

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

**GLOBAL DEVELOPMENT ALLIANCE (GDA)  
ANNUAL PROGRAM STATEMENT (APS)**

**APS No: APS-OAA-16-000001**

**USAID and the PRIVATE SECTOR: PARTNERING FOR IMPACT**

Issuance Date: May 16, 2016  
Closing Date: February 23, 2018  
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Pursuant to the Foreign Assistance Act of 1961 as amended, United States Government as represented by the U.S Agency for International Development (USAID), Office of Innovation and Development Alliances, invites applications for Global Development Alliances. Awards under this GDA/APS are subject to 2 CFR 700 and 2CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

This Annual Program Statement (APS) is designed to describe and provide a process through which organizations can work with USAID and the private sector to build Global Development Alliances (GDAs) that:

- a) address important business interests and objectives,
- b) advance USAID's strategic priorities and objectives; and
- c) achieve sustainable development outcomes, results and impact.

This Annual Program Statement also provides an opportunity for organizations to receive an award of USAID funding to support activity implementation under a GDA developed through this Annual Program Statement.

USAID reserves the right to fund any or none of the applications submitted under this APS.

The GDA APS is not a Request for Applications (RFA) or a Request for Proposals (RFP). Instead, the **GDA APS requests Global Development Alliance Concept Papers**. Based on those Concept Papers, USAID will determine whether to request a full application from an appropriate partner in a proposed alliance.

In addition, this APS is not supported by specific funds. Any funding for any alliance proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office with which the prospective alliance partners seek to collaborate and to which the Concept Paper will be submitted.

The GDA APS is a solicitation aimed at fostering extensive collaboration with the private sector to achieve greater development impact. While the value of the expertise, capabilities, assets and resources contributed to an alliance by the private sector must equal or exceed the value of resources requested from USAID, this is NOT a matching grants program. The focus of this APS is proactive engagement of the private sector for: problem identification, problem definition, solution scoping and development, and solution implementation.

Key definitions and a list of acronyms used in this GDA APS can be found in [Appendix IV](#).

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# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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## I. INTRODUCTION

The U.S. Agency for International Development (USAID) is committed to partnering with the private sector.<sup>1</sup> Strategic and proactive engagement of the private sector improves the identification and definition of critical economic and social development problems; strengthens the design and implementation of promising solutions to those problems; and increases the sustainable impact of our respective investments in developing countries.

By partnering with USAID, the private sector is able to leverage USAID's expertise, assets and working relationships in a manner that advances business success and fosters the broader economic growth and poverty reduction that is vital to sustaining such success.

By partnering with the private sector, USAID is able to leverage private sector markets, expertise, interests, and assets in a manner that solves critical development problems and promotes effective market-led development. Through strategic and ongoing collaboration, the private sector and USAID are better able to increase the impact, reach, efficiency, and effectiveness of our business and development investments.

This Global Development Alliance (GDA) Annual Program Statement (APS) is designed to catalyze, facilitate and support such collaboration. This APS is **an invitation to co-creation** that USAID extends to the private sector and other organizations interested in working closely with the private sector to achieve significant and sustainable development results and impact.

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<sup>1</sup> For purposes of this APS, "private sector" refers to the following: private for-profit entities such as a business, corporation, or private firm; private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies; private investors (individuals or groups); private business or industry associations, including but not limited to chambers of commerce and related types of entities; private grant-making foundations or philanthropic entities; or private individuals and philanthropists. Alliances developed under this GDA APS must involve one or more of these private sector entities. For additional clarification and requirements, please see [Appendix I](#): The Private Sector Resource Requirement. All prospective alliance partners should review Appendix I in its entirety.

The APS invites private businesses, financial institutions, chambers of commerce, industry associations, private grant-making foundations, entrepreneurs, investors, philanthropists, and other private-sector organizations to identify and suggest ways we can work together to address key challenges in the developing world in a manner that advances our respective interests and objectives.

**In addition, the APS invites and encourages other types of organizations, including but not limited to prospective implementing partners,<sup>2</sup> to engage and work with private sector partners** to identify critical development problems and develop initial ideas about how we might work together to solve those problems. USAID encourages such organizations to reach out to the private sector (as defined in this APS) and explore ways in which collaboration with USAID might help all partners – businesses, NGOs, universities, governments, donors – to more effectively solve key problems, advance our respective interests, and achieve far greater development results and impacts.

By inviting the private sector to identify ways we can work together, and by encouraging other organizations to work with the private sector to do the same, the Agency seeks to foster a diverse array of results-focused, high impact **Global Development Alliances (GDAs)** - across a variety of regions, countries and technical sectors.

## **II. GLOBAL DEVELOPMENT ALLIANCES: PARTNERING FOR IMPACT**

**A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement activities that leverage and apply our respective assets and expertise to advance core business interests, achieve USAID’s development objectives, and increase the sustainable impact of USAID’s development investments.** Global Development Alliances have several core characteristics:

### **1. Focus on Development Impact**

GDAs must deliver development outcomes and results that directly advance the Agency’s core strategies and priorities and foster sustainable and transformational development impact.<sup>3</sup>

### **2. Based on Complementary Interests and Objectives**

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<sup>2</sup> For purposes of this APS, prospective implementing partners are organizations seeking to implement activities under a Global Development Alliance, typically with funding provided by USAID or other partners to an alliance. These organizations include but are not limited to NGOs, universities and other entities whose rich array of expertise, experience and other human and institutional assets position them to be valuable partners in the creation and implementation of high-impact Global Development Alliances. Note: Private sector partners under an alliance may act as implementing partners and be eligible for an award from USAID to implement activities under a GDA.

<sup>3</sup> See [What We Do](#) and [Where We Work](#) for more information on USAID’s core strategies, priorities and initiatives, including links to the region and then the country in which an alliance will be explored. Each country link will provide important information on USAID priorities and objectives.

GDA's are based and built upon the complementary or overlapping interests and objectives of USAID and the private sector. GDA's are developed where the relationship between business interests and development objectives provides a promising opportunity for:

- a) The private sector to leverage USAID's objectives, assets and expertise to address key business challenges and opportunities; and
- b) USAID to leverage private sector interests, assets, expertise and markets in a manner that fosters or accelerates sustainable and transformational development impact.

The resulting GDA's achieve important business objectives for our private sector partners while simultaneously advancing USAID's development priorities.<sup>4</sup> While GDA's are designed to advance business interests and objectives, the concurrent pursuit of USAID's interests ensures that the alliances, resulting programming activities, and the development outcomes, results and impact fostered by those activities, provide benefits that do not simply and only accrue to the private sector partner(s) in the alliance. The benefits of an alliance are open to other parties who may not be a formal partner to an alliance.<sup>5</sup>

### **3. Market Based Approaches and Solutions**

GDA's generally should foster or advance an approach and solution to a development challenge that is somehow market-based, market-driven, market-oriented or market-informed. Market-based approaches include but are not limited to approaches which exemplify the principles of "shared value."<sup>6</sup> Market-based approaches and solutions offer the prospect of ongoing, sustainable, and steadily expanding results. Such approaches and solutions are not dependent on repeated infusions of donor funding and are consistent with USAID's commitment to facilitate market-led development.

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<sup>4</sup> Business interests and objectives include but are not limited to such matters as fostering growth and profitability; mitigating risk; achieving sustainability goals; attracting and retaining quality talent; strengthening brand recognition; building positive reputation and relationships; and fostering innovation. When building a quality GDA, it is critical to listen to prospective private sector partners and provide them ample opportunity to express and explain their core interests, concerns and objectives.

<sup>5</sup> For example, in an effort to improve rural incomes, USAID might partner with a major coffee retailer to improve coffee quality and production and other matters bearing on the quality of the retailer's supply chain. However, the activities implemented under the alliance might be open to producers who are not yet part of the retailer's supply chain; in addition, producers benefitting from the alliance would ultimately be free to sell their coffee to other purchasers. The key is that any given GDA should conduct a set of activities and foster a range of outcomes and results whose benefit does not wholly and solely accrue to the private sector partner(s) under the alliance but also substantially extends to a much broader set of public and private stakeholders in the targeted geography, sector or issue-area. On a related note, USAID does not build GDA's in order to advantage any one company over another; nor do GDA's subsidize specific business activities that are already fully commercially viable.

<sup>6</sup> Market-based approaches and solutions could include: market development and sustainability; improved supply chains; increased labor productivity and quality workforce development; improved infrastructure; robust social and economic resilience; systems and enabling environments conducive to innovation, entrepreneurship, business development, and private sector financing and investment; and "shared value" management and business development strategies whereby companies seek to create clear and measurable business value by identifying and addressing social problems that intersect with their business. See <http://sharedvalue.org/> for additional information.

(Note: The priority placed on market-based approaches and solutions does NOT preclude consideration and adoption of other types of approaches and solutions, provided they offer compelling development impact.)<sup>7</sup>

#### **4. Extensive Private Sector Collaboration: Co-Creation and Shared Responsibility**

In order to foster sustainable and transformational development impact, achieve related business interests and objectives, and promote market-led development, GDAs entail extensive partnering and collaboration between USAID and the private sector – from conception to design to implementation.<sup>8</sup> Ideally, USAID and the private sector jointly identify and define compelling business and development problems.<sup>9</sup> We then collaborate to determine whether and how we can solve those problems and achieve the greatest degree of transformational and sustainable impact. We share risks and responsibilities; and we work together to mobilize, leverage and more effectively apply one another's respective assets, expertise and resources. GDAs are co-created, co-developed, and co-implemented.<sup>10</sup>

#### **5. Significant Private Sector Contributions for Increased Impact**

In an effort to enhance the prospects of sustainable development impact, ensure alliances based upon core business interests, encourage extensive private sector engagement and collaboration, and foster the development of market-based or market-informed approaches, GDAs must mobilize and effectively apply significant private sector resources. More specifically, a GDA must mobilize and leverage private sector assets, expertise, capabilities and resources on at least a 1:1 basis. That is, the value of the various private sector resources contributed to an alliance must equal and, in general, should significantly

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<sup>7</sup> If alternative approaches reflect important private sector / business interests, advance USAID objectives, and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's investments, USAID will continue to consider and pursue such approaches. However, priority is given to approaches and solutions that are market-based, market-driven, market-oriented or market-informed.

<sup>8</sup> Unless otherwise instructed by USAID, prospective applicants must connect USAID to the proposed private sector partners and thereby facilitate USAID's collaboration with those partners. If an applicant under this APS does not connect USAID with the proposed private sector partner(s) well in advance of submitting a concept paper, or if a concept paper and proposed alliance do not reflect USAID collaboration with the private sector, USAID has the right to forego any consideration or review of the concept paper. This decision is wholly at USAID's discretion. See [Section VI](#) of this APS for further information on the concept paper review criteria process.

<sup>9</sup> In some cases, the private sector – or the private sector in collaboration with an implementing partner – will propose an alliance that is based on the private sector's independent efforts to identify and define key problems whose resolution warrants a joint effort and will help achieve USAID's core development objectives. While USAID may not have been engaged in the initial problem identification and definition, the Agency is certainly able to move forward with alliance development if the Agency has an interest in working with the private sector to resolve the problems in question. This may or may not involve working with the private sector to further refine the problem definition, but will definitely involve collaboration with regard to solution development and/or implementation.

<sup>10</sup> While USAID-private sector collaboration and partnering for impact is a necessary and core element of any GDA, USAID also seeks the collaboration and participation of other types of partners whose assets, expertise and resources will also increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments and any activities conducted under the GDA. NGOs, universities, public agencies, multi- and bi-lateral donors, and host country governments have consistently been vital assets to the design and implementation of Global Development Alliances worldwide. For example, over the past twelve years, USAID has built more than 1500 Global Development Alliances and most of those involved NGOs as core partners. NGO engagement, experience, expertise and resources have been critical to the design, development and implementation success of those GDAs. USAID enthusiastically anticipates and welcomes significant NGO participation – and the participation of other types of organizations - in the development and implementation of future GDAs.

exceed the value of resources provided by the USG.<sup>11</sup> In addition, the resources mobilized from the private sector should support and be applied to the alliance in a manner that clearly fosters extensive and important results. GDAs require high-impact private sector resource investments. See [Appendix I](#).<sup>12</sup>

## 6. Increased Scale, Efficiency, and Effectiveness

GDAs should enable USAID and its partners **to achieve a greater level of desired results and impact than would be achieved without the alliance**. By effectively combining the partners' distinctive resources and competencies, GDAs should accelerate and achieve development outcomes, results and impact at greater scale, with greater efficiency and effectiveness, and in a more sustainable manner than alternative approaches.

Global Development Alliances that exhibit the above characteristics enable USAID and its partners to work together **to leverage business expertise and advance core business interests in a manner that achieves transformational development impact** – in a replicable, sustainable and scalable manner. Working with the private sector to tackle important business challenges and business opportunities enables USAID to better solve critical development problems.<sup>13</sup>

## III. VALUE TO THE PRIVATE SECTOR

Global Development Alliances provide businesses with a number of opportunities to achieve core business interests.<sup>14</sup> By participating in a GDA, businesses have been able to improve supply chain quality and reliability; increase sales; expand their customer base and access to new markets; develop new products and services; reduce operating costs; increase productivity; improve distribution systems; increase access to sufficiently qualified and skilled talent; improve relationships with key stakeholders; increase brand awareness; and mitigate key business risks.

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<sup>11</sup> For example, if USAID awards \$1 million to support an alliance, the array of assets, expertise, capabilities and resources contributed by the private sector partner(s) must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million. In addition, in most instances, if other USG agencies or entities provide funding support for an alliance, private sector leverage must also equal or exceed the level of funding provided by those agencies. Depending on the nature of the USG funding, and the nature of the proposed alliance, USAID might make an exception to the requirement that the private sector leverage must equal or exceed all USG funding being contributed to the alliance. Any such exception would have to be consistent with the considerations set forth in [Appendix I, Section F](#) and other portions of this APS. For example, **OPIC support typically does NOT count toward the level of USG funding that must be equaled or exceeded by private sector resource contributions**. Any exception to the requirement that private sector leverage equal or exceed the total USG contribution is wholly at USAID's discretion and applicants should not request or seek such an exception. USAID will determine whether or not such an exception should be considered. Note: the level of resources mobilized by and from the private sector has historically been roughly three times the level of resources contributed by the USG.

<sup>12</sup> For additional information and requirements related to this 1:1 private sector resource mobilization requirement, please see [Appendix I](#): The Private Sector Resource Requirement. While any prospective GDA partner is encouraged to read Appendix I, **any applicant seeking funding under this APS should read Appendix I in its entirety**.

<sup>13</sup> Examples of Global Development Alliances can be found at <http://www.usaid.gov/gda/alliances-action>.

<sup>14</sup> See also [GDA APS Resources](#) for additional documents tailored to the private sector.



By leveraging USAID capabilities and assets, businesses are able to have greater success. For example:

- USAID supported technical assistance to small scale distributors in the mobile telecoms sector has helped our private sector partners grow sales to new markets and previously underserved customer groups;
- USAID-supported technical assistance to small-scale farmers and cooperatives has increased the reliability and quality of key agricultural commodity value chains;
- USAID’s support for workforce development and education programs in the ICT sector has provided businesses with the mix of human capital needed to improve productivity, reduce investment risk, and expand business operations;
- USAID’s support for HIV/AIDS, health and nutrition programs in the manufacturing, textiles, agricultural and extractive sectors has reduced absenteeism among employees or supply chain producers, thereby reducing costs and increasing labor productivity.
- USAID’s collaboration with private equity firms and financial intermediaries has fostered increased investment in clean energy technologies and enhanced business opportunities and job creation in the sector, while also enabling the private sector to contribute to the reduction of greenhouse gas emissions and address shareholder concerns.
- USAID-supported policy reforms may help reduce risk, limit regulatory uncertainty and promote a broader enabling environment supportive of business investment and success;
- USAID’s convening power, credibility and extensive networks and working relationships with national and local governments, local, regional, and global NGOs, civil society groups, and foundations may help companies expand their license to operate, enhance community relations, and strengthen stakeholder relationships.

If your organization is interested in working with USAID and the private sector to pursue such core business interests and objectives as USAID tackles critical development challenges, we encourage you to read [Section IV](#) of this APS.

## **IV. THE GDA APS ALLIANCE DEVELOPMENT PROCESS: HOW CAN WE WORK TOGETHER TO BUILD A GDA? <sup>15</sup>**

Alliances developed under this APS must advance private sector interests and objectives AND the development objectives and priorities that guide USAID’s development assistance programs and investments. Therefore, building an effective GDA requires a mutual understanding of USAID and private sector interests and priorities. The most successful GDAs are grounded in the mutually reinforcing relationship between core business interests (rather than purely philanthropic interests) and one or more of USAID’s development objectives.

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<sup>15</sup> The Global Development Alliance Annual Program Statement is issued by the US Global Development Lab’s Center for Transformational Partnerships. The current Activity Manager for the GDA APS is Mr. Ken Lee. Questions regarding the alliance development and co-creation process under the GDA APS can be directed to Mr. Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) or to the general GDA mailbox at [gda@usaid.gov](mailto:gda@usaid.gov). For a list of frequently asked questions, please see [GDA APS Frequently Asked Questions](#). Please note that while the GDA APS provides Agency policy with regard to GDAs and a core platform and process for the development of GDAs, USAID may build or support the development of GDAs in other manners as well, including through the issuance of other solicitations or the incorporation of GDA development and implementation under acquisition and assistance awards.

In addition, developing an effective alliance is a collaborative endeavor founded on several key practices:

- Robust partner engagement;
- Proactive and extensive communication;
- The clear articulation and understanding of partner interests and objectives;
- Thorough exploration of whether and how those interests and objectives overlap or complement one another; and
- Joint problem identification, problem definition and solution development.

### A. Multi-Step Co-Creation Process

Under the GDA APS, the requisite engagement, communication, exploration of interests and subsequent problem-solving collaboration is conducted through a multi-step, co-creation process:

1. Explore and Understand USAID Development Objectives and Priorities
2. Explore and Understand Private Sector Interests and Engage Potential Private Sector Partners in Problem Identification and Definition
3. Connect Potential Private Sector Partners with USAID
4. Collaborate with the Private Sector to Jointly Develop a Potential Alliance Idea Based on the Aligned Interests of USAID and the Private Sector
5. Work with the Private Sector to Develop and Submit a Concept Paper
6. Continue Alliance Co-Creation with USAID, the Private Sector and other Partners
7. Develop and Finalize Alliance Agreements.

Diagram 1: GDA APS Co-Creation Process



Each of these steps is described in further detail below.<sup>16</sup>

<sup>16</sup> Past experience suggests that pursuing the first three steps in the recommended sequence is likely to be the most efficient and productive way to identify potential alliance opportunities. The initial investigation into USAID’s priorities and objectives is especially critical. However, USAID recognizes that steps might end up being sequenced in different ways depending on the relevant situation and circumstances. Steps 2 and 3 are often conducted

- 1. Explore and Understand USAID Priorities and Objectives:** Alliances must advance USAID priorities and objectives. Prospective applicants must develop and demonstrate a thorough understanding of USAID priorities and objectives in the country where the applicant seeks to build and implement a GDA.

First, prospective applicants should visit [Where We Work](#) and follow the links to the region and then the country in which an alliance will be explored. Each country link provides important information on USAID priorities and objectives. When formulating potential alliance ideas, prospective applicants must make sure the prospective alliance will clearly address USAID's priorities and objectives in the targeted country. Prospective applicants should also review the USAID Country Development Cooperation Strategy (CDCS) for the country in question. These strategies are readily available at the Agency's [CDCS site](#).<sup>17</sup>

**Understanding USAID priorities and objectives in the country where an applicant seeks to develop an alliance is one of the most important factors in being a successful applicant under the GDA.**

After a prospective applicant has reviewed the relevant USAID strategies and other publicly available information, prospective applicants are encouraged to contact USAID personnel at the Mission, Bureau or Independent Office with which the applicant seeks to build an alliance and, if applicable, from which the applicant will seek funding. The outreach and discussion should be based on a thorough review of USAID's priorities and objectives in the country or countries where an alliance would be proposed. The outreach and discussion should also reflect the particular ways in which the prospective applicant's expertise, capabilities and experience can be assets to advancing USAID's development priorities in the targeted country and sector. If the applicant has already had discussions with the private sector regarding ways to work together, the applicant should also indicate how its expertise, capabilities and experience can be assets to advancing core business interests identified by the potential private sector partners. USAID technical officers from the pertinent technical sector have the lead on these consultations and discussions.

The initial consultation with USAID provides prospective applicants (and alliance partners) an opportunity to identify:

- the problems and challenges they are seeking to address;
- the interests and objectives they are seeking to achieve; and
- their initial, general ideas about how they might want to address those problems and challenges in concert with USAID.

The discussion also provides the USAID Mission, Bureau or Independent Office an opportunity to clarify its objectives and priorities, as well as other matters that might be

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concurrently. Regardless of variations in how these steps are pursued, applicants should not submit a concept paper under the GDA APS until they have conducted each of these steps.

<sup>17</sup> Prospective applicants are also encouraged to explore USAID's website to become more broadly familiar with the Agency's work, including core Agency strategies and initiatives. The following sites have proven especially useful: <https://www.usaid.gov/what-we-do> and <https://www.usaid.gov/work-usaid>.

important to helping the prospective partners and applicants determine whether to proceed with further private sector engagement and the development and submission of a concept paper.<sup>18</sup>

Discussions with prospective recipients of USAID funding need to take place within the parameters of publicly available information. However, those parameters still allow for robust exploration of technical sector issues, previous programming approaches pursued by organizations working in the relevant sector or issue area, and other substantive matters available in the public domain. By consulting with USAID very early in the development of potential alliance ideas and concepts, prospective partners can better determine whether their interests and related ideas are aligned with the Mission/B/IO's goals, priorities and resource allocations.<sup>19</sup>

- 2. Explore and Understand Private Sector Interests and Engage Potential Private Sector Partners in Problem Identification and Definition:** Prospective applicants must identify and engage potential private sector partners. The goal is to explore and understand the core interests of potential private sector partner(s) and seek their expertise in identifying and defining key problems or issues that might warrant being addressed in a joint and collaborative manner.<sup>20</sup> Effectively conducting this step in the process is critical to building an alliance of potential interest to USAID. *Failure to appropriately engage the private sector as a core partner is the most common reason concept papers do not receive a favorable review under the GDA APS.*
  
- 3. Connect Potential Private Sector Partners with USAID:** Unless otherwise instructed by USAID, prospective applicants must connect USAID to the proposed private sector partners and thereby facilitate USAID's collaboration with those partners. Prospective applicants should connect those partners to USAID as soon as possible and well in advance of submitting a concept paper. This linking of USAID and the private sector is essential to building an alliance of potential interest to USAID. **USAID seeks extensive communication with prospective private sector partners so we can jointly explore**

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<sup>18</sup> For example, a USAID Mission may face various funding constraints that limit its ability to entertain alliance ideas or limit the ways in which it might be able to participate in an alliance. In addition, some Missions, Bureaus or Independent Offices may opt not to participate in or entertain any concept papers under this GDA APS.

<sup>19</sup> Please note that at this stage of the GDA APS process, discussions with a prospective recipient of USAID funding must take place within the parameters of publicly available information. Discussions between USAID and a prospective applicant for USAID funding help the prospective applicant understand USAID priorities and objectives and determine whether or not potential alliance ideas are consistent with those priorities and objectives. In some cases, USAID will indicate that an alliance idea does not warrant further development or consideration. However, even if USAID indicates potential interest in an alliance idea, the discussions do NOT represent any sort of commitment to make an award or even develop the alliance after a concept paper is submitted. In addition, USAID will not entertain or review draft concept papers or other such documents, although USAID may elect to entertain or request an email that provides a very brief one paragraph description of the problem to be addressed via an alliance and the general approach to be taken. Such descriptions do NOT serve as a submission under the GDA APS and do NOT serve to meet any application deadlines for the GDA APS or addenda to the GDA APS. To meet an application deadline under this GDA APS, an applicant must submit a concept paper as specified in this APS. Otherwise, prior to formal submission of a concept paper as detailed in [Section V](#) of this APS, USAID will not review any other written description of a proposed alliance that is submitted by and at the initiation of a prospective applicant for USAID funding under this APS.

<sup>20</sup> If the prospective applicant is a private sector entity as defined in this APS, the entity might be reaching out to additional private sector partners (as appropriate) as well as other types of organizations, including but not limited to NGOs, civil society organizations (CSOs), universities, government entities, multi-lateral and bi-lateral donors, etc.

**and define key challenges and problems, and then jointly develop promising solutions to those issues.** Connecting USAID with the private sector partners provides USAID the opportunity to pursue such communication to whatever degree makes the best sense for USAID and the private sector.

If an applicant under this APS does not connect USAID with the proposed private sector partner(s) well in advance of submitting a concept paper, USAID has the right to forego any consideration or review of the concept paper. If a concept paper and proposed alliance do not reflect USAID collaboration with the private sector, USAID has the right to forego any consideration or review of the concept paper. These decisions are wholly at USAID's discretion.<sup>21</sup>

If the prospective applicant is already in communication with a technical officer at the USAID Mission, Bureau or Independent Office with which the applicant seeks to collaborate, the applicant should provide the private sector contact information to that technical officer.

If not already in communication with a USAID technical officer, the applicant can use the list of GDA Points of Contact (POCs) for USAID Missions, Bureaus and Independent Offices which is available at [Mission Priorities & Contacts](#).<sup>22</sup> These GDA POCs will engage the appropriate technical officers at the Mission/B/IO so that they can work with the prospective private sector partners to explore respective interests and objectives and begin to determine whether such interests align in a manner that might offer opportunities to build a GDA.

At this stage in the process, and as discussed in [Section IV B.2](#) of this APS, if an applicant is a prospective award recipient, USAID may or may not elect to include that applicant in some or all of USAID's discussions with the potential private sector partners. This is wholly at USAID's discretion. If a prospective award recipient is not involved in such discussions, the organization may contact the private sector partners to learn what emerged from the discussions with USAID; such information will typically be critical to determining whether to proceed with the development of alliance ideas and what sort of ideas might be of greatest interest to USAID and the private sector. If a prospective award recipient does participate in USAID's discussions with the private sector, the discussions need to be limited to publicly available information. See [Section IV B.2](#) of this APS for further details.

(Note: Applicants are also encouraged to connect USAID with other prospective alliance partners that will be participating in and contributing to the work of the alliance, even if they are not from the private sector.)<sup>23</sup>

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<sup>21</sup> Some applicants submit concept papers that lack private sector engagement or private sector partners. USAID has no obligation to entertain, consider or review such concept papers and will typically not do so.

<sup>22</sup> If your organization does not get a response from the relevant GDA Point of Contact within two weeks, please feel free to contact [gda@usaid.gov](mailto:gda@usaid.gov) for assistance.

<sup>23</sup> Unless USAID identifies specific matters that cannot be communicated, partners (private sector and non-private sector) that are not seeking funding from USAID are free to communicate with other entities about the particulars of their discussions with USAID.

- 4. Collaborate with the Private Sector to Jointly Develop a Potential Alliance Idea Based on the Aligned Interests of USAID and the Private Sector:** Based on what emerges from a review of USAID’s programming priorities and objectives, a prospective applicant’s initial identification and engagement of potential private sector partners, and, if applicable, USAID’s discussions with such private sector partners, prospective applicants will determine whether or not to proceed with the development of a potential alliance idea for consideration under this APS.

If the prospective applicant decides to move forward with the development of a potential alliance idea, it is critical that the applicant continue to actively collaborate with the private sector in formulating and building that idea. As noted throughout this APS, the private sector must be involved in problem identification and definition, as well as the scoping of prospective solutions to those problems. In addition, prospective applicants need to collaborate with the private sector in the determination of what roles and responsibilities the private sector seeks to have under a potential alliance.

Note: USAID and the potential private sector partner will likely continue to communicate with regard to possible ways of collaborating. Prospective applicants will typically find it extremely useful to consult with their private sector partners regarding the substance and implications of this communication with USAID.

- 5. Work with the Private Sector to Develop and Submit a Concept Paper:**

If prospective applicants and alliance partners determine they have developed an alliance idea worthy of submission under the GDA APS, they should work together to develop and submit a concept paper. The applicant must follow the instructions described in [Section V](#) and submit a concept paper using the [Concept Paper Template](#). The applicant then awaits further communication and guidance from USAID with regard to whether or not the proposed alliance warrants further discussion and possible pursuit.

In order to help applicants be attentive to core requirements under the GDA APS, USAID provides an [Applicant Checklist](#). While the checklist is intended as a useful tool, it is not exhaustive; applicants are wholly responsible for and must carefully review and meet the requirements set forth in this APS.

- 6. Continue Alliance Co-Creation with USAID, the Private Sector and other Partners:**

Concept papers will be reviewed by the pertinent technical officer(s) at the USAID Mission/B/IO.<sup>24</sup> If the technical officer(s) determine the proposed alliance warrants further discussion, consideration and possible pursuit, the Mission/B/IO will continue the co-creation process and work with the applicant and other alliance partners to jointly develop and build the prospective alliance. While coordinating closely with other offices at the Mission/B/IO, the USAID technical officer(s) will have the lead on this co-creation effort.

Potential alliance activities will be jointly formulated and designed; prospective roles and responsibilities of the alliance partners will be jointly delineated; and shared

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<sup>24</sup> Other USAID personnel may also participate in reviewing the concept paper; however, concept paper reviews must involve one or more pertinent technical officers or someone designated by the technical office as having the relevant technical knowledge and expertise.

understandings of expected outcomes, results and impact will be jointly developed, including an approach to monitoring and evaluating the progress and success of the alliance.

If the co-creation and alliance development process is successful, the USAID Mission/B/IO will formally request additional information or materials needed for the Agency to be able to possibly make an award or otherwise provide resources and assistance aimed at supporting alliance implementation. In most cases, this request will include but not be limited to a Request for Full Application directed to the entity that is seeking an award of USAID funding to conduct activities under the proposed GDA.<sup>25</sup> Except as otherwise noted in this APS, the requested materials or information may vary and will be determined by the Mission/B/IO.

Any request for additional information or materials is not a commitment to funding; it is simply a preliminary step aimed at making funding possible. USAID will review the requested materials, continue discussions with the prospective partners, and make a determination as to whether or not to provide funding and support to the alliance.

- 7. Develop and Finalize Alliance Agreements:** If the discussions and reviews conducted during Step 6 result in a determination to fund and support the alliance, USAID will seek to negotiate and finalize appropriate alliance agreements, such as award agreements and Memorandum of Understanding (MOUs). A Memorandum of Understanding is required between USAID and the core private sector partner(s) to the GDA.<sup>26</sup> While USAID and the partners can initiate and pursue MOU development at any point in the alliance development process, the MOU(s) with the core private sector partner(s) should be completed prior to or concurrent with an award being issued in support of activities under the alliance. Please see [Section X](#) of this APS for additional information and requirements related to award agreements and MOUs.

## **B. Co-Creation, Collaboration and Communication**

The above co-creation process is characterized by extensive private sector engagement and extensive communication among the applicant seeking USAID funding, the private sector partner(s), other potential alliance partners and USAID.

The scope and nature of the communication between USAID and any given partner depends on whether or not the partner is seeking to be the recipient of USAID funding via an award issued under this GDA APS and whether or not a concept paper has been submitted.

- 1. If the partner organization wishes to receive a USAID award under this GDA APS to implement activities under the proposed alliance,** USAID's discussions with that prospective award recipient will take place within the parameters of publicly available

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<sup>25</sup> In cases involving possible award agreements with private sector partners deemed to be "non-traditional partners," the Agency may work with the partner(s) to develop a collaboration agreement in lieu of other assistance awards.

<sup>26</sup> USAID reserves the right to make an exception to the MOU requirement. Such a determination is wholly at USAID's discretion.

information.<sup>27</sup> These parameters provide ample room for extensive robust discussions regarding the development problem in question, best practices, lessons learned in the relevant technical sectors, and pertinent research and evaluations and various other matters.

In addition, once a concept paper naming the prospective award recipient is submitted under this APS, USAID can meet with and ask the prospective award recipient (and other partners to the proposed alliance) extensive and highly detailed questions about the content of the concept paper and the substance of the proposed alliance. Such questions are essential to USAID's review of the concept paper and USAID's determination of whether the proposed alliance warrants further discussion and development.

However, USAID cannot engage in highly specific, detailed activity design with the entity seeking an award of USAID funding until after USAID decides the concept paper meets the criteria under this APS. Submission of a qualifying concept paper is needed.

If the concept paper meets the criteria, USAID personnel can continue having highly specific, detailed activity design discussions with the prospective award recipient throughout the remainder of the process, e.g. up to and through any award that might be issued under this APS.

- 2. If a partner organization does not wish to retain the option of being an award recipient under this GDA APS to implement activities under the proposed alliance.** USAID personnel can engage the partner organization in extensive and robust discussions, including highly specific, detailed activity design discussions. Such discussions can be held throughout the entire process, from the initial communication with USAID (prior to the development of any alliance ideas or concept paper) and all the way through the process, e.g. up to and through any award that might be issued under this APS.<sup>28</sup> These highly specific, detailed activity design discussions can also include the entity seeking funding from USAID once the relevant concept paper has received a favorable review.

**Note:** None of USAID's communication during the co-creation process provided by this APS should be interpreted as a commitment to making an award of USAID funding. A commitment to an award of USAID funding is only made when an award agreement is signed.

## V. CONCEPT PAPER INSTRUCTIONS

### A. General Approach

Concept papers submitted under this APS must clearly demonstrate the ways in which the private sector engagement – and the private sector assets, expertise, contributions and resources that are leveraged and mobilized as a result of such engagement - will advance the interests of the private

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<sup>27</sup> In most cases, the core private sector partner in an alliance is eligible to be the applicant seeking an award of USAID funding.

<sup>28</sup> Unless USAID identifies specific matters that cannot be communicated, the partners not seeking funding from USAID are free to communicate with other entities about the particulars of their discussions with USAID.



sector partners AND increase the reach, efficiency, effectiveness and sustainable impact of the proposed interventions and USAID’s investment.<sup>29</sup> Concept papers need to propose alliances that exhibit the characteristics discussed in [Section II](#) above and will be evaluated based on the criteria and considerations set forth in [Section VI](#) below.<sup>30</sup>

## B. Specific Instructions

In order to submit a Concept Paper under this APS, **an applicant must use the [Concept Paper Template](#) and follow the directions and requirements set forth in that template.**<sup>31</sup>

Applicants should only submit the information and materials specified in the template. Concept Papers submitted in any other format will not be accepted or reviewed. Applicants cannot submit any alternative document or narrative as a substitute for a Concept Paper. In addition, and as noted in the Concept Paper Template, **all concept papers MUST be in English and submitted electronically via email.**<sup>32</sup>

## VI. CONCEPT PAPER EVALUATION CRITERIA AND CONSIDERATIONS

Any Concept Paper submitted under this APS should propose a GDA that satisfies the definition and exhibits the characteristics set forth in [Section II](#) of this APS. In addition, the following criteria and considerations, many of which reflect the characteristics discussed in Section II, will be used to review and evaluate concept papers submitted under this APS.

### A. Alignment with Mission/B/IO’s Strategic Objectives and Programming Priorities

The proposed activity must align with the targeted Mission/B/IO’s strategic plan (including Country Development Cooperation Strategies) and programming priorities.

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<sup>29</sup> USAID recognizes this will involve the consideration of counterfactual scenarios and comparison to related programs implemented without private sector engagement and collaboration. However, it is vital that applicants under this APS communicate the anticipated value of working with the private sector AND demonstrate that the proposed alliance is the result of significant collaboration with the private sector in problem identification, problem definition, and the development of prospective solutions that will involve the private sector as a core partner.

<sup>30</sup> See [here for an Applicant Checklist](#). While the checklist is meant to be helpful, applicants must be sure to comply with all requirements set forth in this APS.

<sup>31</sup> In the case of a “non-traditional partner” interested in receiving USAID funding to conduct alliance activities, USAID **may** choose to allow the partner to submit a two-page Letter of Interest in lieu of a Concept Paper. Such a decision is wholly at USAID’s discretion. Prospective applicants should not request this option. If USAID determines a Letter of Interest is appropriate, USAID will advise the applicant accordingly. Under Assistance and Acquisition Policy Directive 04-16, a “non-traditional partner” is defined as “a private organization offering resources at a leveraged ratio in excess of one to one, whose principal business purpose is other than foreign development assistance or whose development assistance purpose was recently established, and who has not routinely received federal funding under traditional grants and cooperative agreements.” **Note:** For purposes of this APS, established NGOs, new NGOs, higher education institutions, research institutes, think tanks, and development contractors must submit alliance ideas via a Concept Paper.

<sup>32</sup> Please note that if an applicant submits materials not specifically requested in the template, or submits any material that exceeds the page limits specified in the template, USAID reserves the right, at its option, to reject the entire submission or to disregard any information beyond the specified page limits. USAID may also require the applicant to wait 180 days before submitting a new concept paper under this GDA APS.

## **B. Private Sector Engagement and Collaboration**

The proposed alliance must be based on private sector engagement and collaboration, including but not limited to private sector engagement in problem identification and definition and the development of the proposed approaches to solve the prioritized problem(s). The proposed alliance should clearly reflect the interests of the proposed private sector partners and clearly engage private sector resources, assets, and expertise in the implementation of alliance activities. The concept paper must clearly describe how the private sector was engaged in developing the alliance, the interests and results the private sector is seeking to achieve through the alliance, and the roles the private sector will play in the implementation of alliance activities.

As detailed in the [Concept Paper Template](#), the concept paper should be accompanied by letters of support from the private sector partners, including a description of their interests and role in the alliance and the contributions such partners will make to the alliance.

The concept paper must also demonstrate that the applicant has connected the proposed private sector partners to USAID well in advance of submitting the concept paper. If USAID and the private sector engage in discussions prior to the submission of the concept paper, the proposed alliance should reflect ideas arising from the private sector partner's communication and collaboration with USAID.

If a concept paper does not demonstrate private sector engagement and collaboration and/or fails to provide the required letters of support, USAID has no obligation to entertain or review the concept paper.

## **C. Development Impact: Feasibility, Sustainability and Scalability**

USAID will evaluate the prospective development impact of the proposed alliance, paying particular attention to:

- 1. Feasibility:** The alliance should have well-defined and achievable objectives. The enabling environment and the proposed combination of partner assets, resources and expertise should be sufficient to yield significant impact on a specific and important development challenge. Financial and technical approaches must be viable. In addition, the involvement of local partners and/or beneficiaries in the development and implementation of the alliance should be clear and sufficient enough to indicate the alliance will be successful.
- 2. Sustainability:** The alliance should demonstrate the potential to yield sustainable solutions to the development challenge being addressed. The private sector resource partner should express a business/philanthropic case that demonstrates their long-term vision and commitment to the targeted markets and communities. In addition, the proposed alliance should engage and strengthen the human and institutional capacity of local partners and local beneficiary organizations (private, non-profit, public).
- 3. Scalability:** USAID will consider whether and how the proposed approaches can be scaled or replicated in a manner that would offer a broader set of impacts at the national, regional or global level.

## D. Alliance Value Proposition

Quality alliances increase the impact, reach, efficiency and effectiveness of USAID's development assistance investments by mobilizing significant new resources, ideas, technologies and/or partners to address and solve critical development problems and related business challenges.<sup>33</sup> Successful alliances are characterized by and designed to achieve clear, measurable, and mutually understood objectives, outcomes and results.

Alliances should offer USAID a compelling value proposition. They should offer a level of efficiency and impact, or "return on investment" that exceeds that which could be achieved by investing resources in non-alliance approaches. The Agency is particularly interested in Global Development Alliances that:

1. Incorporate replicable and scalable approaches;
2. Leverage resources in a manner that generates sustainable solutions and impacts;
3. Leverage working relationships in a manner that generates sustainable solutions and impacts; and
4. Support and advance market-based, market-driven, market-informed or market-oriented approaches and solutions.<sup>34</sup>

## E. Partners

The proposed partnership **must involve at least one of the following types of private sector partners as a critical and core member under the alliance:**

1. Private for-profit entities such as a business, corporation, or private firm;
2. Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;
3. Private investors (individuals or groups);
4. Private business or industry associations, including but not limited to chambers of commerce and related types of entities;<sup>35</sup>
5. Private grant-making foundations or philanthropic entities;<sup>36</sup> or
6. Private individuals and philanthropists.<sup>37</sup>

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<sup>33</sup> See <http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work> for additional information on Agency and Mission priorities.

<sup>34</sup> As noted in [Section II](#), the preference for and priority placed on market-based approaches and solutions does NOT preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect important private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments.

<sup>35</sup> Such associations and entities must be private; quasi-governmental associations would not satisfy the private sector partner requirement.

<sup>36</sup> If an NGO receives awards and funding from external sources and then makes sub-grants to other organizations as part of implementing such awards, it does not thereby become defined as a grant making foundation or philanthropic entity. An organization must be formally constituted as such a foundation or entity; in fact, the vast majority of USAID's NGO implementing partners do not fall within this category.

<sup>37</sup> This refers to individuals or philanthropists who, by virtue of their strategic position, working relationships, and/or technical expertise are able to enter into the sort of ongoing, collaborative working relationships that are fundamental to the design and implementation of a GDA.

In addition, as demonstrated by USAID’s Implementation and Procurement Reform, **involving a wide array of local partners - private, non-profit, and public – is a key Agency priority.** Alliance activities at the country level that incorporate local businesses and entrepreneurs as partners and/or beneficiaries in the design and implementation of an alliance are most likely to be successful and sustainable. Local ownership, leadership and beneficiary participation are keys to success. Alliances should engage local partners as core implementers and assets, while also strengthening the human and institutional capacity of local partner and beneficiary organizations.

USAID welcomes proposed alliances that bring new development actors into partnership with USAID and or expand USAID’s engagement with business, social entrepreneurs, foundations, private philanthropists and Diaspora communities. The partners should demonstrate a strong commitment to the proposed alliance, experience partnering with others, and, where applicable, a proven track record in their particular areas of expertise.

Prospective partners under any alliance must be organizations with a reputation for integrity and the highest standard of conduct.<sup>38</sup> They should demonstrate a respect for human rights, gender sensitivity, the inclusion of people with disabilities and other vulnerable groups, decent work conditions, environmental consciousness, and community involvement in their operational practices. Preference will be given to alliances that engage underserved populations (especially women and youth) and communities as primary beneficiaries.

## **F. Mobilization of High Impact Private Sector Resource Contributions (1:1)**

Subject to the requirements in [Appendix I](#) of this APS, alliances must leverage and mobilize private sector assets, capabilities, expertise, and resources on at least a 1:1 basis over the course of an alliance.<sup>39</sup> The concept paper should demonstrate the commitment of the private sector partners to provide resources and contributions consistent with the private sector engagement and private sector resource mobilization requirements under this APS, including the requirements set forth in [Appendix I](#).<sup>40</sup>

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<sup>38</sup> USAID only enters into alliances with organizations and individuals who exhibit fiscal responsibility, character, and integrity. In order to make this determination regarding potential partners, USAID undertakes due diligence. The extent of and approach to the due diligence will vary depending on the context and the potential partners. For example, a prospective alliance with a locally-owned private company in a developing country is likely to be quite different from one with a major multinational corporation. Applicants under this APS should conduct their own due diligence on proposed partners and are welcome to provide to USAID any information regarding proposed partners deemed useful for USAID’s due diligence related deliberations. USAID may request any partners proposed for an alliance under this APS to respond to any issues/concerns that arise during USAID’s due diligence review. Failure to respond to or resolve serious concerns that arise during the due diligence process will be cause for non-award.

USAID personnel can access USAID’s due diligence guidelines at [Due Diligence Step by Step Guide](#).

<sup>39</sup> Alliance ideas capable of engaging the private sector in a manner that fosters significantly greater levels of development impact, extensive private sector commitment, and, where appropriate, higher ratios of private sector resource mobilization relative to USG resource contributions, will generally be more compelling.

<sup>40</sup> The concept paper should indicate which partner will be reporting and confirming the provision of the leverage and substantiating the value of that leverage. Valuations of leverage should be grounded in objective measures and meet a “reasonable person” standard, keeping in mind that USAID is a USG agency whose programs are subject to Congressional review and significant public attention and scrutiny. USAID has developed some illustrative guidance and a leverage tracking sheet *for use if an applicant is asked to submit a full proposal*. The tracking sheet is not required, but some partners may find it of value. To obtain the guidance and sheet, please contact [gda@usaid.gov](mailto:gda@usaid.gov).

**Concept papers must demonstrate how the private sector contributions will lead to valuable outcomes and results under the alliance and what those outcomes and results will be.** Concept papers also must clearly describe how the proposed private sector resources will increase the reach, efficiency, effectiveness and sustainable impact of the proposed alliance. **While private sector resource contributions are inputs to an alliance, USAID reviews and assesses the importance of such contributions in terms of the impact they will create.** USAID seeks to support programs that provide the best value proposition in terms of development impact and the return on USAID’s investment of taxpayer dollars.

**NOTE:** If the value of the private sector resource contributions detailed in a concept paper and reflected in the accompanying letters of support or commitment from the private sector do not equal or exceed the level of funding being requested from USAID, the office reviewing the concept paper may choose to reject the concept paper on that basis alone. That is, failure to meet the 1:1 private sector resource leverage requirement is sufficient grounds to discontinue any further consideration of the concept paper and the proposed alliance.

However, in some instances, and after consultation with the GDA APS Activity Manager, the USAID office reviewing the concept paper may choose to continue consideration of a concept paper and proposed alliance despite the failure to fully meet the 1:1 private sector leverage requirement at the time the concept paper is submitted.

In order to be potentially eligible for any such consideration, the concept paper must propose an alliance that satisfies all the other review criteria, including but not limited to the private sector engagement and collaboration; the concept paper must include letters of support from the private sector partners that have been engaged in developing the alliance idea; and the concept paper must propose an alliance with an especially compelling value proposition with regard to development impact.

In such circumstances, USAID might assess the situation and determine that the alliance should continue to be considered and explored despite the fact that the 1:1 private sector leverage requirement has not been fully met.<sup>41</sup> This determination and decision is wholly at the discretion of USAID and applicants should neither seek nor presume such a determination. In the absence of such determinations and decisions by USAID, a concept paper and proposed alliance will not receive further consideration under the GDA APS if it fails to meet the 1:1 private sector leverage requirement.<sup>42</sup>

Based on 15 years of building Global Development Alliances, it is clear that if partners engage and collaborate with the private sector as described in this GDA APS, focus on the achievement of results and impact that advance business interests and USAID’s development objectives, and connect the private sector partners to USAID well before any concept paper is developed or submitted, the 1:1 private sector leverage requirement is readily met and often significantly exceeded.<sup>43</sup>

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<sup>41</sup> The possibility that USAID might exercise some discretion with regard to the 1:1 private sector leverage requirement should NOT be interpreted as an invitation to submit alliances with minor or insignificant levels of private sector leverage. On the contrary, failure to meet the 1:1 requirement remains sufficient basis to reject a concept paper.

<sup>42</sup> In some cases, USAID may provide an opportunity for the applicant to submit a revised concept paper.

<sup>43</sup> [Appendix I](#) includes a section describing USAID’s right to make an exception to the 1:1 private sector resource requirement and some of the considerations that might lead to making such an exception. However, such an

Given this situation, prospective applicants should follow the guidance and requirements set forth in this APS: connect the private sector partners to USAID as early as possible AND work closely and extensively with the private sector in the identification and definition of the problems to be addressed and the development of an alliance that will solve those problems. This is the most effective way to achieve 1:1 private sector leverage because it is the most effective way to build promising high-impact alliances deeply rooted in the aligned interests of USAID and the private sector.<sup>44</sup>

**NOTE:** All prospective alliance partners should carefully and thoroughly review [Appendix I](#) for additional details regarding the required mobilization of private sector resources.

## VII. CONCEPT PAPER REVIEW PROCESS

Once a Concept Paper has been submitted under the GDA APS, the technical and/or program officer serving as the USAID Mission/B/IO's point of contact for GDA concept papers will arrange for the appropriate technical office to conduct an initial review of the concept paper using the criteria above. Concept papers will be reviewed by the pertinent technical officer(s) at the USAID Mission/B/IO.<sup>45</sup>

For Concept Papers submitted under the general APS, the Mission/B/IO will notify the applicant within 45 calendar days after receipt of the concept paper as to whether or not USAID wishes to engage in more in-depth and specific alliance development discussions. (Note: For Concept Papers submitted against an Addendum issued under this GDA APS, a Mission/B/IO may choose to provide such notification within **45 calendar days of the closing date stated in the Addendum.**)

During the initial review of the Concept Paper, the pertinent USAID technical office may contact the applicant - or the other alliance partners mentioned in the concept paper - to clarify elements of the concept paper, request additional information, or discuss other aspects of the proposed

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exception cannot be requested by an applicant seeking to receive an award of USAID funding under the GDA APS. The exception, and any discussion or consideration of such an exception, is wholly at the discretion of the GDA APS Activity Manager (or the Director of the Center for Transformational Partnerships) and the USAID operating unit that would be providing funding for an award under this GDA APS. If an applicant for funding under the GDA APS seeks or requests such an exception in its concept paper, or any other communication with USAID prior to USAID's review of the relevant concept paper, USAID may use that as basis for not entertaining or reviewing the concept paper in question.

<sup>44</sup> USAID recognizes that in some situations, the nature of the proposed partnership with the private sector may not result in private sector contributions that equal or exceed the level of resources being requested from USAID. In those instances, the partnership may not be something that can be pursued under this solicitation (the GDA APS). However, if a prospective applicant follows the directions under this APS and connects the potential private sector partners to USAID from the outset of its efforts to develop an alliance, it should be possible to quickly determine whether or not a concept paper submission would make sense. This is another reason why it is essential that prospective applicants connect their potential private sector partners to USAID as soon as possible. The discussions between USAID and the private sector partners might result in USAID making some sort of exception to the 1:1 private sector resource requirement, at least at the concept paper submission stage. NOTE: Applicants should NOT request such an exception; the decision is wholly at the discretion of USAID.

<sup>45</sup> Other USAID personnel may also participate in reviewing the concept paper; however, concept paper reviews must involve one or more pertinent technical officers or someone designated by the technical office as having the relevant technical knowledge and expertise.

alliance.<sup>46</sup> While USAID communication with alliance partners will usually include the applicant, USAID may elect to communicate with select partners independently.<sup>47</sup> This is particularly the case with private sector partners, as well as resource partners not seeking funding under the alliance (e.g. a participating bilateral or multilateral donor).<sup>48</sup>

The purpose of the initial review and related communication is to determine whether USAID wishes to engage in further alliance development discussions and efforts. The initial review and communication will result in one of three outcomes:

1. A decision to forego further consideration of the alliance proposed in the Concept Paper;
2. A decision to provide the applicant an opportunity to submit a revised Concept Paper (this is very rare); or
3. A decision to engage in more in-depth and specific alliance development discussions aimed at building a high impact GDA.<sup>49</sup>

**Note:** A decision to engage in more in-depth and specific alliance development discussions is NOT a commitment to funding, nor is it a commitment to requesting a full application. It is simply a decision to move forward in the collaborative and joint effort to develop a high impact GDA.

Consistent with the terms and objectives of this APS, the alliance development discussions must include direct communication between USAID and the core private sector partners to the alliance.<sup>50</sup> Such communication may take place in conjunction with other alliance partner discussions or separately. While collaborative discussions among the various core partners will be the standard practice, there will be times when USAID, the private sector, and/or other resource partners not seeking an award from USAID under this APS may want or need an opportunity for independent discussions. Such discussions are allowed and encouraged. Similarly, USAID may also want or need direct and independent discussions with the applicant, prospective awardee or prospective implementing partner(s).

If the in-depth and specific alliance development discussions do not result in the identification and development of an alliance and specific alliance activities worthy of further pursuit, the Mission/B/IO will not request a full application and will instead inform the applicant that USAID is no longer interested in the proposed alliance.

On the other hand, if the more in-depth discussions enable the partners to jointly develop and design a promising, high impact Global Development Alliance, and the Mission/B/IO decides a full application is warranted, the technical officer serving as the USAID Mission/B/IO's lead on the alliance development effort, or his/her designee will inform the applicant of that

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<sup>46</sup> USAID also has the right and option to request a revised Concept Paper.

<sup>47</sup> Note: This communication will often build on communication that transpired with the prospective alliance partners prior to submission of the concept paper.

<sup>48</sup> Questions regarding partner discussions and the concept paper and full application review process may be directed to the GDA APS Activity Manager, Mr. Ken Lee, at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

<sup>49</sup> This decision may include or be conditioned upon the submission of a revised concept paper.

<sup>50</sup> USAID will typically seek to develop a Memorandum of Understanding with the prospective private sector partners. Past experience demonstrates that it is often valuable to develop such an MOU prior to the issuance of an award that supports the implementation of the alliance.

determination and decision. At that point, an Agreement Officer for the specific Mission/B/IO will provide the necessary additional instructions, technical requirements and specific evaluation criteria for a full application. USAID technical officers will continue to communicate with the applicant and prospective alliance partners regarding the substance of the alliance.

## **VIII. PURPOSE OF APS, APPLICANT ELIGIBILITY AND AWARD CONSIDERATIONS**

The APS invites the private sector - and organizations committed to collaborating and co-creating with the private sector - to contact USAID to explore ways to work together to build high impact Global Development Alliances. The APS describes and provides a process through which organizations can work with USAID and the private sector to build Global Development Alliances (GDAs) that address important business interests and objectives, advance USAID's strategic priorities and objectives, and achieve sustainable development outcomes, results and impact. The APS also provides a pathway for potential GDA partners to submit Concept Papers and, when requested, full applications or other materials needed to enter into an award agreement with USAID. Such award agreements support the implementation of key activities under Global Development Alliances that are jointly developed under this APS by USAID, the private sector, and other partners.

USAID intends that this APS will be used by Missions and B/IOs to provide for full and open competition for any award that advances a proposed alliance that is responsive to the terms herein. Alliance awards under this APS may take the form of grants, fixed amount awards, cooperative agreements, leader with associate awards, or collaboration agreements.<sup>51</sup>

*Note: This APS does not satisfy the requirements for competition for procurement of goods and services through acquisition instruments. USAID will not provide funds under this APS for products and services that would be purchased through a contract.*

Technical officers (and, if appropriate, others designated and approved by the technical officers) at USAID Missions and B/IOs are responsible for reviewing concept papers and, if applicable, full applications under this APS.<sup>52</sup> USAID Missions and B/IOs are also responsible for management of the award process and any award agreements that might result from the review of the full applications. A diagram of the application process can be found in [Appendix II](#). Questions regarding the application process can be directed to the GDA APS Activity Manager, Mr. Ken Lee, at [gda@usaid.gov](mailto:gda@usaid.gov) or [kenlee@usaid.gov](mailto:kenlee@usaid.gov).<sup>53</sup>

### **A. Eligible Applicants**

The following list of potential applicants is not exhaustive and is provided for illustrative purposes only. USAID welcomes applications from many types of organizations including U.S.

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<sup>51</sup> For definitions and descriptions of these types of agreements, please see [AAPD 04-16](#) and [ADS 303](#).

<sup>52</sup> Other USAID personnel may also participate in reviewing the concept paper or full application; however, concept paper and full application reviews must involve one or more pertinent technical officers or someone designated by the technical office as having the relevant technical knowledge and expertise.

<sup>53</sup> USAID personnel can contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) for additional internal guidance that was jointly developed and issued by OAA, GC and LAB/CTP.



and non-U.S. private businesses, business and trade associations, foundations, U.S. and non-U.S. Non-Governmental Organizations (NGOs), faith-based organizations, international organizations, U.S. and non-U.S. colleges and universities, civic groups, regional organizations, etc. All applicants must be legally recognized organizational entities under applicable law. An individual cannot apply as an applicant.<sup>54</sup>

In addition, for the following groups the criteria below also apply:

**U.S. and Non-U.S. Non-Profit Organizations:** Qualified U.S. and non-U.S. private non-profit organizations may apply for USAID funding under this APS.

**U.S. and Non-U.S. For-Profit Organizations:** In accordance with 22 CFR 200.400 potential for-profit applicants should note that USAID policy prohibits the payment of fee/profit to the prime recipient under assistance instruments, and as 22 CFR 200.101 states that, unless specifically excluded, all requirements applying to recipients also apply to sub-recipients if they meet the definition of “recipients”; therefore, fee/profit under assistance type awards is also prohibited for sub-recipients. Forgone profit does not qualify as cost-sharing or leveraging. If a prime recipient has a (sub)-contract with a for-profit organization for the acquisition of goods or services (i.e., if a buyer-seller relationship is created), fee/profit for the (sub)-contractor is authorized. A for-profit local organization may still want to apply for grant funding under this APS even though it is foregoing profit on the alliance activities. As determined by the needs of the alliance and development objectives, grant funds may be used to build the capacity of the local organization, whether it is for-profit or non-profit.

**U.S. and Non-U.S. Colleges and Universities:** Qualified U.S. and non-U.S. colleges and universities may apply for funding under this APS. USG and USAID regulations generally treat colleges and universities as NGOs, rather than governmental organizations. Hence, both public and private colleges and universities are eligible. Non-U.S. colleges and universities in countries that are ineligible for assistance under the FAA or related appropriations acts are ineligible.

## **B. Considerations Regarding the Pursuit and Award of USAID Funding**

*Issuance of this GDA APS does not constitute an award or commitment on the part of the U.S. Government, nor does it commit the U.S. Government to pay for costs incurred in the preparation and submission of an application.* Prospective applicants should be aware of the following considerations:

- **Issuance Period:** The 2016-2018 GDA APS seeks Global Development Alliance concept papers and related funding requests through February 23, 2018. If USAID requests a full application in response to a concept paper submitted under this GDA APS, USAID has until September 30 of the fiscal year following the fiscal year in which the concept paper was submitted to make the request. Concept papers, letters of interest and/or full applications received under this APS, but unable to be negotiated and awarded prior to the end of the fiscal year in which they are received, may be considered for award within the following fiscal year. It is expected that the programs

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<sup>54</sup> As noted on page 11, individuals can sometimes be partners to or members of an alliance; but individuals cannot be the applicant under the GDA APS.

supported by a proposed alliance will have a period of performance from 12 to 60 months.

- **Award Discretion: USAID reserves the right to make or not to make awards through this APS.** The actual number of assistance awards, if any, under this APS is subject to the availability of funds and the interests and requirements of Missions and Bureaus/Independent Offices (B/IOs) as well as the viability of proposals received. There is no pre-defined minimum or maximum number of partners or partnerships USAID Missions and B/IOs will support through this APS. However, *USAID will not provide funds under this APS for products and services that would be purchased through a contract.*
- **USAID Funding Sources: The GDA APS is not supported by specific funds. Any funding for any alliance proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office with which the prospective alliance partners seek to collaborate and to which the Concept Paper will be submitted.** The GDA APS simply provides a vehicle for soliciting and receiving concept papers and, if requested, full applications. Funding and other resources for any alliance must be provided by the relevant USAID Mission, Bureau or Independent Office and the non-USAID partners that are party to a proposal. Consultation with a Mission, Bureau or Independent Office prior to submission of a concept paper under this APS helps determine whether there is potential substantive and resource support for the proposed alliance from USAID before the prospective applicants and their partners invest significant time and resources in the development of an alliance. **Note:** Potential substantive and resource support DOES NOT constitute any sort of commitment to fund a subsequently proposed alliance.
- **Addenda:** While this APS serves as a general solicitation for Global Development Alliance proposals, **Missions and B/IOs may issue addenda to solicit GDA concept papers related to their specific priorities, objectives, and programs.** These addenda can be found at [Mission and B/IO Addenda to the GDA APS](#).
- **Award Amounts:** There is no minimum or maximum financial contribution that may be requested by prospective applicants from USAID under this APS. However, the scope of any alliance proposed under this APS must be significant enough to achieve the priorities and objectives set forth in this APS.
- **Optional Participation:** Missions and B/IOs may opt to not participate in this worldwide APS or seek alliance proposals/applications by issuing their own solicitations, which can be found at [www.grants.gov](http://www.grants.gov) and [www.fbo.gov](http://www.fbo.gov).

If the applicant organization is a “traditional implementing partner,”<sup>55</sup> such as an NGO, higher

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<sup>55</sup> If USAID has designated the applicant organization as a non-traditional partner, and the Agency and non-traditional partner are considering the use of a collaboration agreement, the Mission/B/IO agreement officer will provide additional guidance during the course of developing the collaboration agreement. A non-traditional partner is defined as a private organization offering resources at a leveraged ratio in excess of one to one, whose principal business purpose is other than foreign development assistance or whose development assistance purpose was recently established, and who has not routinely received federal funding under traditional grants and cooperative

education institution (HEI), contractor or other organization that has received or is considered appropriate to receive federal funding under grants, fixed amount awards, cooperative agreements, and/or leader with associate awards, the applicant organization needs to be aware of the following requirements:

1. For U.S. organizations, 22 CFR 200, 2 CFR 700, OMB Circulars and USAID Standard Provisions are applicable to any award that may result from this APS. **Please refer to <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf> for governing regulations, standard provisions, and required certifications that will need to be submitted by applicants at the time of award.** For non-U.S. organizations, Mandatory Standard Provisions mentioned in USAID's Automated Directive System (ADS) 303 are applicable.
2. In order to be eligible to receive U.S. Government funding, organizations must meet certain requirements. **While these requirements do not have to be met in order to submit a concept paper under the APS, they will need to be met if the applicant is requested to submit a full application.** The requirements are:

#### a) Registration Matters

- All first-time applicants for USAID funding are subject to a pre-award survey to verify that the applicant has proper procedures in place to receive USAID funding (ADS 303.3.8)
- Each applicant (unless the applicant is an individual or Federal awarding agency that is excepted from those requirements under 2 CFR 25.110(b) or (c), or has an exception approved by the Federal awarding agency under 2 CFR 25.110(d)) is required to:
  - i. Be registered in SAM before submitting its application;
  - ii. Provide a valid DUNS number in its application; and
  - iii. Continue to maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or plan under consideration by a Federal awarding agency. To obtain information regarding the preceding, see the respective links: <http://www.dnb.com> and <https://www.sam.gov/portal/public/SAM/>. Note: the DUNS number must be submitted with the application (it is required on the SF-424).
- Please allow several weeks for processing through SAM.GOV.
- Some domestic organizations may also need to register as a U.S. Private Voluntary Organization (PVO). Applicants may determine if they meet the definition for a PVO and find registration instructions here (<http://www.usaid.gov/pvo>). Registration is not required before application submission but, if required, must be completed before funding can be disbursed.

#### b) Applications for Federal Assistance

- SF-424, Application for Federal Assistance

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agreements. However, even if an entity exhibits these characteristics, USAID may still require the entity to meet the requirements set forth in this section.

- SF-424A, Cost application Information – Non-Construction Programs
- SF-424B, Assurances – Non-Construction Programs
- SF-425, Federal Financial Form
- Certifications, Assurances, Other Statements of the Recipient

Note: The family of SF-424 standard forms can be found at:  
<http://apply07.grants.gov/apply/FormLinks?family=15>.

The SF-425 can be found at:  
[http://www.whitehouse.gov/sites/default/files/omb/assets/grants\\_forms/SF-425.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf)  
 and [http://www.whitehouse.gov/sites/default/files/omb/grants/standard\\_forms/SF-425\\_instructions.pdf](http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf).

Certifications, Assurances, Other Statements of the Recipient form can be found at:  
<http://www.usaid.gov/ads/policy/300/303may>

Note to All Prospective Applicants: **USAID may also amend this APS from time to time, as necessary or appropriate. Any such amendments can be found at [www.grants.gov](http://www.grants.gov).**

## IX. FULL APPLICATION INSTRUCTIONS<sup>56</sup>

If the Mission/B/IO's review of the applicant's concept paper, and the ensuing alliance development discussions, result in a decision to request a full application, the Agreement Officer for the Mission/B/IO will provide specific requirements and instructions for the full application.<sup>57</sup> All applications must be in English and submitted electronically via email as instructed by the USAID Agreement Officer.

### **DO NOT SUBMIT A FULL APPLICATION UNLESS SPECIFICALLY REQUESTED TO DO SO BY USAID.**

If USAID requests a full application, the application must include all the information requested in a Concept Paper as well as the following:

1. Letter(s) of support or commitment from all partners to the alliance. Applicants may use the letters from the private sector partners that were submitted with the original concept paper provided the letters are revised to reflect the resource contributions, roles and responsibilities the private sector partners have agreed to during the alliance development discussions.
2. Implementation schedule, including details regarding when and how private sector contributions will be applied during each quarter (3 months) of the alliance.
3. Detailed sustainability plan clearly demonstrating how desired outcomes, results and impacts will continue to be generated after USAID support ends, and in the longer term.
4. Detailed budget and financial plan with major line items, identification of funding source (i.e., by partner) for each, and a narrative description of what the resources will be used

<sup>56</sup> As noted earlier in this GDA APS, **non-traditional partners** entering in to a collaboration agreement with USAID will receive separate guidance consistent with the development of such an agreement.

<sup>57</sup> USAID personnel can contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) for sample requests for full application. Such materials are not available to prospective applicants or their partners.

for. Cost-share resources should be distinguished from other resource contributions, including private sector resource contributions.

5. Statement outlining gender and disability integration issues and how the applicant proposes to address the issues.
6. Branding and marking plans
7. A detailed monitoring and evaluation plan, including the gathering of baseline data, and the use of control groups and/or counterfactual approaches.

Additional requirements will be specified by the Mission/B/IO Agreement Officer.

***Note: An invitation to submit a full application does not constitute an award; USAID may choose to not fund applications even after they have been requested. If that happens, a USAID Agreement Officer will communicate the reasons for such a decision.***

## **X. AWARDING OF ALLIANCES BASED ON THE FULL APPLICATION PROCESS**

Following the application review by the Mission or B/IO, applicants will be advised that USAID has the discretion to: award without discussion; award a portion of the award; or not award at all.

If USAID is interested in funding the application, the Mission or B/IO will complete its due diligence regarding private sector partner organizations deemed core to the alliance, determine whether other partner organizations warrant some degree of due diligence as well, and decide which of the partners must enter into a Memorandum of Understanding (MOU) with USAID.

**A Memorandum of Understanding is required between USAID and the core private sector partner(s) to the GDA.<sup>58</sup>**

While USAID and the partners can initiate and pursue MOU development at any point in the alliance development process, the MOU(s) with the core private sector partner(s) should be completed prior to or concurrent with an award being issued in support of activities under the alliance.

Memoranda of Understanding are used to convey the objectives of the alliance, the core program activities, and the division of responsibilities and risks among the alliance partners. The allocation of responsibilities among alliance partners will reflect the interests of the partners, the best use of contributions from multiple partners, and the appropriate assignment of management and implementation responsibilities.

While not legally binding, the development of an MOU is extremely valuable to clarifying the nature of the alliance, delineating mutual expectations, establishing governance and communication approaches, and fostering shared understandings of alliance activities, roles and responsibilities.

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<sup>58</sup> USAID reserves the right to make an exception to the MOU requirement. Such a determination is wholly at USAID's discretion.

In addition, the requirements for reporting on the alliance and the underlying program activities will be determined in a collaborative manner among the alliance partners and should be outlined in the Memorandum of Understanding. An annual performance monitoring plan, using established baseline data and specific, measurable targets and indicators, will be agreed to by the alliance partners and should be documented in the MOU.<sup>59</sup> Further information regarding MOUs, including an MOU template, is available at [GDA MOUs](#).

Following favorable negotiations, USAID may award a grant, cooperative agreement, leader with associates, fixed amount award, collaboration agreement or other type of assistance award to the entity the alliance partners have identified as the appropriate recipient of USAID funding to conduct activities that support implementation of the GDA. The precise type of award and award agreement will depend upon the nature of the entity seeking to receive and manage USAID funding, as well as the nature of the activities to be conducted under the alliance.<sup>60</sup> See USAID ADS 303 <http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>.

## **XI. ADDITIONAL RESOURCES**

### **A. [The Private Sector Resource Requirement \(Appendix I\)](#)**

Given the critical importance of private sector resources and contributions to the achievement of development impact, the GDA APS includes an appendix dedicated to explaining and clarifying the 1:1 private sector resource requirement. Please see [Appendix I: The Private Sector Resource Requirement](#). **All prospective alliance partners should carefully and thoroughly review Appendix I in its entirety.**

### **B. [Diagram of Application Process \(Appendix II\)](#)**

A diagram of the application process is provided in [Appendix II](#).

### **C. [Key Websites, Applicable Regulations and References \(Appendix III\)](#)**

For ease of reference, [Appendix III](#) provides an inventory of key websites, applicable regulations and references noted in this APS.

### **D. [Key Definitions and Acronyms \(Appendix IV\)](#)**

For ease of reference, [Appendix IV](#) provides a list of definitions and acronyms used in this APS.

### **E. [Frequently Asked Questions](#)**

Over the course of the past fifteen years, USAID has supported more than 1,800 global development alliances around the world. A number of frequently asked questions have arisen over the course of that experience. Responses to those questions are provided at [GDA APS Frequently Asked Questions](#).

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<sup>59</sup> Requirements for evaluations and financial and other reporting may also be set forth in award agreements executed with USAID.

<sup>60</sup> For definitions and descriptions of these types of agreements, please see [AAPD 04-16](#) and [ADS 303](#).

## **F. Applicant Checklist**

The Center for Transformational Partnerships at USAID’s Global Development Lab has provided an [Applicant Checklist](#) in an effort to help applicants meet the requirements of the Global Development Alliance Annual Program Statement. Answering “yes” to each question in the checklist does NOT mean the alliance described in an applicant’s concept paper will warrant further development, nor does it guarantee the concept paper has effectively met the requirements of the GDA APS. However, if an applicant answers “no” to any of the questions in the checklist, it is highly likely the concept paper will not receive a favorable review. Applicants are advised to take the actions needed to be able to answer “yes” to all questions on the checklist.”

## ***APPENDIX I – THE PRIVATE SECTOR RESOURCE REQUIREMENT***

### **The Private Sector Resource Requirement: Increased Impact via Private Sector Engagement and Resource Mobilization**

In an effort to enhance the prospects of sustainable development impact, ensure alliances based upon core business interests, encourage extensive private sector engagement and collaboration, and foster the development of market-based or market-informed approaches, **GDA must engage the private sector as a CORE partner and mobilize and effectively apply significant private sector resources, assets, capabilities and expertise.**

**More specifically, the mobilized resources and expertise must support and be applied to the alliance in a manner that clearly fosters extensive and important results. GDAs require high-impact private sector resource contributions and investments. If the proposed private sector resource contributions do not significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID’s investments, they will not count towards meeting the private sector resource requirement.**

In addition, **a GDA must mobilize and leverage private sector resources, assets, capabilities and expertise on at least a 1:1 basis.**<sup>61</sup> That is, the value of private sector resources, assets, capabilities and expertise contributed to the implementation of alliance activities must equal and, in general, should significantly exceed the value of resources provided by the USG.

For example, if USAID awards \$1 million to support an alliance, the array of assets, expertise, capabilities and resources contributed by the private sector partner(s) must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million.

In addition, in most instances, if other USG agencies or entities provide funding support for an alliance, private sector leverage must also equal or exceed the level of funding provided by those agencies.

For example, if USAID provided \$1M and the State Department provided \$1M, the USG contribution would be \$2M and the private sector leverage would need to equal or exceed \$2M.

Depending on the nature of the USG funding, and the nature of the proposed alliance, USAID might make an exception to the requirement that the private sector leverage must equal or exceed all USG funding being contributed to the alliance. Any such exception would have to be consistent with the considerations set forth in [Appendix I, Section F](#) and other portions of this APS.<sup>62</sup>

For example, OPIC support typically does NOT count toward the level of USG funding that must be equaled or exceeded by private sector resource contributions. Any exception to the requirement that private sector leverage equal or exceed the total USG contribution is wholly at

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<sup>61</sup> See [Appendix I Section F](#) for USAID’s discretion to make an exception to this requirement.

<sup>62</sup> If USAID personnel have questions related to Development Credit Authority (DCA) and private sector leverage, they should contact the GDA APS Activity Manager at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) or [gda@usaid.gov](mailto:gda@usaid.gov).



USAID’s discretion and applicants should not request or seek such an exception. USAID will determine whether or not such an exception should be considered.

USAID typically refers to this private sector resource mobilization as private sector leverage.<sup>63</sup> While an alliance may mobilize a variety of other resources from a range of other sources, **the 1:1 private sector resource requirement – the private sector leverage requirement - must be met through the mobilization of private sector resources, assets, capabilities and expertise.**

USAID recognizes that in many instances, resources mobilized from other sources might be critical to the success of an alliance, its ability to foster and advance market based approaches and solutions, and its ability to increase the reach, efficiency, effectiveness and sustainable impact of USAID’s investments. For example, contributions from host country governments and Public International Organizations (PIOs) such as the World Bank or UNDP could be vital to the scope or sustainability of alliance results. Likewise, an NGO or university with pertinent technical expertise might have a variety of valuable contributions to make. In such cases, these contributions can be counted toward the overall resource mobilization achieved by the alliance, e.g. the resources leveraged from all sources. However, the mobilization of such additional resources does not count toward nor substitute for private sector leverage. The 1:1 private sector resource requirement must be satisfied by private sector resource contributions.

(**Note:** The level of resources mobilized by and from the private sector has historically been roughly three times the level of resources contributed by the USG.)

#### **A. Mobilizing Private Sector Resources that Increase Impact**

USAID is seeking to maximize cost-efficient development impact. While private sector resources are programmatic inputs to an alliance, USAID and the alliance partners should identify, mobilize and apply private sector expertise, capabilities, and resources (both cash and in-kind) **based on how such expertise, capabilities and resources will expand the reach, efficiency, effectiveness and sustainable impact of the alliance.** While the leveraged resources are inputs, the purpose of these resources is impact.

The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.<sup>64</sup>

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<sup>63</sup> USAID policy underlying the application of leverage in the 2016-2018 GDA APS can be found in AAPD 04-16.

<sup>64</sup> The Agency recognizes, expects and advocates that the private sector contributions and resources should advance the core interests of the private sector partner. Indeed, seeking the intersection between those core interests and USAID’s development objectives is a critical aspect of the GDA model (<http://www.usaid.gov/gda>). At the same time, USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that would otherwise be made in the absence of USAID’s resources. The Agency’s resources work in combination with the private sector resources; this enables the partners to achieve a set of outcomes, results and impacts that advance each of the partner’s respective interests, while also fostering a broader social and economic good, asset or situation that others can draw upon to advance social and economic development.

Meeting the private sector resource requirement is not a narrow accounting exercise in which applicants piece together enough resources and contributions to reach a particular number or ratio. Rather, it is an effort to identify **the programmatic inputs from the private sector that will most effectively increase the impact of USAID’s development assistance and the success of the alliance.**<sup>65</sup>

When considering various types of private sector contributions that might be used to meet the 1:1 private sector resource requirement, alliance partners should work together to determine the outcomes, results and impact that would likely result from applying those resources and contributions and which resources offer the greatest value proposition. Different sets of private sector resources and contributions may have the same dollar value, but may have very different implications for the quality and quantity of results and impact achieved via an alliance. **If any given private sector resource or contribution doesn’t significantly enhance the scale, efficiency, effectiveness and sustainable impact of USAID’s development investments, the Agency will not count those resources toward the 1:1 private sector resource requirement.** USAID will prioritize potential alliance investments based on which private sector partners and resources offer the greatest prospect and value with regard to increasing the scale, efficiency, effectiveness and sustainable impact of USAID’s development investments.<sup>66</sup>

## **B. What Counts and Doesn’t Count toward the 1:1 Private Sector Resource Requirement**

In order to count toward the 1:1 private sector resource requirement, the contributions and resources mobilized from the private sector must offer the impact and value proposition discussed in [Section A](#) above and satisfy the criteria set forth below.

### **1. What Counts?**

**In practice, leverage is typically a combination of cash and in-kind contributions.** Examples of in-kind contributions that USAID might count toward the 1:1 private sector resource requirement include:

- Commodities<sup>67</sup> such as drugs, foodstuffs or equipment
- Use of training or other purpose-specific facilities necessary to a program’s implementation
- Value of time donated by technical consultants or company employees whose work and expertise is necessary to a project<sup>68</sup>

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<sup>65</sup> While some prospective applicants to this APS sometimes express concerns or anxieties about meeting the requirement, past experience demonstrates that proactive collaboration with the private sector to determine the most effective way to address a core business interest and critical development challenge typically reveals a variety of resources, capabilities, expertise and other assets that can be mobilized and leveraged to advance the success of the alliance, typically at levels that significantly exceed the 1:1 requirement. Prospective applicants and alliance partners should focus on identifying the core interests of the private sector partners, the business challenge and development problem to be solved, and the array of expertise, assets, and working relationships the various partners can mobilize to develop and apply a high impact solution.

<sup>66</sup> In many cases, and consistent with [Section II](#) of the GDA APS, the most promising and mostly prioritized approaches and solutions will likely be market-based, market-driven or market-oriented. However, such a prioritization does NOT preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect important private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID’s development investments.

<sup>67</sup> Note that the GDA APS should not be used to solicit funds for transportation of donated commodities.

- Value of salaries for staff dedicated to a project
- Technology, communications and capital assets
- Intellectual property rights
- Licenses

When determining whether or not the private sector resources and contributions can count toward meeting the 1:1 private sector resource requirement, USAID applies the following criteria:

**a) Attribution and Additionality**

In order to be considered as potential private sector leverage:

- i. The private sector contributions to an alliance must support and advance the objectives and activities of the alliance in question; and
- ii. The private sector contributions must be based upon the active engagement of the private sector partner in the design and development of the proposed alliance in question; and
- iii. The proposed application of the resources and contributions to activities under the proposed alliance must be attributable to the private sector entity’s anticipated or actual engagement with USAID; and
- iv. The provision or application of the resources must be qualitatively and/or quantitatively different than what the entity would have done in the absence of anticipated or actual engagement with USAID.<sup>69</sup>

**b) Nature and Origin**

The contributions and resources must be private in nature and origin;<sup>70</sup> they must come from a critical and core partner to the alliance;<sup>71</sup> and they must come from one or more of the following sources:

<sup>68</sup> While USAID recognizes that various types of volunteers can add value to the implementation of an alliance, the value of volunteer time typically does not count as leverage unless it is provided by employees or technical consultants who work for or with one of the private sector **institutions** listed in [Section B.1](#) of this appendix. If an organization wishes to seek an exception to this practice, the organization would have to provide reliable objective data capable of supporting a clear and specific valuation of the services to be rendered by the volunteers, being sure to account for known or likely variations in the expertise, experience and performance of the various volunteers.

<sup>69</sup> Prospective applicants such as NGOs or HEIs often ask whether or not previous private sector contributions to support the NGO’s or HEI’s broad mission or some sort of sector initiative or focus area can count toward the private sector leverage requirement. The answer is no. Such contributions do not meet the attribution and additionality standard.

<sup>70</sup> Funding from other USG agencies does not count toward meeting the private sector leverage requirement.

<sup>71</sup> Note: under this APS, traditional implementing partners, such as NGOs or HEIs, regardless of whether the HEI is private or public, are often critical and core partners to an alliance. However, they do not satisfy the source criteria set forth here in B.1(a). As a result, resources contributed by such traditional implementing partners would not satisfy the Nature and Origin criteria set forth in this section and would not count as leverage. (However, such resources could be counted toward the overall resource mobilization achieved by an alliance). With regard to traditional implementing partners and their valuable assets and expertise, this APS seeks to promote their extensive outreach to and engagement of the private sector partners listed in B.1(a) so as to identify ways in which our collaborative efforts and our diverse assets and expertise can increase the reach, efficiency, effectiveness and sustainable impact of our joint and respective development investments. This should help all of us (USAID, our

- i. Private for-profit entities such as a business, corporation, or private firm;
- ii. Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;
- iii. Private investors (individuals or groups);
- iv. Private business or industry associations, including but not limited to chambers of commerce and related types of entities;
- v. Private grant-making foundations or philanthropic entities;<sup>72</sup> or
- vi. Private individuals and philanthropists.<sup>73</sup>

### c) Value Proposition and Development Impact

The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.<sup>74</sup>

### d) Measurable

The resources and contributions must be something of value that can be measured in some form that permits evaluation of the contribution's impact on achieving desired results.

### e) Composition

Generally, a minimum of 25% of the private sector resources and contributions should be in the form of cash. Consistent with the impact objectives discussed in [Section A](#) of this Appendix, USAID may consider lower levels of cash if the alternative resources and contributions clearly offer greater results and impact. However, higher levels of cash tend to be preferred given the flexibility cash provides with regard to supporting alliance activities. In addition, and depending on the alliance ideas in question, the partners involved, and other circumstances and

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traditional implementing partners, and the private sector) better develop and implement innovative and highly effective development solutions. See also [Section C](#) of this Appendix.

<sup>72</sup> If an NGO receives awards and funding from external sources and then makes sub-grants to other organizations as part of implementing such awards, it does not thereby become defined as a grant making foundation or philanthropic entity. An organization must be formally constituted as such a foundation or entity; in fact, the vast majority of USAID's NGO implementing partners do not fall within this category.

<sup>73</sup> This refers to individuals or philanthropists who, by virtue of their strategic position, working relationships, and/or technical expertise are able to enter into the sort of ongoing, collaborative working relationships that are fundamental to the design and implementation of a GDA.

<sup>74</sup> USAID recognizes, expects and advocates that the private sector contributions and resources should advance the core interests of the private sector partner. Indeed, seeking the intersection between those core interests and USAID's development objectives is a core element of the GDA model (<http://www.usaid.gov/gda>). At the same time, USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that would otherwise be made in the absence of USAID's resources. The Agency's resources work in combination with the private sector resources; this enables the partners to achieve a set of outcomes, results and impacts that advance each of the partner's respective interests, while also fostering a broader social and economic good, asset or situation that others can draw upon to advance social and economic development.

considerations, Mission/B/IOs may encourage or specifically request higher levels of cash contributions either as part of an applicant’s concept paper or, if warranted, an applicant’s full application.

If resources that are mobilized to advance an alliance do not satisfy the above criteria, they would not count toward the 1:1 private sector resource requirement.

#### **f) Timing of Private Sector Resource Commitments and Contributions**

Questions often arise regarding the timing and reliability of the private sector resource commitments and contributions.

In order for a GDA to be formed, and in order for USAID to make an award that supports implementation of activities under a GDA, the private sector partner(s) must make **reliable resource contribution commitments** with a value that equals or exceeds the value of funding requested from USAID and the USG.<sup>75</sup>

However, **the actual mobilization, contribution, provision and/or application of the resources can take place at any time during the development or implementation of the alliance.**

So long as the contributions and proposed application of the resources satisfy the requirements of the GDA APS and this Appendix, including but not limited to the attribution and additionality criteria noted above [See [Appendix I, Section B.1 \(a\)](#)], the resources can be mobilized, contributed and provided at the outset of the alliance development discussions; during the subsequent alliance development efforts; at the time of or subsequent to the signing of the alliance MOU or USAID’s agreement with an implementing partner whose work will implement activities under the alliances or during the implementation of the alliance or specific activities under the alliance.<sup>76</sup> Private sector resources may be mobilized, contributed and provided throughout the alliance and partners may elect to stage the contributions.

Regardless of timing, the expected mobilization, contribution, provision and application of the resources should be reliable enough to provide USAID and the other alliance partners with high confidence levels and the ability to reasonably rely upon such resources in the design, planning and implementation of activities under the alliance. If there are questions regarding the reliability of the resource commitments, USAID may choose to forego the alliance until the reliability matters are resolved and/or seek to develop award agreements that make USAID funding and participation in the alliance conditional on the private sector contributions materializing and being applied as expected.

## **2. Can Private Sector Funding Intended for Equity Investments Count toward the Private Sector Resource Requirement?**

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<sup>75</sup> See [Section F](#) of this Appendix for USAID’s sole discretion to make an exception to the 1:1 requirement under extremely limited circumstances.

<sup>76</sup> An exception can be made for resources provided to USAID by a private sector entity under USAID’s gift authority. Such funding might be provided well before an alliance is discussed or actually developed.

Given USAID's strong interest in building alliances that mobilize equity investments, private sector funding to be used for equity investments can count toward the private sector resource requirement - subject to the considerations set forth below.

- a) **GC, OAA and LAB/CTP Consultation and Approval** - If the Mission/B/IO becomes aware that potential partners to a prospective alliance are interested in using funding for equity investments to meet the private sector resource requirement, or if the Mission/B/IO would like to explore that possible approach, the Mission/B/IO should consult with and get approval from the Regional Legal Officer (and/or the Private Investment Group at USAID/GC), the Mission/B/IO procurement office and the GDA APS Activity Manager from the very outset of the alliance development effort and on a regular basis throughout the building of the alliance. LAB/CTP is committed to bringing together the appropriate Mission and USAID/W personnel in a collaborative effort aimed at facilitating shared knowledge of emerging approaches. Such collaboration will hopefully foster more effective approaches and accelerate replication of such approaches. In order to promote and ensure this collaboration, clearance from the GDA APS Activity Manager and the relevant RLO or GC personnel will be needed before private sector funding intended for equity investments can be counted toward meeting the private sector resource requirement. Questions about and requests for clearance should be submitted by the Mission/B/IO to [kenlee@usaid.gov](mailto:kenlee@usaid.gov).
- b) **MOU** - The entities providing the funding have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the funding, as well as USAID, understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the funding, and other partners to the alliance as appropriate.<sup>77</sup>
- c) **APS Criteria and Requirements** - The other evaluation criteria and private sector resource requirements set forth in this APS are satisfied, including how the funding (and the resulting equity investments) will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the funding will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. Particular attention will be given to the criteria set forth in [Appendix I, Section B.1 \(a\)](#). The funding must be invested concurrent with the implementation of the alliance.

Consistent with the objectives and terms of the GDA APS, funding for equity investments can count toward meeting the private sector resource requirement if the alliance is expected to exhibit or achieve the following:

- i. **Increased Development Results** - USAID's participation in the proposed alliance enables the funding invested by the private sector partner(s) to be leveraged and

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<sup>77</sup> In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the investor(s) practices are consistent with a commitment to responsible investing. This can be done in a number of ways, including being a signatory to well-regarded responsible investment protocols or responsible investing standards.

utilized in a manner that will significantly increase or improve development results stemming from the investment of such funding;

- ii. **Expanded Activity** - USAID's participation in the proposed alliance prompts additional actions or engagements by the investors that would not have taken place in the absence of USAID's involvement and that will increase or improve the results of the alliance;<sup>78</sup>
- iii. **Broader Benefit** - The alliance fosters a broader set of social and economic opportunities, assets and circumstances that various individuals and institutions across society can draw upon to advance social and economic development. Such opportunities, assets and circumstances should be publicly and widely available. This ensures that USAID funding supports activities that benefit parties beyond just the investors or the businesses in which the funding is invested. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or the alliance involves training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the equity investments.
- iv. **5:1 Resource Ratio** - In general, the value of the funding to be invested should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of funding are acceptable in light of additional development considerations and the particular alliance in question. If that's the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from the GDA APS Activity Manager.<sup>79</sup> Note: one can only count funding used to make equity investments that are INPUTs to the alliance; returns on equity and other outcomes of the investments cannot count toward the private sector resource requirement. Thus, projected returns on equity investments do not count toward meeting the private sector resource requirement. In addition, if funding intended for equity investments is going to count toward the private sector resource requirement, it should be identified and committed from the outset of the alliance. While it may actually be mobilized, applied or invested in tranches over the course of the alliance, the resources should not be sourced or drawn from potential "outcomes" of the alliance.

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<sup>78</sup> This might be an increase in the level of private capital invested (e.g. by the existing equity investors or new investors who wouldn't have otherwise participated); it might be an expansion in the geographic scope or footprint of businesses and communities to be targeted for investment activity (e.g. businesses in rural communities that are priority targets in terms of host-country and USAID development objectives); it might be providing resources and expertise to support the development of institutions and a broader enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or it might be resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the equity investors and partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

<sup>79</sup> Historically, GDAs have leveraged private sector resources at a 3 to 1 ratio – without counting funding for equity investments as leverage. Given this historical practice, and the level of funding for equity investments increasingly becoming available in developing countries, the request that the value of the funding for equity investments should be five times the value of USAID's contribution should often constitute a reasonable target – subject to the particular circumstances and alliance in question.

**d) Prohibitions:** USAID funding cannot be used to purchase or own equity securities directly.<sup>80</sup>

### **3. Can Private Sector Loans Count toward the Private Sector Resource Requirement?**

Private sector funding to be used for loans can count toward the private sector resource requirement - subject to the considerations set forth below.

**a) GC, OAA and LAB/CTP Consultation** - If the Mission/B/IO becomes aware that potential partners to a prospective alliance are interested in using funding for loans to meet the private sector resource requirement, or if the Mission/B/IO would like to explore that possible approach, the Mission/B/IO should consult with the Regional Legal Officer (and/or the Private Investment Group at USAID/GC), the Mission/B/IO procurement office and the GDA APS Activity Manager from the very outset of the alliance development effort and on a regular basis throughout the building of the alliance. LAB/CTP is committed to bringing together the appropriate Mission and USAID/W personnel in a collaborative effort aimed at facilitating shared knowledge of emerging approaches. Such collaboration will hopefully foster more effective approaches and accelerate replication of such approaches. In order to promote and ensure this collaboration, GDA APS Activity Manager clearance will be needed before private sector funding intended for loans can be counted toward meeting the private sector resource requirement. Questions about and requests for clearance should be submitted by the Mission/B/IO to [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

**b) MOU** - The entities providing the funding have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the funding, as well as USAID, understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the funding, and other partners to the alliance as appropriate.<sup>81</sup>

**c) APS Criteria and Requirements** - The other evaluation criteria and private sector resource requirements set forth in this APS are satisfied, including how the funding (and the resulting loans) will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the funding will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. Particular attention will be given to the criteria set forth in

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<sup>80</sup> Absent specific statutory authority, USAID cannot purchase or own equity securities directly. However, despite the prohibition on owning equity, USAID has many structures permitting the Agency to fund an awardee that uses USAID funds to fund other entities, either through equity, debt investments or guarantees. These structures may enable USAID to achieve the same development objective as a direct equity investment. Each structure will have different advantages and disadvantages depending on the development objective to be achieved. USAID personnel interested in exploring potential structures should involve GC/RLA and OAA from the outset of an alliance development effort in order to identify the structures and instruments most appropriate to the development objective in question.

<sup>81</sup> In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the lender(s) practices are consistent with a commitment to responsible lending. This can be done in a number of ways, including being a signatory to well-regarded responsible lending protocols or responsible lending standards.



[Appendix I, Section B.1 \(a\)](#). The funding must be invested concurrent with the implementation of the alliance.

Consistent with the objectives and terms of the GDA APS, funding for loans can count toward meeting the private sector resource requirement if the alliance is expected to exhibit or achieve the following:<sup>82</sup>

- i. **Increased Development Results** - USAID's participation in the proposed alliance enables the funding that is loaned by the private sector partner(s) to be leveraged and utilized in a manner that will significantly increase or improve development results stemming from the lending of such funding;
- ii. **Expanded Activity** - USAID's participation in the proposed alliance prompts additional actions or engagements by the lenders that would not have taken place in the absence of USAID's involvement and that will increase or improve the results of the alliance;<sup>83</sup>
- iii. **Broader Benefit** - The alliance fosters a broader set of social and economic opportunities, assets and circumstances that various individuals and institutions across society can draw upon to advance social and economic development. Such opportunities, assets and circumstances should be publicly and widely available. This ensures that USAID funding supports activities that benefit parties beyond just the lenders or the businesses to which the funding is loaned. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to lending that is consistent with advancing broad-based, inclusive economic growth; or the alliance involves training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the loans.
- iv. **5:1 Resource Ratio** - In general, the value of the funding to be loaned should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of funding are acceptable in light of additional development considerations and the particular alliance in question. If that's the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from the GDA APS Activity Manager.<sup>84</sup> Note: One

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<sup>82</sup> Note: USAID funding to an alliance can be used as lending capital under assistance instruments. For loan programs under assistance, Missions/B/IOs should contact the cognizant RLA or GC.

<sup>83</sup> This might be an increase in the level of private capital loaned (e.g. by the existing lenders or new lenders who wouldn't have otherwise participated); it might be an expansion in the geographic scope or footprint of businesses and communities to be targeted for loan provision (e.g. businesses in rural communities that are priority targets in terms of host-country and USAID development objectives); it might be providing resources and expertise to support the development of institutions and a broader enabling environment conducive to lending consistent with advancing broad-based, inclusive economic growth; or it might be resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the lenders and partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

<sup>84</sup> Historically, GDAs have leveraged private sector resources at a 3 to 1 ratio – without counting funding for loans as leverage. Given this historical practice, and the level of funding for loans increasingly becoming available in developing countries, the request that the value of the funding for loans should be five times the value of USAID's

can only count funding used to make loans that are INPUTs to the alliance; outcomes of the loans cannot count toward the private sector resource requirement. In addition, if funding intended for loans is going to count toward the private sector resource requirement, it should be identified and committed from the outset of the alliance. While it may actually be mobilized, applied or loaned in tranches over the course of the alliance, the resources should not be sourced or drawn from potential “outcomes” of the alliance.

- v. **Funding “At Risk”** - The funding for the loans in question must be “capital at risk.” For example, if a lender provides \$2 million in loans, but \$1 million is guaranteed against default, then the lender is only placing \$1 million (\$2M - \$1M) “at risk.” Therefore, only \$1 million of loans could be counted toward the private sector resource requirement.

**d) Prohibitions:** Please note that loans provided under a DCA activity or that are a direct outcome or result of a DCA activity typically cannot be counted toward the private sector resource requirement. In addition, loan guarantees are typically not eligible to be counted toward the private sector resource requirement.<sup>85</sup>

#### 4. What Doesn’t Count

In addition, certain types of resources cannot be counted toward the private sector resource requirement. For example:

- Forgone profit does not qualify as leverage.
- Value of brand, reputation, convening power or “good will” does not count as leverage.
- General overhead costs for an organization that are not directly associated with alliance activities.
- Commitments to purchase or pay a price premium for products or services generated as a result of alliance activities.<sup>86</sup>

Partners will sometimes try to meet the private sector resource requirement by proposing and counting up a number of small contributions like meeting space, training refreshments, transportation costs, etc. Such contributions do not count as leverage. As noted above, meeting the private sector resource requirement is not an accounting exercise. The requirement is aimed at increasing the impact of USAID’s investments and any proposed resource or set of resources must have clear and compelling value with regard to advancing such impact. One must ask whether the proposed contributions (and the time it takes to track and verify them) are adding real and significant value to the partnership. If not, the contributions would fail to meet several criteria listed in this section and be inconsistent with the considerations and objectives discussed throughout this GDA APS.

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contribution should often constitute a reasonable target – subject to the particular circumstances and alliance in question.

<sup>85</sup> If USAID personnel have questions related to Development Credit Authority (DCA) and private sector leverage, they should contact the GDA APS Activity Manager at [kenlee@usaid.gov](mailto:kenlee@usaid.gov) or [gda@usaid.gov](mailto:gda@usaid.gov).

<sup>86</sup> USAID reserves the right, wholly at USAID’s discretion, to explore possible exceptions to this standard prohibition. However, applicants should not seek or inquire about a possible exception. If USAID determines an exception might warrant consideration, USAID will initiate such a discussion.

If a prospective applicant is having difficulty mobilizing the private sector resources needed to meet the 1:1 requirement, it often indicates that the private sector hasn't been sufficiently engaged in development of the alliance, including the identification and definition of the problem(s) to be addressed and the identification and development of potential solutions to the problem(s). The proposed collaboration and alliance activities may not sufficiently address the private sector's interests, concerns and objectives. If an applicant is having a difficult time meeting the 1:1 requirement, they should revisit their collaboration with the private sector. The applicant should investigate whether the nature and scope of their private sector engagement might be changed in a way that would increase the impact and value of the proposed alliance to the private sector partners, thereby incentivizing the private sector to increase its involvement in and contributions to the alliance.<sup>87</sup>

While private sector resource contributions are pursued in order to increase the outcomes and impact of a proposed alliance, the outcomes arising from the alliance do not count toward meeting the private sector resource requirement. Leverage is an input, not an outcome. It is the private sector resource contribution made to the partnership's activities; it is not the outcome of those activities. For example, USAID and a bank may develop a partnership to increase financial services to small businesses. The partnership's activities include small business training, awareness raising and market analysis. The bank contributes their experts' time and the production of training materials to the partnership. These contributions are inputs and would be considered "leverage" and could be counted toward the private sector resource requirement. As a result of the activities, businesses ended up pursuing and qualifying for more loans from the bank (and other banks). The value of these loans would be an outcome of the alliance, not an input. It would not be eligible to be counted toward the private sector resource requirement.

### **C. Can Implementing Partners Provide Resources that Count Toward the 1:1 Private Sector Resource Requirement?**

In most GDAs, USAID enters into an agreement with and makes an award to an implementing partner to conduct activities aimed at achieving the goals and objectives of the alliance. In such situations, implementing partners sometimes seek to act as resource partners as well; that is, they seek to contribute cash and in-kind resources that will shape the core activities and advance the key results, impact or strategic value of a GDA. Such resource contributions are welcomed by USAID and can significantly increase the perceived value of the proposed alliance. However, whether or not such resources can be counted toward the private sector resource requirement depends on three factors:

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<sup>87</sup> USAID recognizes that in some situations, the nature of the proposed partnership with the private sector may not result in private sector contributions that equal or exceed the level of resources being requested from USAID. In those instances, the partnership may not be something that can be pursued under this solicitation (the GDA APS). However, if a prospective applicant follows the directions under this APS and connects the potential private sector partners to USAID from the outset of its efforts to develop an alliance, it should be possible to quickly determine whether or not a concept paper submission would make sense. The discussions between USAID and the private sector partners might result in USAID exercising some discretion or making some sort of exception to the 1:1 private sector leverage requirement, at least at the concept paper submission stage. (See [Section VI](#) (6) of the main text of this GDA APS and [Section F of this Appendix](#)). This is another reason why it is essential that prospective applicants connect their potential private sector partners to USAID as soon as possible. NOTE: Applicants should NOT request such an exception; the decision is wholly at the discretion of USAID.

1. Is the implementing partner a private sector partner as set forth in [Section B.1](#) of this Appendix? If not, the implementing partner's resource contributions would not count toward the private sector resource requirement.
2. Do the resources meet the criteria set forth in [Section A](#) and [Section B](#) of this Appendix? If not, the implementing partner's resource contributions would not count toward the private sector resource requirement.
3. Does the implementing partner intend to count the resources as "cost-share" under the terms of the award agreement with USAID? Typically, resources contributed and counted by a partner as cost-share will not also be counted as a contribution by that partner toward meeting the 1:1 private sector leverage requirement, unless USAID determines such treatment is an appropriate way to ensure a successful alliance and the achievement of USAID's development objectives. (See below: [Section D](#): *What is the Relationship between Leverage and Cost-Share?*)

For example, if an organization is a grant-making foundation, it would constitute a private sector partner as set forth in [Section B.1](#) of this Appendix. The organization and USAID would then need to assess whether the resources and contributions are consistent with the objectives, considerations and criteria set forth in Sections A and B. If they are, and the organization will not be counting the resources and contributions as part of its cost-share contribution, USAID could elect to count the resources and contributions toward the private sector resource requirement. (See [Section D](#) below).

However, if the organization wanted to count the resources and contributions as part of its cost-share contribution, USAID would need to determine whether treating any of the proposed resources and contributions as cost-share would be an appropriate way to ensure a successful alliance and the achievement of USAID's development objectives. Typically, resources intended to meet the 1:1 private sector leverage requirement are not also treated as cost-share; and cost-share resources typically do not count toward meeting the 1:1 private sector leverage requirement. However, if the implementing partner / awardee is a private sector entity as defined in [Section B.1](#) of this Appendix, USAID may determine that the resources in question are eligible to count toward the private sector resource requirement and be treated as cost-share.

The question about implementing partners providing leverage often arises with regard to funding or other resources an NGO or HEI has previously received from corporations, individuals or private foundations. In most instances, such resources did not originate for the explicit purpose of supporting and advancing the alliance or were not received as a result of the active engagement of the private sector partner in the design and development of the alliance in question. As a result, they could not be counted toward the private sector resource requirement. They could certainly be counted toward the overall resource mobilization achieved by the alliance, but they could not be used to satisfy the 1:1 private sector leverage requirement.

As discussed above, USAID pursues alliances as a means of developing productive and ongoing working relationships with the private sector, particularly business, and mobilizing an array of resources and expertise from the private sector to advance development objectives. Market-based and market-informed approaches are core to the alliance model. Given those priorities, GDAs should involve private sector partners and private sector resources and contributions; NGOs and HEIs seeking to serve as implementing partners must identify the private sector partners, private sector contributions and private sector resources the NGO or HEI is engaging and mobilizing under a proposed alliance. In addition, as stated in various parts of this APS,

prospective applicants under this APS must connect USAID directly to the private sector partner(s) being engaged to develop an alliance.

#### **D. What is the Relationship between Leverage and Cost-Share?**

While both leverage and cost-share refer to a portion of project or program costs not borne by the United States Government, and while both can be counted toward the overall resource mobilization achieved under an alliance, they are distinguished in three very important ways:

1. Cost-share is binding and auditable under an award agreement; leverage is not.

Leverage describes the quantifiable contributions provided by resource partners to a GDA. Unlike cost sharing or matching, which is an important element of the USAID/grantee relationship, leverage is not intended to be binding or auditable. It is not subject to traditional audit standards as it is not intended to be held to the same level of accountability as cost-share or matching.<sup>88</sup> However, given the strategic and programmatic value that leverage should contribute to the alliance, applicants are expected to identify what enhanced results are expected from any leverage proposed and provide and implement a mechanism for tracking / reporting that contribution.

2. The determination of what constitutes leverage is based on the objectives, considerations and criteria set forth in this APS; the determination of what constitutes cost-share is set forth in (22 CFR 200.306 and ADS 303.3.10).
3. Typically, resources contributed and counted by a partner as cost-share will not also be counted as a contribution by that partner toward meeting the 1:1 private sector leverage requirement, unless USAID determines such treatment is an appropriate way to ensure a successful alliance and the achievement of USAID's development objectives.

Prospective implementing partners sometimes have difficulty distinguishing cost-share and leverage. Part of the challenge arises from the fact that certain types of resources, such as personnel time or facilities use, may be acceptable as cost-share or leverage. However, as noted in this section, the partners must decide whether such resources will be counted as leverage or cost-share. Under any given alliance, for any given partner, leverage and cost-share are typically mutually exclusive. If personnel time is counted as an organization's cost-share contribution, it typically cannot be counted as that organization's leverage contribution.

In some cases, as part of an effort to ensure that proposed leverage materializes over the course of an alliance, a private sector resource partner will be expected to provide its resources and contributions (the leverage) to the implementing partner and the implementing partner will be required to treat such anticipated resources as part of the implementing partner's cost-share contribution and commitment under the award. This provides an incentive to the implementing partner to ensure the reliability and contribution of the leverage since the implementing partner's proposed cost-share is auditable.

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<sup>88</sup> As noted in ADS 303 as well, cost-share "refers to the resources a recipient contributes to the total cost of an agreement. Cost share becomes a condition of an award when it is part of the approved award budget. The cost share must be verifiable from the recipient's records; for U.S. organizations it is subject to the requirements of 22 CFR 200.306, and for non-U.S. organizations it is subject to the Standard Provision, "Cost Share"; and can be audited."

USAID may also condition year-to-year funding or other USAID involvement on the achievement of leverage benchmarks. This approach can be used in lieu of or as a complement to the cost-share approach noted in the previous paragraph.

#### **E. Who is responsible for ensuring, tracking and reporting on the mobilization and use of the leverage?**

Unless otherwise stated in the relevant alliance award agreement(s) and/or MOU(s), the entity receiving an award from USAID to implement alliance activities is responsible for ensuring, tracking and reporting on the mobilization and use of the leverage. USAID expects the award recipient to provide such information on a quarterly basis across the fiscal year, with an annual summary.

#### **F. Exceptions**

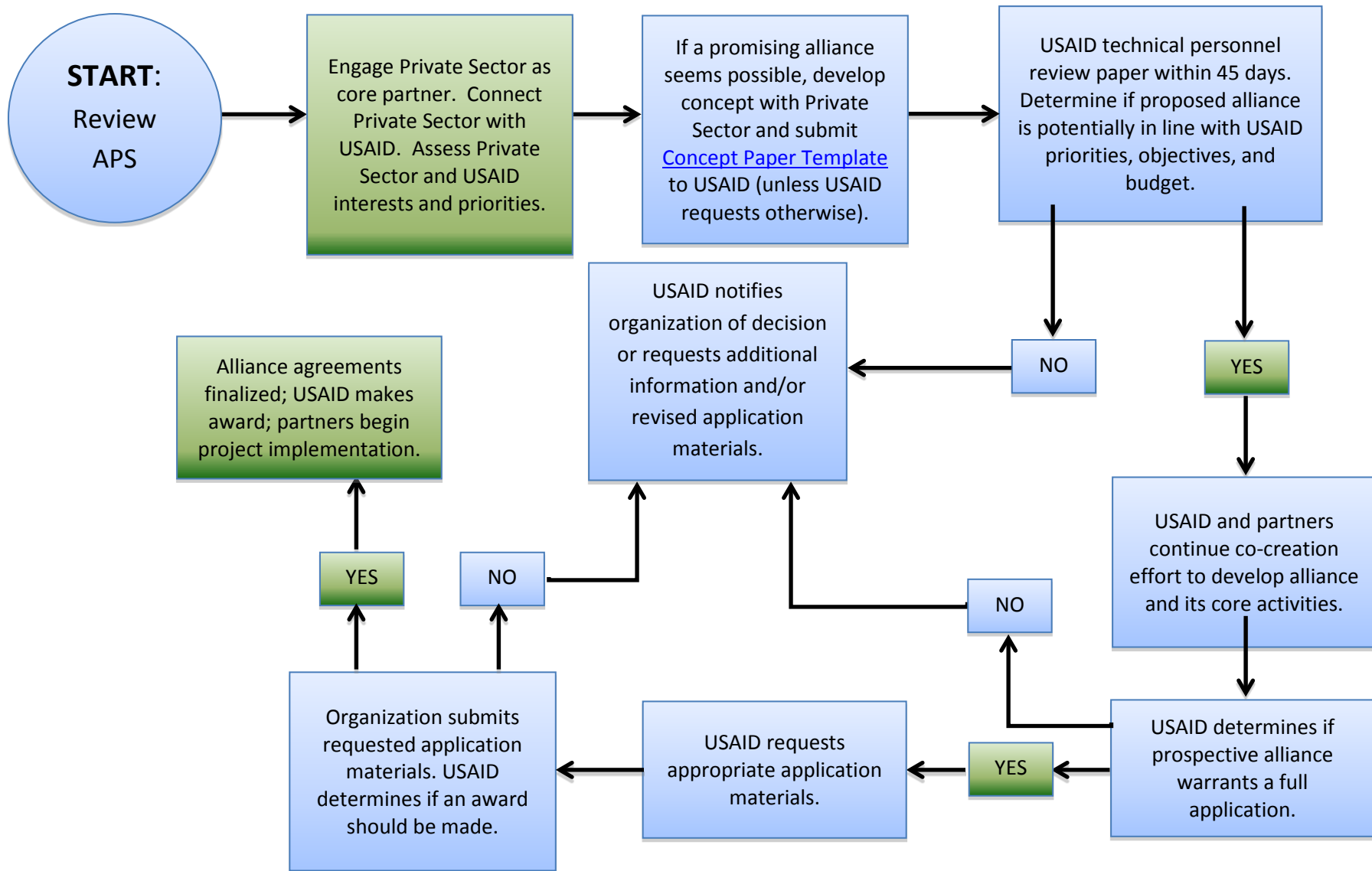
USAID Missions, Bureaus and Independent Offices, in collaboration with and subject to approval by the GDA APS Activity Manager, have the discretion to make exceptions to the 1:1 private sector resource requirement. Such discretion only applies to whether the amount of resources to be provided by the private sector must equal or exceed the amount of resources requested from USAID. In addition, such discretion can only be exercised at USAID's initiative; applicants and partners should not request any exceptions to the 1:1 private sector resource requirement. If any prospective partner to a potential alliance seeks such an exception, USAID reserves the right, at its option, to terminate all related alliance discussions or the review of any related concept paper or application submitted under this APS by any partner to the alliance in question.

The possibility of an exception is only available because USAID recognizes that in some rare exceptional situations, the development impact to be achieved as a consequence of the proposed private sector resource contribution is so extensive, significant and valuable, and the ability to mobilize and leverage the level of private sector resources needed to meet the 1:1 standard is so constrained and limited, that accepting a lower level of private sector resource contributions may be in the Agency's best interest as it seeks to achieve its development objectives.

#### **G. Additional Questions and Information**

If prospective partners have any questions about the private sector resource (leverage) requirement or the distinction between leverage and cost-share, please feel free to contact Ken Lee at [kenlee@usaid.gov](mailto:kenlee@usaid.gov).

**APPENDIX II – DIAGRAM OF GDA APS APPLICATION AND REVIEW PROCESS**



### ***APPENDIX III – KEY WEBSITES, APPLICABLE REFERENCES AND REGULATIONS***

- Agency Initiatives and Priorities  
<http://www.usaid.gov/what-we-do> and <http://www.usaid.gov/where-we-work>.
- Mission Priorities, Programs and Points of Contact  
<https://www.usaid.gov/work-usaid/get-grant-or-contract/opportunities-funding/global-development-alliance-annual-program-mission>
- Mission Addenda to this GDA APS  
<https://www.usaid.gov/gda/global-development-alliance-annual-program>
- Data Universal Numbering System (DUNS) / Systems for Award Management (SAM)  
<http://www.dnb.com> and <https://www.sam.gov/portal/public/SAM/>
- Mandatory Standard Provisions for U.S. Nongovernmental Recipients  
<https://www.usaid.gov/ads/policy/300/303maa>
- Mandatory Standard Provisions for Non-U.S. Nongovernmental Recipients  
<https://www.usaid.gov/ads/policy/300/303mab>
- 22 CFR 200  
<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200.pdf>.
- OMB Circulars A-110 and A-122  
<http://www.whitehouse.gov/omb/circulars/a110/a110.html>  
<http://www.whitehouse.gov/omb/circulars/a122/a122.html>
- ADS Series 300 Acquisition and Assistance  
<https://www.usaid.gov/who-we-are/agency-policy/series-300>
- SF-424 Downloads and SF-425 Downloads  
<http://apply07.grants.gov/apply/FormLinks?family=15>  
[http://www.whitehouse.gov/sites/default/files/omb/assets/grants\\_forms/SF-425.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf)  
and [http://www.whitehouse.gov/sites/default/files/omb/grants/standard\\_forms/SF-425\\_instructions.pdf](http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf)
- Governing Regulations, Standard Provisions and Required Certifications at Time of Award  
<http://www.usaid.gov/sites/default/files/documents/1868/303.pdf>
- Guidance for Proposals Involving a Partial Credit Guarantee  
<http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work>



## APPENDIX IV – ACRONYMS AND DEFINITIONS

### List of Acronyms

ADS	Automated Directives System
APS	Annual Program Statement
B/IO	USAID/Washington Bureau/Independent Office
CFR	Code of Federal Regulations
DUNS	Data Universal Numbering System
GC	General Counsel
GDA	Global Development Alliance
LAB/CTP	U.S. Global Development Lab / Center for Transformational Partnerships
HEI	Higher Education Institution
IPR	Implementation and Procurement Reform
MOU	Memorandum of Understanding
NGO	Non-governmental Organization
PIO	Public International Organization
PVO	Private Voluntary Organization
RFA	Request for Application
RFP	Request for Proposals
SAM	Systems for Award Management
USAID	United States Agency for International Development
USG	United States Government

### Key Definitions

#### **Global Development Alliance (GDA)**

A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement activities that leverage and apply our respective assets and expertise to advance core business interests, achieve USAID's development objectives, and increase the sustainable impact of USAID's development investments. GDAs mobilize at least \$1 in resources from private sector partners for every \$1 USAID contributes.

#### **Private Sector**

For purposes of the GDA program, private sector refers to private institutions as described and specified on page 3 and in [Appendix I](#) of this APS.

#### **Resource Partner**

Resource partners are defined as organizations (e.g., corporations, financial institutions, foundations, social entrepreneurs, diaspora organizations, NGOs, donors, government agencies, etc.) that will contribute cash and in-kind resources to a GDA, including but not

limited to technical expertise, goods and services, market access, and related investments. (Resource partners may also act as implementing partners.)

<b>Implementing Partner</b>	Any for-profit or not-for-profit organization that receives USG funding to deliver foreign development assistance. Typically refers to USAID’s “traditional implementing partners” as defined in AAPD 04-16. <i>Examples: NGOs, universities, development contractors</i>
<b>Annual Program Statement (APS)</b>	When USAID intends to support a variety of creative approaches towards developing methodologies to assess and implement development objective activities, the Agency may use an Annual Program Statement to generate competition for these awards.
<b>Operating Units</b>	Operating units are the organizational units responsible for implementing a foreign assistance program for one or more elements of the Foreign Assistance Framework. The definition includes all USG agencies implementing any funding from the relevant foreign assistance accounts. In the field, these agencies work collaboratively under the authority of the U.S. Ambassador. USAID Operating Units include USAID Missions, regional platforms and USAID/Washington Bureaus/Independent Offices (B/IOs) that expend program funds to achieve foreign development objectives.
<b>USAID Mission</b>	Missions are USAID’s field offices in developing countries. The majority of USAID development assistance is provided through USAID Missions.
<b>USAID Washington Bureaus/ Independent Offices</b>	USAID/Washington Bureaus/Independent Offices (B/IOs) are Washington DC based operating units that expend program funds to achieve foreign development objectives.
<b>Local Organization</b>	To be considered a “local” organization, an entity must: <ul style="list-style-type: none"><li>• Be organized under the laws of the recipient country or a country within that region;</li><li>• Have its principal place of business in the recipient country;</li><li>• Be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country; and</li><li>• Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country.</li></ul>

For purposes of this definition recipient countries also includes countries within the same region.