donors, foundations, or other organizations. Such resources include cash and other resources, both tangible and intangible, such as in-kind contributions, expertise, intellectual property, brand value, high-value coordination, and access to key people, places, and information.

Regional Innovation Hub – S/SE Asia Budget Template	
Staff	
Regional Travel and Innovator Events	
Other Direct Costs	
Technical Assistance SOWs	
Challenge Grants (Rolling Basis)	
Investment Facilitation Matching Capital	
Grand Total	US \$12,000,000 – 15,000,000

IV. Co-Creation and Co-Development of the Concept Paper

During Stage 2, key stakeholders will Co-Create potential solutions to the Problem/Challenge by brainstorming and innovating solutions and resources, potentially leading to concept papers that USAID or other resource partners will consider for funding.

A. Co-Creation

USAID and its partners will review the Expressions of Interest and will select those organizations that USAID determines have addressed the criteria/eligibility stated within the BAA to an extent that the organization will make a significant contribution to the Co-Creation. The Co-Creation will also include USAID and other co-investment organizations that may be able to contribute cash and other resources, both tangible and intangible, such as in-kind contributions, expertise, intellectual property, brand value, high-value coordination, and/or access to key people, places, and information.

Co-Creations may take the form of a workshop, conference, meeting, or other the method at the discretion of the USAID. For this BAA, the Co-Creation is expected to be held in the respective region, with the donor partners attending and with a strong focus on local context and content. For more information on co-creation and its design approaches, see <https://usaidlearninglab.org/library/co-creation-discussion-note-ads-201>. USAID expects to invite up to 7 organizations for each Co-Creation workshop, as will be noted in each relevant BAA.

Unless provided otherwise, organizations are responsible for all costs incurred by the organization to participate in the Co-Creation.

B. Co-Development of Concept Papers

Working together, USAID and the potential partner(s) will collaborate on Concept Paper(s), taking a holistic approach to addressing the Problem/Challenge based on learnings from the Co-Creation, and identifying creative approaches to resourcing projects. Such Concept Papers will consider and include additional implementing and co-investment partners to complement the project, including reasonable cost sharing, leverage, or other exchange of resource arrangements.

Not all organizations that participate in the Co-Creation may be invited to submit a Concept Paper for review by the Peer and Scientific Review Board (Stage 3).

The Concept Paper, generally 5-10 pages, will further detail and explain the project.

V. Review by the Peer and Scientific Board

USAID and the organizations connected with each Concept Papers will present the Concept Paper to the Peer and Scientific Review Board, comprised of experts from USAID, partners, and/or outside parties. The Peer and Scientific Review Board will review Concept Papers and recommend which applicants should be considered Apparently Successful Partners. Using its

technical expertise, the Peer and Scientific Review Board will recommend whether to move forward with the project, including revisions/additions to the project, and potential partners and resources.

Not all organizations that present a Concept Paper to the Peer and Scientific Review Board will be invited to move to Stage 4. However, all organizations will receive written feedback at this point, even if they are not selected to move forward to the award determination.

VI. Award Determination

USAID will review the Peer and Scientific Review Board's recommendations and consider other information, such as resource availability and Agency priorities, and will make a determination whether to move forward with the Concept Paper. For Concept Papers that demonstrate a valid innovation to address the Problem/Challenge Statement, the Contracting/Agreement Officer will assess the partner's responsibility and identify the anticipated instrument type to facilitate project design.

A. Request for Additional Information

USAID will work with partners identified by the Peer and Scientific Review Board, and co-design the project and assist the partner to provide additional information with respect to the proposer's technical approach, capacity, management and organization, past performance, and budget, as well as representations and certifications, as needed.

B. Final Review and Negotiation.

The USAID Contract/ Agreement Officer will engage in final review, negotiation, responsibility, cost reasonableness, etc., and will co-develop/craft an award instrument with the Apparently Successful Partner. If the Apparently Successful Applicant and USAID cannot arrive at a mutually agreeable arrangement, USAID may cancel the project at no cost to the Government.

C. Award.

Awards under this BAA will be made to the Apparently Successful Partners on the basis of their ability to achieve solutions to the Problems/Challenges, as provided herein. The standard clauses or provisions for awards are generally prescribed by law and regulation and will vary considerably by award type. Information regarding clauses and provisions will be offered to the Apparently Successful Applicant when the award type is identified

VII. Additional Considerations

- A. Expressions of Interest are not evaluated against other Expressions of Interest, but solely whether USAID believes that the submitter will be a valuable contributor to the co-creation process. USAID may limit the number of initial submissions selected to move forward based on efficiencies.
- B. Concept Papers are not evaluated against other Concept Papers, but solely based on USAID's determination that the Concept Paper will successfully address the Problem and Challenges set forth herein. USAID may limit the number of Concept Papers selected to move forward based on efficiencies.

- C. Decisions regarding USAID's pursuit of a particular project, technology or relationship are based on all available information, evidence, data, and resulting analysis.
- D. Eligibility Information. Public, private, for-profit, and nonprofit organizations, as well as institutions of higher education, public international organizations, non-governmental organizations, U.S. and non-U.S. governmental organizations, multilateral and international donor organizations are eligible under this BAA. All organizations must be determined to be responsive to the BAA and sufficiently responsible to perform or participate in the final award type.
- E. Ethics, Conflict of Interest, and the Prevention of Corruption. USAID is a leader in fighting corruption.
- F. The Agency's work reduces opportunities and incentives for corruption; supports stronger and more independent judiciaries, legislatures, and oversight bodies; and promotes independent media, civil society, and public education. USAID generally concentrates on prevention and on the administrative, audit, oversight, and civil aspects of enforcement, by providing technical assistance to our partners to address the causes of corruption and modify behaviors and incentives in the future. As such, USAID and its partners will implement stringent policies and procedures with the winners of this process to ensure a strong ethical framework supported by clear accounting and auditing procedures to prevent corruption.

VIII. Specific Rights Reserved for the Government under this BAA

The Government reserves specific rights, in addition to rights described elsewhere in this document or by law or regulation, including:

- A. The right to award multiple awards, a single award, or no awards.
- B. The right to make award without discussions, or to conduct discussions and/or negotiations, whichever is determined to be in the Government's interest.
- C. The right to accept proposals in their entirety or to select only portions of proposals for award or co-investment.
- D. The right to select for award an instrument type that is appropriate to the specific development context, partner relationship, and proposal selected for award. Instruments types include, but are not limited to, contracts, grants, cooperative agreements, public-private partnerships, Inter-Agency Agreements, Government to Government Agreements, Donor to Donor Agreements, and Memorandums of Understanding. In addition, the Government may craft a new instrument type to meet the needs of a specific relationship.
- E. The right to co-create projects with one or more proposers under the BAA, when it is in the best interest of the Government.
- F. The right to request any additional, necessary documentation upon initial review. Such additional information may include, but is not limited to, a further detailed proposal, budget, and representations and certifications.
- G. The right to fund or co-invest in proposals in phases, with options for continued work at the end of one or more of the phases.
- H. The right to award instruments under this BAA that do not commit or exchange monetary resources.

- I. The right to remove organizations from the BAA process if USAID determines it is no longer in the best interests of the Government to proceed with the organization.

IX. Information Protection

USAID's goal is to facilitate the research that is required to lead to innovative and potentially commercially viable, solutions. Understanding the sensitive nature of submitters' information, USAID will work with organizations to protect intellectual property.

Expressions of interest should be free of any intellectual property that submitter wishes to protect, as the expressions of interest will be shared with USAID partners as part of the selection process. However, once submitters have been invited to advance beyond co-creation, submitters can work with USAID to identify proprietary information that requires protection.

Therefore, organizations making submissions under this BAA grant to USAID a royalty-free, nonexclusive, and irrevocable right to use, disclose, reproduce, and prepare derivative works, and to have or permit others to do so to any information contained in the Expressions of Interest submitted under the Water and Energy for Food: A Grand Challenge for Development— S/SE Asia Regional Innovation Hub BAA. If USAID further engages with the organization regarding its submission, the parties can negotiate further intellectual property protection for the organization's intellectual property.

Organizations must ensure that any submissions under this BAA are free of any third-party proprietary data rights that would impact the license granted to USAID herein.

X. Selection Process

Selection: USAID will review and select expressions of interest (EOI) submitted in accordance with the guidelines and criteria set forth in this Addendum. USAID reserves the right to disregard any expressions of interest that do not meet the guidelines. USAID will host a webinar session to clarify responses to questions submitted during the Q&A Period o/a Dec. 2nd, 2019.

Stage 1: Selected groups will be invited to join the co-design process which will consist of a co-creation workshop(s) in Location TBD, where USAID, partners, and selected groups will gather to collaboratively develop the program(s). This will result in one or more concept papers of 10 pages each, outlining the concrete programmatic plan, focus areas, goals, timelines, etc. Travel costs for participants will not be reimbursed by USAID.

Stage 2: Final concept papers will be submitted to USAID's Internal Review Board. Approved concept papers for programs will be further refined (co-design) and potentially implemented.

USAID is not obligated to issue a financial instrument or award as a result of this Addendum.

XI. Response Date

A Grand Challenge for Development: Water and Energy for Food (WE4F)
Addendum 2: South/Southeast Asia (S/SE Asia region)
Issued under BAA Solicitation: 7200AA20R00004

All “expression of interest” proposals must be in English and timestamped by the WE4F@usaid.gov mailbox **no later than 5:00pm (Washington, DC local time), Monday December 9th, 2019.**