

# U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

## Annual Program Statement

### Private Sector Engagement and Market-Based Development: Co-Creating and Partnering for Impact via Global Development Alliances

**APS No: APS-OAA-21-00001**

Issuance Date: October 14, 2020

Closing Date: December 16, 2022

CFDA #: 98.001

Pursuant to the Foreign Assistance Act of 1961 as amended, the United States Government as represented by the U.S Agency for International Development (USAID), Bureau for Economic Growth, Education and Environment (E3), Private Sector Engagement Team, invites applications for Global Development Alliances (GDAs).<sup>1</sup> Awards under this Global Development Alliance (GDA) Annual Program Statement (APS) are subject to 2 CFR 700 and 2CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

The U.S. Agency for International Development (USAID) is committed to engaging and working with the private sector to determine how markets, [market-based approaches](#), and private sector behavior can drive development outcomes, results and impact in an ongoing and sustainable manner. Private sector engagement is an official [Agency Priority Goal](#) and a core [USAID Policy](#).

Consistent with USAID's [Private Sector Engagement Policy](#), the focus of this APS is proactive engagement of and collaboration with the private sector in the identification and definition of key business and development problems and opportunities; the development and co-creation of market-based and market-oriented approaches to solve those problems and seize those opportunities; and the facilitation and implementation of such approaches.<sup>2</sup>

The GDA APS is designed to describe and provide a process through which the private sector, USAID and other organizations can work together to build Global Development Alliances (GDAs) that leverage private sector expertise to identify, develop and pursue market-based solutions to key development challenges. The GDAs created through this APS should advance and achieve:

- a) private sector led development;
- b) core business interests and objectives;
- c) USAID's strategic priorities and objectives; and

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<sup>1</sup> This GDA APS will use the term PSE Team to refer to the office issuing this GDA APS. However, E3 and the PSE Team are slated to become the Bureau for Development, Democracy and Innovation (DDI) and the Private Sector Engagement (PSE) Hub. Once that happens, this GDA APS will be managed under the DDI/PSE Hub.

<sup>2</sup> For purposes of this APS, "[market-based approaches](#)" refers to approaches that are market-based, market-driven, market-oriented or market-informed. Such approaches are vital to fostering private sector led development.

d) the ongoing and sustainable generation of valuable development outcomes, results and impact.

In addition, this Annual Program Statement 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. Any award issued under this APS will be an assistance award, such as a cooperative agreement, fixed amount award, grant or other type of assistance award.

**NOTE:** USAID engagement of the private sector does NOT require use of the GDA APS. In fact, USAID engages the private sector in various ways, many of which would not warrant pursuit under the GDA APS.<sup>3</sup> However, in some cases, the GDA APS will provide an appropriate and valuable process through which USAID and the private sector can co-create ways to leverage markets and enterprise behavior to drive valuable business and development outcomes and results in a sustainable manner.

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 submissions.** Based on those concept submissions, which must demonstrate extensive engagement of and co-creation with the private sector, USAID will determine whether to continue with the [co-creation process set forth under this GDA APS](#). Depending on the results of that process, USAID may request a full application from an appropriate partner in a proposed GDA or proceed directly to award.

In addition, this APS is not supported by specific funds. Any funding for any GDA proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office (Mission/B/IO) with which the prospective GDA partners seek to collaborate and to which the GDA concept will be submitted. USAID reserves the right to fund any or none of the applications submitted under this APS.

**The GDA APS is a solicitation aimed at fostering extensive collaboration and co-creation with the private sector to achieve greater development impact.**<sup>4</sup> While the value of the expertise, capabilities, assets and resources contributed to a GDA by the private sector must at least equal and preferably significantly exceed the value of resources requested from USAID, **this is NOT a matching grants program.** It is a private sector engagement approach aimed at leveraging impact by working with the private sector to determine and advance [market-based solutions](#) to pressing development challenges.

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<sup>3</sup> The GDA APS is one of numerous USAID solicitations that support and advance the implementation of USAID's [Private Sector Engagement \(PSE\) Policy](#). Prospective applicants under the GDA APS should thoroughly read that policy. The GDA APS does not seek to address every aspect of the policy. Like other USAID solicitations that support and advance private sector engagement and particular elements of the PSE Policy, the GDA APS focuses on certain types of approaches and partners. If organizations have ideas that might advance the PSE Policy but do not fall within the parameters of this APS, they are encouraged to explore other USAID solicitations advertised at [www.grants.gov](http://www.grants.gov) and <https://fbohome.sam.gov/>. See <https://www.usaid.gov/work-usaid> for information on how to work with USAID.

<sup>4</sup> Note: The co-creation process provided under the GDA APS is different from and has no relationship to the co-creation process provided under Broad Agency Announcements (BAAs). The GDA APS is separate and distinct from a Broad Agency Announcement.

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## I. INTRODUCTION

The U.S. Agency for International Development (USAID) is committed to engaging and working with the private sector to determine how markets, [market-based approaches](#), and private sector behavior can drive development outcomes, results and impact in an ongoing and sustainable manner. Private sector engagement is an official [Agency Priority Goal](#) and a core [USAID Policy](#).

Consistent with USAID's [Private Sector Engagement Policy](#), the focus of this APS is proactive engagement of and collaboration with the private sector in the identification and definition of key business and development problems and opportunities; the co-creation and development of market-based and market-oriented approaches to solve those problems and seize those opportunities;<sup>5</sup> and the facilitation and implementation of such approaches.<sup>6</sup>

The GDA 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 leverage markets, [market-based approaches](#) and private sector expertise to advance and achieve:

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<sup>5</sup> For purposes of the GDA APS, the term "[market-based approaches](#)" will refer to approaches that are market-based, market-driven, market-oriented or market-informed.

<sup>6</sup> **NOTE:** [USAID engagement of the private sector does NOT require use of the GDA APS](#). In fact, USAID engages the private sector in various ways, many of which would not warrant pursuit under the GDA APS. However, in some cases, the GDA APS will provide an appropriate and valuable process through which USAID and the private sector can co-create ways to leverage markets and enterprise behavior to drive valuable business and development outcomes and results in a sustainable manner. The GDA APS is one of numerous USAID solicitations that support and advance the implementation of USAID's [Private Sector Engagement \(PSE\) Policy](#). Prospective applicants under the GDA APS should thoroughly read USAID's PSE Policy. The GDA APS does not seek to address every aspect of that policy. Like other USAID solicitations that support and advance private sector engagement and particular elements of the PSE Policy, the GDA APS focuses on certain types of approaches and partners. If organizations have ideas that might advance the PSE Policy but do not fall within the parameters of this APS, they are encouraged to explore other USAID solicitations advertised at [www.grants.gov](http://www.grants.gov) and <https://fbohome.sam.gov/>, or reach out to the relevant USAID Mission via the [Private Sector Engagement Points of Contact](#). See <https://www.usaid.gov/work-usaid> for more information on how to work with USAID.

- a) private sector led development;
- b) core business interests and objectives;
- c) USAID's strategic priorities and objectives; and
- d) the ongoing and sustainable generation of valuable development outcomes, results and impact.

In order to identify and facilitate such approaches, the GDA APS offers [a co-creation process](#) that requires and supports proactive engagement of the private sector so as to:

- better identify and define critical economic and social development problems and opportunities;
- discern how private sector markets and behavior impact and are impacted by those problems and opportunities;
- strengthen the design, facilitation and implementation of promising market-based, market-oriented or enterprise-led approaches to solving those problems and seizing those opportunities; and
- increase the effectiveness and sustainable impact of our respective investments in developing countries.

**A. Collaboration and Co-Creation<sup>7</sup>** - The 2020 GDA APS is predicated on twenty years of effective collaboration and co-creation between USAID and the private sector. That collaboration and co-creation has repeatedly demonstrated that [USAID and its partners offer the private sector an array of value propositions](#) that can help businesses and markets thrive in ways that simultaneously and sustainably drive critical development outcomes and results.

Such collaboration and co-creation has also shown that the [private sector offers USAID and the development community an array of insights, expertise and value propositions](#) that can dramatically increase the efficiency and effectiveness of our development programming and investments.

The GDA APS is designed to help USAID, the private sector and other interested organizations continue working together to discover our respective value propositions and apply them in ways that enable private sector interests, behaviors and markets to achieve core business objectives in a manner that drives positive development impact.

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

By co-creating and partnering with the private sector, USAID and our diverse development partners are able to leverage private sector markets, expertise, interests, and assets in a way that solves critical development problems and promotes effective enterprise-led and market-led development.

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<sup>7</sup> The co-creation process under the GDA APS is different from and has no relationship to the co-creation process provided under Broad Agency Announcements (BAAs). The GDA APS is separate and distinct from a BAA.

Through co-creation and strategic and ongoing collaboration, the private sector, USAID and other public and non-profit organizations are better able to increase the impact, reach, efficiency, and effectiveness of our business and development investments.

This Global Development Alliance Annual Program Statement is designed to catalyze, facilitate and support such co-creation and collaboration. This APS is **an invitation to co-creation** that USAID extends to the private sector - and other organizations interested in and capable of working closely with the private sector - to identify and suggest ways USAID and the private sector can work together to leverage markets, business activity and core business interests to achieve significant and sustainable development results and impact.

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. Definition of a Global Development Alliance** - A GDA is a partnership involving USAID and the private sector where the partners work together to develop and implement market-based approaches and activities that leverage and apply our respective assets and expertise to advance core business interests; facilitate private sector led development; achieve USAID's development objectives; and increase the sustainable impact of USAID's development investments.

**B. The Private Sector Partner Requirement** - At the heart of any GDA is a core working relationship between USAID and one or more private sector partners. This relationship is grounded in a commitment by USAID to better understand private sector interests and objectives and jointly explore how USAID might help the private sector achieve those interests and objectives in a way that drives the ongoing and sustainable generation of valuable business and development results. Collaborations and activities that result from this relationship are co-created.

In addition, the GDA model and GDA APS prioritize and focus on particular types of private sector entities as core partners. The types of private sector entities prioritized under the GDA APS represent a subset of what is defined as private sector under USAID's Private Sector Engagement Policy. This is an intentional decision by the Agency to focus the GDA approach and the GDA APS on particular types of entities and opportunities.

**In order for a collaboration to be a GDA and eligible for pursuit under the GDA APS, it must involve a core working relationship with one or more of the private sector entities listed below.<sup>8</sup> In addition, the private sector leverage requirement under the GDA APS can only be met by entities from this same list. Eligible private sector entities are limited to:**

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<sup>8</sup> Note: Under the GDA APS, individuals are not eligible as private sector; private sector is limited to entities.

- Private for-profit, commercial entities such as a business, corporation, small or medium enterprise or private firm;<sup>9</sup>
- Private foundations affiliated with private for-profit, commercial entities;<sup>10</sup>
- Private equity or private financial institutions, including banks, private investment firms, mutual funds, private equity funds and insurance companies;<sup>11</sup>
- Private business or industry associations, including but not limited to chambers of commerce and related types of entities;<sup>12</sup> or
- Cooperatives.

**C. Core Characteristics of a Global Development Alliance** - Global Development Alliances have several core characteristics. GDA concepts submitted under this APS must demonstrate how the GDA exhibits these characteristics:

**1. Focus on Development Impact** - GDAs must foster sustainable development impact and effectively deliver development outcomes and results that directly advance the core strategies and priorities of the USAID Mission, Bureau or Independent Office (Mission/B/IO) that is the core partner to the GDA.<sup>13</sup> GDAs must offer the participating Mission/B/IO a worthwhile value proposition in terms of achieving development outcomes and results and advancing the development objectives of that Mission/B/IO.

**2. Market Based Approaches and Solutions** - GDAs should foster or advance an approach and solution to a development challenge that is somehow market-based, market-driven, market-oriented or market-informed.<sup>14</sup> [Market-based approaches and solutions](#) offer the

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<sup>9</sup> Parastatals and government-owned companies do not qualify as private sector for purposes of meeting the private sector collaboration and leverage requirements under this APS.

<sup>10</sup> Examples: Coca-Cola Foundation; Gap Foundation; Mastercard Foundation. Previous versions of the GDA APS also included grant-making foundations not affiliated with private for-profit, commercial entities as private sector. However, USAID anticipates issuing [addenda](#) under this GDA APS specifically aimed at working with such foundations to advance private sector engagement in the development and implementation [of market-based approaches](#). Any such addendum will provide clear considerations and parameters to guide such collaboration.

<sup>11</sup> USAID's Private Sector Engagement Policy notes that the Agency will treat "for-profit approaches" that generate sustainable income (e.g. a venture fund run by a non-governmental organization (NGO) or a social enterprise) as private sector. However, for purposes of the GDA APS, approaches involving social enterprises, as well as approaches involving investment funds, venture funds, or other types of social or commercial enterprises affiliated with, operated under or managed by an NGO or other non-profit entity, will only be treated as private sector if a USAID operating unit, working in collaboration with the GDA APS Activity Manager, develops and issues an addendum to this GDA APS that specifies objectives to work with these types of NGO-affiliated approaches and provides clear considerations and parameters to guide such potential collaboration. USAID anticipates issuing one or more such [addenda](#) over the course of this GDA APS; **interested organizations should monitor grants.gov for such opportunities**. However, if the entity (enterprise or fund) in question is fully self-sustaining based on its market activities (i.e. revenues based on sales of its goods and services or returns on investments, loans or financing), and does not receive any financial, in-kind, programmatic or operational support from the non-profit entity with which it is affiliated or other entities such as donors, international organizations, or government agencies, or individual donations, USAID may in select situations consider the entity as private sector. Please contact [gda@usaid.gov](mailto:gda@usaid.gov) with related questions.

<sup>12</sup> Such associations and entities must be private and the members must be entities, not individuals. Quasi-governmental associations would not satisfy the private sector partner requirement.

<sup>13</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 a GDA will be explored. Each country link will provide important information on USAID priorities and objectives.

<sup>14</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



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 and enterprise-led development.<sup>15</sup>

**3. Based on Complementary Interests and Objectives** - GDAs are based and built upon the complementary or overlapping interests and objectives of USAID and the private sector. GDAs 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 development impact.

The resulting GDAs achieve important business objectives for our private sector partners while simultaneously advancing USAID’s development priorities.<sup>16</sup> While GDAs are designed to advance business interests and objectives, the concurrent pursuit of USAID’s interests ensures that the GDAs, 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 GDA. The benefits of a GDA are open to other parties who may not be a formal partner to a GDA.<sup>17</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 co-creation, partnering and collaboration between USAID and the private sector – from conception to design to implementation.

The foundation of such collaboration and co-creation is proactive engagement of the private sector in order to better understand private sector interests and concerns. Based on this

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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.

<sup>15</sup> The priority placed on market-based approaches and solutions does not wholly preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect and advance important private sector / business interests, advance USAID objectives, and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID’s investments. However, priority will be given to approaches and solutions that are market-based, market-driven, market-oriented or market-informed. USAID is under no obligation to entertain or review concept papers that do not propose such approaches and solutions.

<sup>16</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 to learn their core interests, concerns and objectives.

<sup>17</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 GDA might be open to producers who are not yet part of the retailer’s supply chain; in addition, producers benefitting from the GDA would ultimately be free to sell their coffee to other purchasers. GDAs 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 GDA 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 GDAs in order to advantage any one company over another; nor do GDAs subsidize specific business activities that are already fully commercially viable in the targeted geography.



outreach and communication, the private sector and USAID jointly identify and define compelling business and development problems and opportunities.<sup>18</sup> We then collaborate to determine whether and how we can solve those problems or realize those opportunities in order to achieve transformational and sustainable impact. We share responsibilities and risks; and we work together to mobilize, leverage and effectively apply our respective assets, expertise and resources. GDAs are co-created, co-developed, and co-implemented.<sup>19</sup>

**Note:** In order to ensure co-creation, and unless otherwise instructed by USAID, prospective non-private sector partners or applicants under the GDA APS **must** connect USAID to their proposed private sector partners. This is critical to the collaboration that is central to a GDA and must be done **well in advance of developing or submitting a concept**.<sup>20</sup> Please use the list of [Private Sector Engagement Points of Contact](#).

If the prospective partner or applicant is a private sector entity, that entity should reach out directly to an appropriate USAID [Private Sector Engagement Points of Contact](#).

**5. Significant Private Sector Contributions for Increased Impact** - In an effort to enhance the prospects of sustainable development impact, ensure GDAs 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. (See [Appendix I](#) – Leveraging Impact: The Private Sector Resource Requirement for details regarding this requirement.)

More specifically, **a GDA must mobilize and leverage private sector assets, expertise, capabilities and resources at a level that at least equals and preferably exceeds the level of resources provided by USAID.** That is, the value of the various private sector resources contributed as inputs to a GDA and the activities implemented under the GDA must equal and, in general, should significantly exceed the value of resources provided by the USG. If

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<sup>18</sup> In some cases, the private sector – or the private sector in collaboration with an implementing partner – will propose a GDA that is based on the private sector’s independent efforts to identify and define key problems or opportunities whose resolution or pursuit warrants a joint effort and will help achieve USAID’s core development objectives. While USAID may not have been engaged in the initial identification and definition of the problem or opportunity, USAID is certainly able to move forward with GDA development if USAID has an interest in working with the private sector to resolve the problems in question or realize the envisioned opportunities. This may involve working with the private sector to further refine the definition of the problem or opportunity, but will definitely involve collaboration with regard to developing and implementing appropriate approaches or solutions.

<sup>19</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 a 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 fifteen years, USAID has built more than 2000 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.

<sup>20</sup> If an applicant 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 GDA 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. If the applicant is the private sector partner, the private sector partner/applicant must contact the USAID Mission or operating unit with which it is seeking to build a GDA before it submits a [concept paper](#) or [expression of interest](#). See [Section IV.A.1](#) and [VI](#) of this APS for further information.

the resources contributed as inputs will be in the form of funding intended for loans or equity investments, the level of resources should be at least five times greater than USAID's contribution.

In addition, the resources mobilized from the private sector must support and be applied to the GDA in a manner that clearly fosters extensive and important results. GDAs require high-impact private sector resource investments.<sup>21</sup>

**Note:** The GDA APS is **NOT a matching grants program** and the private sector leverage requirement should not be viewed as a matching or fundraising exercise. Detailed information and requirements related to this private sector leverage requirement can be found in [Appendix I – Leveraging Impact: The Private Sector Resource Requirement](#).<sup>22</sup>

**6. Additionality: 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 GDA**. 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 markets and 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>23</sup>

### III. VALUE TO THE PRIVATE SECTOR

Global Development Alliances provide businesses with a number of [opportunities to achieve core business interests](#).<sup>24</sup> By participating in a GDA, businesses have been able to improve supply chain quality and reliability; increase sales; mobilize finance and investment; expand their customer base and access to new markets; develop new products and services; foster valuable policy reform; 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.

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

- 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;

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<sup>21</sup> USAID reserves the right to issue [addenda](#) under this GDA APS that may alter the private sector leverage requirement in ways tailored to the development issue, challenge or opportunity the Agency seeks to address. Any such change would require approval by the GDA APS Activity Manager.

<sup>22</sup> See [Appendix I, Section H](#) for information on exceptions to the private sector leverage requirement.

<sup>23</sup> Examples of Global Development Alliances can be found at <https://www.usaid.gov/gda/alliances-action>.

<sup>24</sup> See [here](#) for additional information of interest to the private sector and organizations seeking to partner with the private sector.

- 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 expertise and programs in risk mitigation have helped financial institutions expand markets and improve returns;
- 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 company has interests and objectives that might benefit from working with USAID, or if your organization is interested in working with USAID and the private sector to facilitate achievement of core business interests and objectives as USAID tackles critical development challenges, please read this APS and then contact the [PSE POC](#) in your country of interest.

#### **IV. CO-CREATION UNDER THE GDA APS <sup>25</sup>**

GDAAs co-created 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. Developing such successful, high-impact GDAs is a collaborative effort based on several key practices:

- Robust engagement of the private sector;
- Proactive and extensive communication;
- Joint and collaborative identification and definition of problems and opportunities;
- Clear articulation and understanding of partner interests and objectives;
- Thorough exploration of whether and how those interests and objectives overlap or complement one another;
- Thorough exploration of how the application of private sector and USAID expertise, capabilities, and resources provide business and development value propositions;
- Joint and collaborative development of approaches to address the identified problems and opportunities and achieve the identified value propositions.

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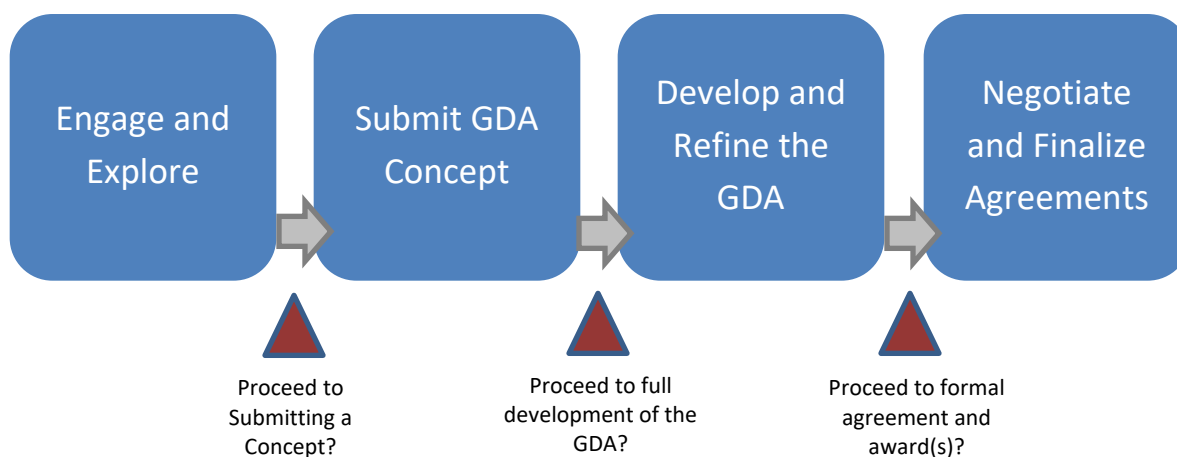
<sup>25</sup> Questions regarding co-creation under the GDA APS can be directed to [gda@usaid.gov](mailto:gda@usaid.gov).

**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-stage, co-creation process. There are four main co-creation stages:

1. Engage and Explore
2. Submit GDA Concept
3. Develop and Refine the GDA
4. Negotiate and Finalize Agreements

Each of these stages is described in greater detail below and illustrated in the following diagram. In addition, the [GDA APS webpage](#) provides [additional detailed process diagrams](#) that prospective applicants and partners have previously found useful.

**Diagram 1: GDA APS Co-Creation Process**



**1. ENGAGE and EXPLORE (Partners and Possibilities):** During this stage, the private sector, USAID and other organizations engage one another to understand their respective interests and objectives, identify and define issues and opportunities that might warrant collaboration, explore how their respective expertise, resources and capabilities might provide opportunities to effectively address those issues and opportunities through market-based approaches, and, based on those discussions, begin formulating potential activities and approaches. Based on these collaborative discussions, prospective partners will determine whether to continue to the second stage.<sup>26</sup> (See [Section IV.B](#)) for additional information on partner communication).

GDA requires a core working relationship between the private sector and USAID. This relationship can be developed directly by the private sector or facilitated by a third party.

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<sup>26</sup> **Note:** Do NOT submit draft concept notes of any kind unless the pertinent USAID office indicates a willingness to read such a document. Under the GDA APS, USAID is unable to write, edit or formally review draft concept notes of any kind. If the USAID office has not indicated a willingness to read a draft concept, submission of such a document is sufficient basis for USAID to forgo any further discussion or consideration of the proposed GDA and sufficient basis for the entity to lose eligibility to submit a related concept under the GDA APS.

**a) If your organization is a private sector organization listed in Section II.B** please reach out and engage USAID directly via an appropriate [PSE Point of Contact \(PSE POC\)](#).

USAID seeks extensive communication with prospective private sector partners so we can understand our respective interests; jointly explore and define key challenges, problems and opportunities; and then jointly develop promising market-based solutions and approaches to those matters.<sup>27</sup>

If the discussions between the private sector and USAID are productive and suggest opportunities for potential collaboration, the pertinent technical or program officer at USAID will send an email to the private sector partner indicating USAID's willingness to continue with the co-creation process under the GDA APS.<sup>28</sup>

**b) If your organization is not listed in Section II.B**, but is interested in participating in a GDA with USAID and the private sector and potentially submitting a concept under the GDA APS, you must identify one or more potential private sector partners, connect USAID with the prospective private sector partner(s), and develop a thorough understanding of private sector and USAID priorities and objectives in the country where a GDA would be developed and implemented.<sup>29</sup>

Given the central importance of a core working relationship between the private sector and USAID, prospective applicants under this APS that are not listed as private sector in [Section II.B](#) must connect USAID to their proposed private sector partners as early as possible in their exploration of GDA ideas with that private sector partner. USAID will not entertain or review any concept papers from entities that fail to make this connection.<sup>30</sup>

If the prospective applicant is already in communication with a technical officer at the USAID M/B/IO with which the applicant seeks to collaborate, the prospective 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 [PSE Points of Contact \(PSE POCs\)](#) to identify an initial Missions/B/IO contact.<sup>31</sup> These PSE 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.

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<sup>27</sup> For additional information on communication between USAID, the private sector, and other potential partners to a GDA, including but not limited to entities seeking an award of USAID funding, please see Section [IV.B](#).

<sup>28</sup> USAID personnel can access a [template for this confirmation email](#) at USAID's internal website. Applicants under this APS must include a copy of the email they receive from USAID in order to submit a concept under this APS. USAID will not accept or consider concepts that are not accompanied by a copy of the confirmation email from the USAID M/B/IO with which the GDA would be developed.

<sup>29</sup> For more information on a USAID Mission's priorities and objectives, please visit [here](#) and then reach out to the [Private Sector Engagement Point of Contact](#) at the Mission.

<sup>30</sup> Prospective applicants are also welcome to connect USAID with other prospective GDA partners that will be participating in and contributing to the work of the GDA, even if they are not private sector.

<sup>31</sup> If you do not get a response from the PSE POC within two weeks, please contact [gda@usaid.gov](mailto:gda@usaid.gov) for assistance.

The linking of USAID and the private sector is essential to building a GDA of potential interest to USAID. USAID seeks extensive communication with prospective private sector partners so we can understand our respective interests; jointly explore and define key challenges, problems and opportunities; and then jointly develop promising market-based solutions and approaches to those matters. See [Section IV.B](#) for additional information.

Understanding private sector interests and objectives in the country where a non-private sector applicant seeks to develop a GDA is essential to being successful under this APS. It is critical 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 or opportunities that might warrant being addressed in a joint and collaborative manner. Failure to effectively engage the private sector as a core partner is the most common reason concept papers do not receive favorable review under the GDA APS.<sup>32</sup>

**2. SUBMIT a GDA CONCEPT:** If the discussions during the Engage and Explore stage are productive and the partners determine the initial GDA ideas warrant further exploration under the GDA APS, and USAID provides an [email indicating a willingness to entertain a concept submission](#), the core partners to the prospective GDA will develop and submit a GDA concept per the instructions in [Section V](#) of this APS.<sup>33</sup> The concept should frame and describe the proposed GDA, including partner roles and responsibilities and anticipated activities to be implemented.<sup>34</sup> Do NOT submit a concept unless USAID has provided an email indicating a willingness to entertain a concept submission; the concept will NOT be considered or reviewed.

**a) If the concept will be submitted by the core private sector partner to the GDA, and that partner qualifies as a “non-traditional implementing partner,”**<sup>35</sup> the private sector partner may use the Private Sector [Expression of Interest Template](#) or the [Concept Paper Template](#).

**b) If the concept will be submitted by a partner organization that is not a private sector entity listed in [Section II.B](#),** the applicant must use the [Concept Paper Template](#).

USAID strongly recommends concept submission by the private sector partner via the Private Sector Expression of Interest Template.

During review of the GDA concept, USAID technical officers may reach out (via phone, email, virtual meeting platforms or in person) to the partners with clarifying questions or requests for additional information. Once USAID completes the review of the GDA concept, the technical

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<sup>32</sup> The second most common reason is a failure to effectively research USAID objectives and priorities in the country where the GDA would be conducted.

<sup>33</sup> Note: The link to the email template is a link to USAID’s internal website and is provided for USAID personnel.

<sup>34</sup> While USAID personnel cannot write or edit the concept document, USAID, the potential private sector partner, and other prospective partners to the GDA are free to continue communicating with regard to possible ways of collaborating, including detailed and specific activity design discussions. See [Section IV.B](#).

<sup>35</sup> For purposes of this APS, a “non-traditional partner” is defined as a private sector entity (per [Section II.B](#)) providing resource contributions, whose principal business purpose is other than development assistance, and who has not routinely received federal funding under traditional contracts, grants, cooperative agreements. Note: For purposes of this APS, established NGOs, new NGOs, higher education institutions, research institutes, think tanks, and development contractors must submit GDA ideas via the [Concept Paper Template](#) and must identify and engage one or more private sector partners listed in [Section II.B](#).



officers will notify applicants as to whether USAID wishes to continue the co-creation process and further develop the proposed GDA.<sup>36</sup>

**3. DEVELOP and REFINE the GDA:** As noted above, GDA concepts will be reviewed by the pertinent technical officer(s) at the USAID Mission/B/IO.<sup>37</sup> If the technical officer(s) determine the proposed GDA meets the requirements of this APS and warrants further consideration, discussion, and development, the Mission/B/IO will continue the co-creation process and work with the private sector and the other proposed GDA partners to further develop, build and refine the prospective GDA.

A determination to continue with co-creation is NOT a commitment to make an award, but simply the next step in jointly determining whether and how the partners can effectively work together to advance their respective interests and objectives through market-based approaches. Within USAID, the pertinent technical officer(s) will continue to have the lead on the co-creation effort, while coordinating closely with other offices at the Mission/B/IO.

During the Develop and Refine stage, the partners will engage in much more detailed and thorough design discussions aimed at jointly determining and delineating the specific activities to be conducted under the GDA as well as the partner roles and responsibilities needed to ensure successful implementation of the GDA. During this stage, it is imperative that the partners develop shared understandings of expected outcomes, results and impact as well as an approach to monitoring and evaluating the progress and success of the GDA.

**Note:** During this stage of the highly collaborative co-creation process under the GDA APS, it is not unusual for the ideas offered in the original concept note to evolve quite significantly as the partners determine the best ways to achieve the greatest outcomes and results. Roles, responsibilities, resource commitments and various other matters will develop and be determined through the co-creation discussions. In addition, the partners may jointly determine that other entities need to be included in the proposed GDA and the co-creation discussions taking place during this stage. The key is to focus on building a shared understanding of the challenges, problems or opportunities to be addressed and determining the best ways to do so.

If the co-creation and GDA development process is successful, the USAID Mission/B/IO may proceed directly to the negotiation of an appropriate award and/or 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 GDA implementation. In some cases, this request will take the form of a Request for Full Application directed to the entity that is seeking an award of USAID funding to conduct activities under the proposed GDA. Except as otherwise noted in this APS, the requested materials or information may vary and will be determined by the Mission/B/IO.<sup>38</sup>

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<sup>36</sup> This is an informal review process. It does not involve a Technical Evaluation Committee (TEC) nor does it entail a decision memorandum, such as a TEC Memorandum. The outcome of the review will be communicated to the applicants via a brief (one- or two-page paragraph) email by the technical officer(s) involved in the review. That email also serves as the internal USAID documentation of the decision; no additional internal or external documentation of the decision is provided or required at this stage of the process.

<sup>37</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.

<sup>38</sup> USAID's internal guidance regarding the issuance of RFAs or Notice of Funding Opportunity under the GDA APS process sets forth the standard and preferred approach. Mission/B/IOs may elect to pursue a more streamlined



In addition, as the details of the GDA emerge through this stage of the co-creation process, USAID will begin developing a Memorandum of Understanding with the core private sector partner(s). See Section [IV.A.4](#) below and [Section X](#) for further details.

Any request for additional information or materials is not a commitment to funding; nor is the development of the MOU. These are simply preliminary steps that make funding possible if USAID decides to proceed with an award. USAID will review the requested materials, continue discussions with the prospective partners, and make a determination as to whether to provide funding and support to the GDA.

The review of a full application or other requested materials is not conducted via a Technical Evaluation Committee (TEC) but is instead conducted by a GDA Application Review Panel. The panel is composed of two or more technical officers that have been engaged in the co-creation process and may also include other internal USAID personnel as deemed valuable by those technical officers. The panel may also include external personnel in an advisory, non-decision-making role. The decision of the review panel is documented internally at USAID via the GDA Application Review Determination Form; no additional documentation or memorandum is needed or required.<sup>39</sup>

**4. NEGOTIATE AND FINALIZE GDA Agreements:** If the discussions and reviews conducted during Stage 3 result in a determination to enter in to a GDA and also fund and support activity implementation that advances the objectives of the GDA, USAID will seek to negotiate and finalize appropriate agreements, such as a Memorandum of Understanding (MOUs) and an award agreement. A Memorandum of Understanding is required between USAID and the core private sector partner(s) to the GDA. While USAID and the partners can initiate and pursue MOU development at any point in the GDA development process, the MOU(s) with the core private sector partner(s) must be completed prior to or concurrent with an award being issued in support of activities under the GDA.<sup>40</sup> Please see [Section X](#) of this APS for additional information and requirements related to award agreements and MOUs.

**B. Co-Creation, Collaboration and Communication** - To maximize substantive input into the design of a GDA, the above co-creation process is characterized by extensive and broad communication among USAID, the private sector entities listed in [Section II.B](#) of this APS, potential implementing partners, and other prospective partners, such as relevant government ministries, foundations, or civil society organizations. USAID anticipates it will have robust discussions with relevant partners throughout the GDA process, from early engagement on potential approaches and solutions prior to any concept submission to refinement and continued development of submitted concepts and full applications to the final design and negotiation of agreements or awards (e.g. memorandum of understanding, implementing mechanism, etc.)

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approach, including proceeding directly to award development and negotiation, but should not require anything beyond the approach set forth in the internal guidance, nor should requested materials or information exceed that which is required or sufficient under the internal guidance. Proposed departures from the internal guidance need to be approved by the GDA APS Activity Manager.

<sup>39</sup> USAID personnel can access the [GDA Application Review Determination Form](#).

<sup>40</sup> While USAID reserves the right to make an exception to the MOU requirement, any such exception is extremely unlikely. Whether to consider such an exception, and any determination to make an exception, are wholly at USAID's discretion and require approval by the GDA APS Activity Manager.

Before submitting a concept paper or letter/expression of interest under the GDA APS, and subject to the parameters set forth below, private sector partners should reach out to USAID personnel to engage in extensive and robust discussions to explore whether USAID has an interest in collaborating and moving forward under this APS.<sup>41</sup> Such discussions, which may also include prospective partners other than the private sector, as well as other key stakeholders, should include detailed design discussions regarding specific activities or projects; clarification of prospective roles and responsibilities; and consideration of the financial and other resources that might be needed to implement activities under the potential GDA.<sup>42</sup> Such discussions can be held throughout the entire process, from the initial communication with USAID (prior to the development of any GDA ideas or submission of a GDA concept) and all the way through the process, e.g. up to and through any award that might be issued under this APS.

As noted above, USAID technical and program officers can have extensive and robust communication with all prospective partners throughout the entire process. The communication may include non-public information pertinent to the co-creation, and the technical and substantive issues the partners are seeking to address. However, if a partner receives any non-public information from USAID that may provide a competitive advantage in a subsequent procurement issued by the USAID operating unit exploring the GDA, the partner may be prohibited from obtaining a contract as a result of the subsequent procurement action.<sup>43</sup> ***Receipt of such non-public information does not affect eligibility under this GDA APS, and its addenda, as this information is pertinent to the co-creation context.*** Unless USAID identifies specific matters that cannot be communicated, the partners are free to communicate with other entities about the particulars of their discussions with USAID. Note that USAID cannot share classified information.

**Any communication not specifically prohibited above is allowed.**

In addition, if USAID personnel hold co-creation discussions with a partner or set of partners, USAID personnel are under no obligation to share the substance of those discussions with other prospective partners or applicants under this GDA APS or addenda to this GDA APS. However, if prospective partners have similar recurring questions, or if any given discussion or combination of discussions indicates that the content of this GDA APS or an addendum to this GDA APS is unclear in a manner that limits USAID's ability to achieve its objectives under this APS or an addendum to this APS, USAID may elect to issue an amendment, FAQ or other document aimed at addressing such recurring questions/areas of confusion. Partners should mark trade secret or other confidential information they submit to USAID that they wish to protect.

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<sup>41</sup> As noted in the previous paragraph, USAID and the private sector partners may elect to include other prospective partners to the GDA in these discussions.

<sup>42</sup> For additional information regarding discussion parameters, USAID personnel and potential partners to a GDA are encouraged to contact [gda@usaid.gov](mailto:gda@usaid.gov).

<sup>43</sup> Procurement refers to contract/acquisition actions, not assistance. A competitive advantage may exist if the nonpublic information includes procurement sensitive information, which is information prepared by USAID to evaluate contract proposals, if that information has not been previously made public. This includes cost/price estimates, technical evaluation documents, the composition of the technical evaluation team, the number/identity of offerors, and information otherwise marked as "Source Selection Information." If procurement sensitive information is shared that could cause an unfair competitive advantage on an existing or subsequent procurement, the unfair competitive advantage would be removed if USAID made the information public.

**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. INSTRUCTIONS ON SUBMITTING A GDA CONCEPT

**A. General Approach** - Concepts submitted under this APS must clearly demonstrate the proposed GDA is the result of significant collaboration with the private sector in the identification and definition of the targeted problems and opportunities, as well as the development of the market-based approaches proposed to address those problems and opportunities.

Concepts must demonstrate the ways in which the proposed working relationship and collaboration with the private sector – and the private sector behaviors, assets, expertise, contributions and resources that are leveraged, mobilized and applied as a result of such collaboration - will advance the interests of the private sector partners AND increase the reach, efficiency, effectiveness and sustainable impact of the proposed interventions and USAID’s investment.<sup>44</sup> The concept must also show the additionality and added value of working with the private sector via the market-based, market-driven, market-informed or market-oriented approaches that characterize the proposed GDA.

Concepts need to propose GDAs that exhibit the characteristics discussed in [Section II](#) and will be evaluated based on the criteria and considerations set forth in [Section VI](#).

**B. Specific Instructions** - There are two ways to submit a concept under the GDA APS depending on whether or not the applicant is a private sector entity listed in [Section II.B](#).

### 1. Private Sector Entities Listed in Section II.B

If the applicant is a private sector entity listed in [Section II.B](#) and a “non-traditional partner,” the applicant may use the Private Sector [Expression of Interest Template](#) OR the [Concept Paper Template](#).<sup>45</sup>

### 2. Entities not Listed as Private Sector Entities in Section II.B

If the applicant is not an entity listed in [Section II.B](#), or is a traditional implementing partner, the applicant **must use the** [Concept Paper Template](#) and follow the directions and requirements set forth in that template.<sup>46</sup>

USAID strongly recommends concept submission by the private sector partner via the Private Sector Expression of Interest Template.

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<sup>44</sup> USAID recognizes this will likely involve the consideration of counterfactual scenarios and comparison to related programs implemented without private sector engagement and collaboration.

<sup>45</sup> For purposes of this APS, a “non-traditional partner” is defined as a private sector entity (per [Section II.B](#)) providing resource contributions, whose principal business purpose is other than development assistance, and who has not routinely received federal funding under traditional contracts, grants, cooperative agreements. **Note:** For purposes of this APS, established NGOs, new NGOs, higher education institutions, research institutes, think tanks, and development contractors must submit GDA ideas via the [Concept Paper Template](#) and must identify and engage one or more private sector partners listed in [Section II.B](#).

<sup>46</sup> See also the GDA APS [Applicant Checklist](#). This checklist is provided for applicants NOT listed as private sector in Section II.B. **Note:** the checklist is intended as a useful tool, but is **not** exhaustive; applicants are wholly responsible for and must carefully review and meet the requirements set forth in this APS.

Regardless of whether an entity uses the Expression of Interest or Concept Paper template, the submission must include a copy of the confirmation email from the pertinent technical or program officer at the USAID Mission/B/IO with which the private sector seeks to build the GDA. This email confirms USAID communication and initial co-creation with the private sector and conveys the willingness of the USAID Mission/B/IO to entertain a concept under the GDA APS. (See [Section IV.A.2](#) for information regarding the confirmation email).

Applicants should only submit the information and materials specified in the pertinent template. Concepts submitted in any other format will not be accepted or reviewed. Applicants cannot submit any alternative document or narrative as a substitute for the provided templates.<sup>47</sup>

**All concepts MUST be in English and submitted electronically via email.**<sup>48</sup> **Concept papers or expressions of interest must be submitted by email to the USAID Mission/B/IO with which the partners are seeking to develop and build a GDA. The GDA APS Activity Manager ([gda@usaid.gov](mailto:gda@usaid.gov)) should be copied on that email.**

## **VI. CONCEPT EVALUATION CRITERIA AND CONSIDERATIONS**

Any concept submitted under this APS should propose a GDA that satisfies the definition and exhibits the characteristics set forth in [Section II](#) of this APS. The following criteria and considerations reflect those characteristics and will be used to review and evaluate concept papers and expressions of interest 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 objectives and programming priorities.<sup>49</sup>

**B. Private Sector Engagement and Collaboration -** The proposed GDA must be based on private sector engagement and collaboration, **including but not limited to private sector engagement in identifying and defining the problems and opportunities to address and developing the [market-based approaches](#) to solving those problems or successfully pursuing those opportunities.**

The proposed GDA should clearly reflect and convey the interests of the proposed private sector partners, as well as the ideas that arose from the private sector partner's communication and collaboration with USAID prior to submission of the concept. The concept should identify the results the private sector is seeking to achieve through the GDA, the roles the private sector will

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<sup>47</sup> Do NOT submit draft concept notes of any kind unless the pertinent USAID office indicates a willingness to read such a document. Under this APS, USAID cannot write, edit or formally review draft concept notes of any kind. If the USAID office has not indicated a willingness to read a draft concept, submission of such a document is sufficient basis for USAID to forgo any further discussion or consideration of the proposed GDA and sufficient basis for the entity to lose eligibility to submit a related concept under the GDA APS.

<sup>48</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.

<sup>49</sup> Prospective applicants should review USAID Mission Country Development Cooperation Strategies.

play in implementing GDA activities, and **the ways in which private sector markets, behaviors, resources, assets, and expertise will drive outcomes and results under the GDA.**

As detailed in the [Concept Paper Template](#), the concept paper must be accompanied by letters of support from the private sector partners, including a description of their interests and role in the GDA and the contributions such partners will make to the GDA. (**Note:** The Private Sector Expression of Interest template does not require these letters of support at this stage).

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

### **C. Development Impact: Results, Sustainability and Potential for Broader Application -**

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

- 1. Results:** The GDA should have well-defined objectives. The description of the GDA should clearly state the outcomes and results to be achieved and how the proposed market-based approaches will reliably yield such outcomes and results.<sup>50</sup> These outcomes and results must reflect the interests and priorities of the private sector partner(s) and USAID, as well as the interests and priorities of other partners to the GDA. Preference will be given to GDAs offering the most extensive and valuable outcomes and results relative to the level of effort and investment the partners will make in the GDA. (See [Section VI.D](#)) In addition, the development and implementation of the GDA should involve local partners and/or beneficiaries in a manner that improves the likely success of the GDA. (See [Section VI.E](#))
- 2. Sustainability:** The GDA should yield sustainable market-based and enterprise-led solutions to the development challenge being addressed. The proposed GDA should generate valuable development outcomes and results and lead to a situation in which valuable development results continue to be generated in an ongoing manner over the short, medium and long term. **This focus on sustainability is part of the reason the GDA APS is focused on [market-based and enterprise-led approaches](#).** The private sector partner(s) should express a business case for their participation and the proposed approaches that demonstrates their long-term vision and commitment to the targeted markets and communities. In addition, the proposed GDA should engage and strengthen the human and institutional capacity of local partners and local beneficiary organizations (private, non-profit, public).
- 3. Potential for Broader Application:** USAID will consider whether and how the proposed approaches can be scaled or replicated in a manner that would offer a broader set of results and impacts at the national, regional or global level.

**D. GDA Value Proposition -** GDAs should offer USAID a compelling value proposition. They should offer a level of impact, reach, efficiency and effectiveness, or “return on investment” that exceeds that which could be achieved by investing resources in non-GDA approaches.

**E. Partners and Beneficiaries -** Under the GDA APS, any proposed GDA **must involve one of the private sector entities listed in [Section II.B](#)** and the private sector leverage requirement can

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<sup>50</sup> Successful GDAs are characterized by and designed to achieve clear, measurable, and mutually understood objectives, outcomes and results.



only be met with resources contributed by one or more of those entities. In addition, as demonstrated by USAID’s Effective Partnering and Procurement Reform, **involving a wide array of local partners - private, non-profit, and public – is a key Agency priority.**

GDA activities at the country level that incorporate local businesses and entrepreneurs as partners and/or beneficiaries in the design and implementation of a GDA are most likely to be successful and sustainable. Local ownership, leadership and beneficiary participation are keys to success. GDAs 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 GDAs 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 GDA, experience partnering with others, and, where applicable, a proven track record in their particular areas of expertise.

Prospective partners under any GDA **must have a reputation for integrity and the highest standard of conduct.**<sup>51</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 GDAs that engage underserved communities and populations (especially women and youth) as primary beneficiaries, address the needs of disadvantaged populations, and/or reduce institutional and systemic factors that limit equal opportunity.

**F. Mobilization of High Impact Private Sector Resource Contributions (Private Sector Leverage Requirement)** - GDAs must leverage and mobilize private sector assets, capabilities, expertise, and resources in a manner that advances market-based approaches and enterprise-led solutions that drive sustainable development impact. The concept should **demonstrate how the private sector partners will reliably provide resource contributions consistent with the private sector engagement and leverage requirements in this APS.** See [Appendix I](#).<sup>52</sup>

As discussed throughout this APS, USAID seeks to support GDAs that provide the best value proposition in terms of development impact and the return on USAID’s investment of taxpayer dollars. **While private sector resource contributions are inputs to a GDA, USAID reviews and assesses the value of such contributions in terms of the outcomes, results and impact they will foster. Concepts must demonstrate how the private sector contributions will lead**

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<sup>51</sup> USAID only enters into GDAs 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. 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 a GDA 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](#).

<sup>52</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.

**to valuable outcomes and results under the GDA and what those outcomes and results will be. Concepts also must clearly describe how the proposed private sector resources will increase the reach, efficiency, effectiveness and sustainable impact of the proposed GDA. 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 leverage requirement.**

In addition, and subject to the requirements in [Appendix I](#) of this APS, private sector resources must be contributed at a level that **at least equals and preferably exceeds** the level of resources requested from USAID.<sup>53</sup>

**NOTE:** If the value of the private sector resource contributions detailed in a concept paper or expression of interest does not equal or exceed the level of funding being requested from USAID, the office reviewing the concept may choose to reject the concept on that basis alone. That is, failure to meet the private sector resource leverage requirement is sufficient grounds to forego review or discontinue further consideration of the concept paper and the proposed GDA.

However, in some instances, USAID’s communication with the private sector partner(s) prior to the submission of the concept might lead the pertinent USAID Mission/B/IO to provide an opportunity to submit a revised concept or proceed with the concept paper review as well as further consideration of the proposed GDA, despite the failure to fully meet the private sector leverage requirement at the time the Concept Paper or Expression of Interest is submitted. Any failure to meet the private sector leverage requirement would need to be resolved prior to USAID requesting a full application related to the proposed GDA.

The possibility that USAID might exercise some discretion with regard to the private sector leverage requirement during the concept paper review should NOT be interpreted as an invitation to submit GDAs with insufficient, minor or insignificant levels of private sector leverage. On the contrary, failure to meet the requirement remains sufficient basis to reject a concept and exceptions to the private sector leverage requirement are extremely rare.

Based on 20 years of building GDAs, it is clear that if non-private sector 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 develop ideas and approaches that reflect USAID’s communication with the private sector prior to the finalizing and submission of the concept, the private sector leverage requirement is not only readily met, but typically significantly exceeded.<sup>54</sup>

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<sup>53</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 private sector partners to USAID from the outset of the efforts to develop a GDA, it should be possible to quickly determine whether a concept submission makes sense. This is another reason it is essential that prospective applicants connect their potential private sector partners to USAID as early as possible. Discussions between USAID and the private sector partners might result in some sort of exception to the leverage requirement at the concept submission stage.

<sup>54</sup> In addition to making exceptions at the concept paper review stage, USAID also reserves the right to make exceptions later in the process. [Appendix I](#) includes a section describing USAID’s right to make such an exception to the “equal or exceeds” private sector leverage requirement and some of the considerations that might lead to such an exception. Exceptions should not be requested by any entity seeking to receive an award under the GDA APS. Such a request may be used as basis for discontinuing any further consideration or development of the GDA. The



**NOTE:** All prospective GDA partners should carefully and thoroughly review [Appendix I](#) for additional details regarding the private sector leverage requirement and how such leverage must drive greater outcomes, results and impact.

## VII. GDA CONCEPT REVIEW PROCESS

Once a Concept Paper or Expression of Interest has been submitted to the USAID Mission/B/IO with which the partners are seeking to develop and build a GDA, the appropriate technical office and technical personnel will conduct an initial review of the concept using the criteria above.<sup>55</sup>

For concepts submitted under the general APS, the Mission/B/IO will notify the applicant within 45 calendar days after receipt of the concept as to whether USAID wishes to engage in more in-depth and specific GDA development discussions. For concepts submitted under an Addendum to this GDA APS, a Mission/B/IO will provide notification within 45 calendar days of the closing date stated in the Addendum.

During the initial review of the GDA concept, the pertinent USAID technical office may contact the applicant - or the other GDA partners mentioned in the Concept Paper or Expression of Interest - to clarify elements of the concept paper, request additional information, or discuss other aspects of the proposed GDA.<sup>56</sup> Communication may occur in various ways, including but not limited to email, telephone, video conferencing platforms, or in-person discussion. While USAID communication with GDA partners will usually include the entity seeking funding, USAID may elect to communicate with one or more partners jointly or independently.

The purpose of the initial review and related communication is to determine whether USAID wishes to engage in further GDA 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 GDA proposed in the concept<sup>57</sup>;
2. A decision to provide an opportunity to submit a revised concept (very rare); or

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exception, and any discussion or consideration of such an exception, is at the discretion of the GDA APS Activity Manager and the USAID operating unit that would be providing funding for an award under this GDA APS.

<sup>55</sup> This is an informal review by appropriate technical personnel. Other USAID personnel may participate in reviewing the concept paper or expression of interest; however, the review must involve at least one of the technical officers who participated in the pre-concept paper discussions with the proposed private sector partners. The technical office may engage other Mission personnel it views as having pertinent technical knowledge and expertise. As an informal review, there is no formal technical evaluation committee, scoring sheet, strengths and weaknesses analysis or determination memos (consensus or otherwise). The technical personnel will simply review the concept per the criteria in the GDA APS (and addendum if appropriate) and decide whether the proposed GDA warrants further consideration. The decision will be documented and conveyed by email. If the concept does not warrant further consideration, the email will briefly reference one or two general reasons for the decision.

<sup>56</sup> USAID also has the right and option to request a revised Concept Paper.

<sup>57</sup> USAID will document the decision via an email to the applicant that notes one or two general reasons for the decision. As this is an informal concept paper review under an assistance solicitation, USAID need not and will not provide a formal debrief. In addition, while a concept might reflect many of the qualities sought under this GDA APS, it might not do so sufficiently to warrant further pursuit. There are a host of considerations impacting the decision and Missions/B/IOs will weigh the totality of those considerations, placing particular emphasis on whether or not an idea sufficiently aligns with and advances the Mission/B/IO's priorities and objectives and offers a worthwhile value proposition in terms of development outcomes, results and impact.

3. A decision to engage in more in-depth and specific GDA development discussions aimed at building a high impact GDA.<sup>58</sup>

**Note:** A decision to engage in more in-depth and specific GDA 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 co-creation effort to develop a high impact GDA.

**Consistent with the terms and objectives of this APS, the GDA development discussions must include direct communication between USAID and the core private sector partners to the GDA.**<sup>59</sup> Such communication may take place in conjunction with other GDA 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, a prospective awardee, and/or other 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 a prospective awardee or implementing partner.

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

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, the Mission/B/IO will decide whether to proceed directly to award negotiation or request a full application. In either case, the technical officer serving as the USAID Mission/B/IO's lead on the GDA development effort, or his/her designee will inform the applicant of that determination and decision. In addition, an Agreement Officer for the specific Mission/B/IO will communicate the necessary additional instructions, technical requirements and/or specific evaluation criteria needed to proceed with award negotiations or submission of a full application.<sup>60</sup> USAID technical officers will continue to communicate with the applicant and prospective partners regarding the substance of the GDA.

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

The GDA 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 GDA APS is designed to describe and provide a process through which the private sector, USAID and other organizations can work together to

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<sup>58</sup> This decision may include or be conditioned upon the submission of a revised concept.

<sup>59</sup> Prior to making any award that supports implementation of activities that advance the objectives of the pertinent GDA, USAID requires an MOU between USAID and the prospective private sector partners. This MOU must be finalized prior to or concurrent with the signing of any award that supports implementation of activities that advance the objectives of the pertinent GDA. See [Section IV.A.3](#) and [Section X](#) for more information.

<sup>60</sup> USAID's internal guidance regarding the issuance of RFAs or Notice of Funding Opportunity under the GDA APS process sets forth the standard and preferred approach. Mission/B/IOs may elect to pursue a more streamlined approach, including proceeding directly to award development and negotiation, but should not require anything beyond the approach set forth in the internal guidance, nor should requested materials or information exceed that which is required or sufficient under the internal guidance. Proposed departures from the internal guidance need to be approved by the GDA APS Activity Manager.

build Global Development Alliances (GDAs) that leverage private sector expertise to identify, develop and pursue market-based, market-driven and market-informed solutions to key development challenges. The GDAs created through this APS should advance and achieve:

- a) private sector led development;
- b) core business interests and objectives;
- c) USAID's strategic priorities and objectives; and
- d) the ongoing and sustainable generation of valuable development outcomes, results and impact.

In addition, this Annual Program Statement 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 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 GDA that is responsive to the terms herein. Awards under this APS may take the form of grants, fixed amount awards, cooperative agreements, leader with associate awards, or other types of assistance agreements.

*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, expressions of interest and, if applicable, full applications under this APS.<sup>61</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. Diagrams of the application process can be found on the [GDA APS website](#). Questions regarding the application process and related communication parameters can be directed to the GDA APS Activity Manager at [gda@usaid.gov](mailto:gda@usaid.gov).

**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. 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>62</sup>

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

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<sup>61</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. In addition, the review of full applications must involve at least one and preferably two of the technical officers that have been participating in the co-creation of the GDA.

<sup>62</sup> While individuals can be partners to or participants in a GDA, individuals cannot be the applicant under the GDA APS. In addition, contributions from individuals do NOT count toward meeting the private sector leverage requirement.

**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 GDA activities. As determined by the needs of the GDA 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 2020-2022 GDA APS seeks Global Development Alliance concepts and related funding requests through December 16, 2022. If USAID will request a full application in response to a concept 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.** 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 awards issued to support activity implementation under a proposed GDA 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 GDA proposed under this APS would have to be requested from the specific USAID Mission, Bureau or Independent Office with which the prospective GDA partners seek to collaborate and to which the Concept Paper or Expression of Interest will be submitted.** The GDA APS simply provides a vehicle for soliciting and receiving concepts and, if requested, full applications. Funding and other resources for any GDA must be provided by the relevant USAID Mission, Bureau or Independent Office and the non-USAID partners that are party to an application. Consultation with a Mission, Bureau or Independent Office prior to submission of a concept under this APS helps determine whether there is potential substantive and resource support for the proposed GDA from USAID before the prospective applicants and their partners invest significant time and resources in the development of a GDA. **Note:** Potential substantive and resource support DOES NOT constitute any sort of commitment to fund a subsequently proposed GDA.
- **Addenda:** While this APS serves as a general solicitation for GDA proposals, **Missions and B/IOs may issue addenda to solicit GDA concepts related to their specific priorities, objectives, and programs.** Addenda issued under this GDA APS may have a closing date up to 120 days later than the closing date of this GDA APS. The closing date of an addendum issued under this GDA APS may also be extended up to 120 days later than the closing date of the GDA APS. Addenda with a closing date later than the closing date of the GDA APS would still be controlled by the terms and requirements of this GDA APS. For a listing of current and past addenda, see [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 GDA 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, limit the issues or sectors they are willing to consider or seek GDA proposals/applications by issuing their own solicitations, which can be found at [www.grants.gov](http://www.grants.gov) and <http://beta.sam.gov>.

If the applicant organization is a “traditional implementing partner,”<sup>63</sup> such as an NGO, higher 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 <https://www.usaid.gov/ads/policy/300/303> 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

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<sup>63</sup> If the applicant organization is not a “traditional implementing partner,” USAID may still require the entity to meet the requirements set forth in this section. The USAID Mission/B/IO will provide guidance as appropriate.

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 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 a 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 <http://beta.sam.gov>. 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](#)
- [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 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**

If the Mission/B/IO's review of the applicant's concept paper or expression of interest, and the continued and ensuing GDA 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>64</sup> All applications must be in English and submitted electronically via email as instructed by the USAID Agreement Officer.

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<sup>64</sup> USAID personnel can contact the GDA APS Activity Manager at [gda@usaid.gov](mailto:gda@usaid.gov) for sample requests for full application. Such materials are not available to prospective applicants or their partners.

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

If USAID requests a full application, the application must include:

1. Letter(s) of support or commitment from the core partners to the GDA.<sup>65</sup> 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 GDA development discussions.
2. Implementation schedule, including details regarding when and how private sector contributions will be applied during each quarter (3 months) of the GDA.
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 for. Cost-share resources should be distinguished from other resource contributions (e.g. leverage from other partners), 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. AWARDS AND MOUs 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, and the Mission or B/IO has not already taken the following actions, the Mission or B/IO will complete its due diligence regarding private sector partner organizations deemed core to the GDA, 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.

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<sup>65</sup> Core partners include any partner (other than the proposed awardee) contributing resources to the GDA or whose participation in the GDA is critical to achievement of the GDA's objectives or the effective implementation of activities under any USAID award issued under this APS.



**A Memorandum of Understanding is required between USAID and the core private sector partner(s) to the GDA.** <sup>66</sup> While USAID and the partners can initiate MOU development at any point in the GDA development process, MOU(s) with the core private sector partner(s) must be completed prior to or concurrent with an award being issued to support activities under the GDA.

Memoranda of Understanding are used to convey the objectives of the GDA, the core program activities, and the division of roles, responsibilities and risks among the GDA partners. The allocation of roles and responsibilities among GDA 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 essential to clarifying the nature of the GDA; delineating mutual expectations; establishing governance and communication approaches; clarifying resource commitments and how resources will be used; and fostering shared understandings of GDA activities, roles and responsibilities, including interdependencies across resources, activities, roles and responsibilities.

In addition, the requirements for reporting on the GDA and the underlying program activities will be determined in a collaborative manner among the GDA 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 GDA partners and should be documented in the MOU.<sup>67</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, or other type of assistance award to the entity the GDA partners have identified as the appropriate recipient of USAID funding to conduct activities that support achievement of the GDA's objectives. 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 GDA. See [USAID ADS 303](#).

## **XI. ADDITIONAL RESOURCES**

### **A. Leveraging Impact: 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 private sector leverage requirement. Please see [Appendix I: The Private Sector Resource Requirement](#). **All prospective GDA partners should carefully and thoroughly review Appendix I in its entirety.**

### **B. Process Diagrams**

Diagrams of the GDA APS process can be found on the [GDA APS website](#).

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<sup>66</sup> USAID reserves the right to make an exception to the MOU requirement. Such a determination is wholly at USAID's discretion. Any exceptions to this requirement must be approved by the GDA APS Activity Manager, the Mission/B/IO Agreement Officer, and the leadership of the operating unit entering into the MOU.

<sup>67</sup> Requirements for evaluations and financial and other reporting may also be set forth in award agreements executed with USAID.

### **C. Frequently Asked Questions**

Over the course of the past two decades, USAID has supported more than 2,000 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 in this [FAQ](#).

### **D. Applicant Checklist**

Given the fact that non-private sector applicants must effectively engage the private sector prior to developing and submitting a concept, USAID has provided an [Applicant Checklist](#) aimed at helping non-private sector applicants meet the requirements of the GDA APS. Answering “yes” to each question in the checklist does NOT mean the GDA described in an applicant’s concept submission will warrant further development, nor does it guarantee the concept 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 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.

### **E. Researching USAID Objectives and Priorities**

Information on USAID objectives and priorities can be found [here](#).

## ***APPENDIX I – LEVERAGING IMPACT: THE PRIVATE SECTOR RESOURCE REQUIREMENT***

### **Increased Impact via Private Sector Engagement and the Application of Private Sector Expertise, Capabilities, Assets and Resources<sup>68</sup>**

**A. Core Perspective: Leveraging Impact** In an effort to foster development of [market-based or market-informed approaches](#), enhance the prospects of sustainable development impact, ensure GDAs based upon core business interests, and encourage extensive private sector engagement and collaboration, GDAs 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 GDA in a manner that clearly fosters extensive and important results – for the private sector and USAID. GDAs require high-impact private sector resource contributions and investments. While the private sector leverage is an input to the implementation of a GDA, the leverage is only valuable to USAID if it drives greater development outcomes, results and impact.

*If the proposed private sector resource contributions do not advance the interests of the private sector partner(s) and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID’s investments, they will not count towards meeting the private sector leverage requirement.*

USAID is seeking to maximize cost-efficient development impact. While private sector resources are programmatic inputs to a GDA, USAID and the GDA 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 GDA. 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 GDA with a comparative advantage (over not using a GDA) in achieving significant and sustainable impact with regard to the targeted development challenge or opportunity.

All partners to a GDA should understand, be able to articulate, and work to ensure 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>69</sup>

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<sup>68</sup> If resources mobilized to advance a GDA do not satisfy the criteria set forth in Appendix I, Sections A, B, C and D, they will not count toward the private sector leverage requirement.

<sup>69</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](#). At the same time, USAID resource investments are not unconditional 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 better achieve a set of outcomes, results and impacts that

When considering various types of private sector contributions that might be used to achieve the business and development objectives of a potential GDA, while also meeting the private sector leverage requirements set forth in this APS, GDA partners should work together to determine the outcomes, results and impact that would likely result from applying those resources and contributions and which resources and contributions 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 a GDA. USAID will prioritize potential GDA investments based on which private sector partners and resources offer the greatest prospect and value with regard to advancing market-based and private sector-led development and increasing the scale, efficiency, effectiveness and sustainable impact of USAID's development investments.

**B. The Equal or Exceeds Requirement** Unless otherwise determined by USAID or indicated by [Section C](#) of this Appendix, the value of private sector resources, assets, capabilities and expertise contributed as inputs to a GDA and the activities implemented under the GDA 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 a GDA, 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, if other USG agencies or entities provide funding to support a GDA, private sector leverage typically must also equal or exceed the level of funding provided by those agencies. 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.<sup>70</sup>

In practice, 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. This reflects the fact that GDAs are co-created with the private sector. They reflect and advance the core business interests of the private sector and thereby earn and warrant private sector contributions.<sup>71</sup>

The GDA APS is **NOT a matching grants program**. Meeting the private sector leverage requirement is not a narrow accounting or fundraising 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

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better 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.

<sup>70</sup> Support from the United States Development Finance Corporation may or may not count toward the level of USG funding that must be equaled or exceeded by private sector resource contributions under a GDA. This will be determined on a case by case basis. In either case, the determination requires consultations with and approval by the GDA APS Activity Manager.

<sup>71</sup> Depending on the nature of the USG funding, and the nature of the GDA being co-created by USAID and the private sector, USAID might make an exception to the requirement that the private sector leverage must equal or exceed all USG funding being contributed to the GDA. Any such exception would have to be consistent with the considerations set forth in [Appendix I, Section H](#) and other portions of this APS. In addition, any such exception is wholly at USAID's discretion and entities seeking an award of USAID funding should not request or seek such an exception. USAID will determine whether or not such an exception should be considered.

increase the impact of USAID’s development assistance and the success of the GDA for USAID and the private sector.<sup>72</sup>

**C. Increased Leverage Requirements regarding Funding Intended for Loans and Investment** Given USAID’s strong interest in building private sector collaborations that mobilize finance, including loans and equity investments, private sector funding that will be used for loans and equity investments can count toward the private sector leverage requirement. Such funding would need to meet all the private sector leverage requirements set forth in this Appendix and the GDA APS, as well as the additional requirements set forth below.

**1. Consultation/Clearance** - The USAID Mission/B/IO consults and receives clearance from the GDA APS Activity Manager ([gda@usaid.gov](mailto:gda@usaid.gov)). This is aimed at fostering linkages and learning advantageous to the proposed GDA, informing future revisions to and activity under the GDA APS, and supporting learning related to the implementation of USAID’s PSE Policy.

**2. Higher Leverage Requirements** - The value of the funding to be used for loans or equity investments should be at least five times greater than the value of funding USAID will contribute to the GDA. However, Missions/B/IOs may wish to consider lower levels of funding in light of additional development considerations and the particular GDA in question. If that’s the case, Missions/B/IOs should communicate the rationale for considering lower levels of loan or investment funding when seeking clearance from the GDA APS Activity Manager.<sup>73</sup>

**3. Engagement and Shared Understandings** – USAID and the entities providing the funding should engage in extensive communication, robust collaboration and joint activity design and development. Each entity providing lending or investment funding, as well as USAID, should understand and be able to articulate the shared and respective roles, responsibilities, risks and rewards facing the GDA partners. Given the GDA MOU requirement, core entities involved in providing funding generally should be participants in the pertinent GDA MOU with USAID.<sup>74</sup>

**4. Due Diligence** – Even if entities providing funding for loans or equity investments will not be participants in a GDA MOU, the Mission/B/IO will conduct due diligence aimed at ensuring that the entities providing funding are employing practices consistent with a commitment to responsible lending and investing. This can be demonstrated in various ways, such as being a signatory to well-regarded responsible investment/lending protocols or responsible investing/lending standards.

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<sup>72</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 GDA, typically at levels that are nearly three times greater than the value of funding provided by USAID. Prospective applicants and GDA 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>73</sup> Given the fact GDAs have historically leveraged private sector resources at a nearly three to one ratio, without counting funding intended for loans or equity investments, it is reasonable to require that the value of funding for loans or equity investments be five times the value of USAID’s contribution. This is especially the case given the level of funding for loans or equity investments increasingly becoming available in developing countries.

<sup>74</sup> In many cases, myriad entities are participating in a fund or mechanism through which financing is being provided. While USAID typically will need to know the entities participating in the fund, the engagement requirement applies to the entities USAID deems are core to the successful mobilization of the financing and the design and implementation of the GDA.

**5. Inputs versus Outcomes** – In order to count toward the private sector leverage requirement, funding used to make loans or equity investments must be INPUTs to the GDA and the activities implemented under the GDA. Actual or projected returns on loans, equity investments and other outcomes of the financing that are not employed as inputs to the GDA cannot count toward the leverage requirement. In addition, if funding intended for lending or equity investments is going to count toward the requirement, it should be identified early and provide basis for partners to reasonably rely upon such funding in the design and implementation of activities under the GDA. USAID recognizes such funding may be mobilized, applied, loaned or invested in tranches over the course of the GDA, but should be identified from the outset, incorporated in the design and serve as an input to implementation. Questions can be sent to [gda@usaid.gov](mailto:gda@usaid.gov).

**6. Funding “At Risk”** - The funding in question must be “capital at risk.” For example, if a lender provides \$2 million for 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 funding intended for loans could be counted toward the private sector leverage requirement.

**7. Prohibitions** - Financing provided under a US DFC or DCA activity, or that is a direct outcome or result of a US DFC or DCA activity, typically cannot be counted toward the private sector leverage requirement. Loan guarantees are also typically not eligible.<sup>75</sup>

**D. What Counts as Private Sector Leverage** In order to count toward the private sector leverage requirement, the contributions and resources mobilized from the private sector must offer the impact and value proposition discussed in [Section A](#) of this appendix and satisfy the criteria set forth below.

**1. Cash and In-Kind Contributions** - In practice, leverage is typically a combination of cash and in-kind contributions. Generally, a minimum of 25% of the private sector resources and contributions should be in the form of cash. USAID may consider lower levels of cash if the alternative resources and contributions clearly offer greater results and impact. However, higher levels of cash may be preferred given the flexibility cash provides with regard to supporting GDA activities. In addition, and depending on the GDA ideas in question, the partners involved, and other circumstances and considerations, Mission/B/IOs may seek higher levels of cash contributions either as part of an applicant’s concept submission or, if warranted, an applicant’s full application. In all cases, USAID and the private sector will seek the combination of cash and in-kind resources that best advances the objectives of the GDA.

A cash contribution is a transfer of funding from the private sector entity to a wholly separate entity to pay for goods, services or other matters that will be used to implement activities under the GDA or a transfer of funding to be used in making loans or equity investments under a GDA. A transfer of funding to subsidiaries or employees of the private sector entity do not count as cash contributions.

Examples of in-kind contributions that USAID **might** count toward the requirement include:

- Commodities<sup>76</sup> such as drugs, foodstuffs or equipment

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<sup>75</sup> If USAID personnel have questions related to US DFC, Development Credit Authority (DCA) and private sector leverage, they should contact the GDA APS Activity Manager at [gda@usaid.gov](mailto:gda@usaid.gov).

<sup>76</sup> Note that the GDA APS should not be used to solicit funds for transportation of donated commodities.



- 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 are necessary to a project<sup>77</sup>
- Value of salaries for staff dedicated to a project
- Technology, communications and capital assets
- Intellectual property rights
- Licenses<sup>78</sup>

**2. Attribution and Additionality** - In order to be considered as potential private sector leverage, the private sector contributions to a GDA must:

- a) support and advance the objectives and activities of the GDA in question;
- b) be based upon and result from the active engagement of the private sector partner in the design and development of the proposed GDA in question;
- c) have a proposed use that is attributable to the private sector entity’s anticipated or actual engagement with USAID; and
- d) be provided or applied in a manner that is qualitatively and/or quantitatively different than what the entity would have done in the absence of anticipated or actual engagement with USAID.<sup>79</sup>

**3. Nature and Origin** - The contributions and resources must be private in nature and origin;<sup>80</sup> they must come from a critical and core partner to the GDA;<sup>81</sup> and they must come from one or more of the following sources:

- a) Private for-profit, commercial entities such as a business, corporation, small or medium enterprise or private firm;
- b) Private foundations affiliated with private for-profit, commercial entities;<sup>82</sup>

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<sup>77</sup> While USAID recognizes volunteers can add value to GDA implementation, the value of volunteer time does not count as private sector leverage unless it is provided by employees or technical consultants who work for or with one of the private sector entities listed in [Section II.B](#) and is provided in their professional capacity.

<sup>78</sup> Questions regarding the valuation of in-kind resources can be directed to [gda@usaid.gov](mailto:gda@usaid.gov).

<sup>79</sup> Organizations such as NGOs or HEIs often ask whether or not previous private sector contributions to support the NGO’s or HEI’s broad mission, 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>80</sup> Funding from government agencies does not count toward meeting the private sector leverage requirement.

<sup>81</sup> Note: under this APS, traditional implementing partners, such as NGOs or HEIs, regardless of whether the HEI is private or public, are often vital core partners to a GDA. However, they do not satisfy the source criteria set forth in D.3. 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 private sector leverage. (However, such resources could be counted toward the overall leverage achieved by a GDA). 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 D.3 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 traditional implementing partners, and the private sector) better develop and implement innovative and highly effective development solutions.

<sup>82</sup> Examples: Coca-Cola Foundation; Gap Foundation; Mastercard Foundation. Previous versions of the GDA APS also included grant-making foundations not affiliated with private for-profit, commercial entities as private sector. However, USAID anticipates issuing [addenda](#) under this GDA APS specifically aimed at working with such foundations to advance private sector engagement in the development and implementation of [market-based approaches](#). Any such addendum will provide clear considerations and parameters to guide such collaboration.



- c) Private equity or private financial institutions, including banks, private investment firms, mutual funds, private equity funds and insurance companies;<sup>83</sup>
- d) Private business or industry associations, including but not limited to chambers of commerce and related types of entities;<sup>84</sup> or
- e) Cooperatives.

**4. Value Proposition and Development Impact** - The resources and contributions from the private sector should, in combination with the support requested from USAID, provide the GDA with a comparative advantage (over not using a GDA) in achieving significant and sustainable impact on the targeted development challenge. All partners to the GDA should understand and be able convey the unique contributions and value that the private sector partners and resources 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>85</sup>

**5. Measurable** - The resources and contributions must be something of value that can be measured in a way that permits evaluation of their impact on achieving desired results.

**6. Timing and Reliability 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 and preferably significantly exceeds the value of funding requested from USAID and the USG.<sup>86</sup> However, **the actual mobilization, contribution, provision and/or application of**

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<sup>83</sup> USAID's Private Sector Engagement Policy notes that the Agency will treat "for-profit approaches" that generate sustainable income (e.g. a venture fund run by a non-governmental organization (NGO) or a social enterprise) as private sector. However, for purposes of the GDA APS, approaches involving social enterprises, as well as approaches involving investment funds, venture funds, or other types of social or commercial enterprises affiliated with, operated under or managed by an NGO or other non-profit entity, will only be treated as private sector if a USAID operating unit, working in collaboration with the GDA APS Activity Manager, develops and issues an addendum to this GDA APS that specifies objectives to work with these types of NGO-affiliated approaches and provides clear considerations and parameters to guide such potential collaboration. USAID anticipates issuing one or more such [addenda](#) over the course of this GDA APS; **interested organizations should monitor grants.gov for such opportunities**. However, if the entity (enterprise or fund) in question is fully self-sustaining based on its market activities (i.e. revenues based on sales of its goods and services or returns on investments, loans or financing), and does not receive any financial, in-kind, programmatic or operational support from the non-profit entity with which it is affiliated or other entities such as donors, international organizations, or government agencies, or individual donations, USAID may in select situations consider the entity as private sector. Please contact [gda@usaid.gov](mailto:gda@usaid.gov) with related questions.

<sup>84</sup> Such associations and entities must be private and the members must be entities, not individuals. Quasi-governmental associations would not satisfy the private sector partner requirement.

<sup>85</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 unconditional 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.

<sup>86</sup> See [Section H](#) of this Appendix for USAID's sole discretion to make an exception to the 1:1 requirement under extremely limited circumstances.

**the resources can take place at any time during the development or implementation of the GDA.**

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, the resources can be mobilized, contributed and provided at the outset of the GDA development discussions; during the subsequent GDA development efforts; at the time of or subsequent to the signing of the GDA MOU or USAID’s agreement with an implementing partner whose work will implement activities under the GDAs or during the implementation of the GDA or specific activities under the GDA.<sup>87</sup> Private sector resources may be mobilized, contributed and provided throughout the GDA 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 other GDA partners with high confidence levels and the ability to reasonably rely upon such resources in the design, planning and implementation of activities under the GDA.** If there are questions regarding the reliability of the resource commitments, USAID may forego the GDA until reliability matters are resolved and/or seek to develop award agreements that make USAID funding and participation in the GDA conditional on the private sector contributions materializing and being applied as expected.

**E. What Doesn’t Count as Private Sector Leverage** Various types of resources cannot count toward the private sector leverage requirement. For example:

- Forgone profit or foregone revenue.
- Price discounts.<sup>88</sup>
- Value of brand, reputation, convening power or “good will.”
- General overhead costs for an organization that are not directly associated with GDA activities.
- Commitments to purchase or pay a price premium for products or services generated as a result of GDA activities.<sup>89</sup>
- Resources that are outcomes of the GDA (unless those resources are subsequently contributed to GDA activities as inputs to the implementation of those activities).

While private sector resource contributions are pursued in order to increase the outcomes and impact of a proposed GDA, **the outcomes arising from the GDA 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

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<sup>87</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 a GDA is discussed or actually developed.

<sup>88</sup> Questions regarding price discounts can be sent to [gda@usaid.gov](mailto:gda@usaid.gov).

<sup>89</sup> USAID reserves the right to explore possible exceptions to this standard prohibition. For example, there might be situations in which the markets available to producers would not offer a price premium for the goods or services in question. In such cases, the proposed price premium is providing additionality not otherwise available and might be critical to the success of the GDA or to the creation of a valuable market. By contrast, if the proposed price premium is readily available in the marketplace, the private sector partner would have to pay the premium anyway. So there’s no additionality. Note: exceptions to this standard prohibition are extremely rare.

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 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 GDA, not an input; the value of the loans would not be counted toward the leverage requirement.<sup>90</sup>

Partners sometimes try to meet the leverage 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. Meeting the private sector resource requirement is not an accounting, fundraising or matching grants exercise. The requirement seeks to increase the impact of USAID's investments; any proposed resource or set of resources must have clear and compelling value with regard to advancing such impact and should reflect the core interests and expertise of the private sector partner(s). 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 GDA. If not, the contributions would fail to meet several criteria listed in this appendix and be inconsistent with the considerations and objectives discussed throughout this APS.<sup>91</sup>

**F. Resource Contributions from Other Organizations** USAID recognizes that resources mobilized from other sources may be critical to the success of a GDA, the ability to foster and advance market-based approaches and solutions, and the 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 GDA results. Likewise, an NGO or university with pertinent technical expertise might offer a variety of valuable contributions.

In such cases, these contributions can be counted toward the overall level of resources mobilized under the GDA, e.g. the resources leveraged from all sources. However, the mobilization of these resources does not count toward nor substitute for private sector leverage. While a GDA may leverage and mobilize a variety of other resources from a range of other sources, the private sector leverage requirement must be met through the provision of private sector resources, assets, capabilities and expertise from private sector entities listed in [Section II.B](#) of this APS.

In most GDAs, USAID enters into an agreement with and makes an award to an entity to implement and conduct activities aimed at achieving the goals and objectives of the GDA. In such situations, this awardee (often referred to as an "implementing partner") may also seek to

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<sup>90</sup> By contrast, if a private financial institution, as a result of participating in the design and implementation of a GDA, increased the capital available for making loans and subsequently provided loans as inputs to implementation of GDA activities, the funding for the loans would be eligible to be considered as private sector leverage.

<sup>91</sup> In some situations, the nature of the proposed partnership 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 private sector partners to USAID from the outset, it should be possible to quickly determine whether or not a GDA concept submission will make sense. Discussions between USAID and the private sector partners might result in USAID exercising some discretion with regard to the private sector leverage requirement, at least at the concept submission stage. (See [Section H of this Appendix](#)). This is another reason it is essential that prospective partners connect potential private sector partners to USAID as soon as possible. NOTE: Applicants should NOT request an exception; the decision is wholly at the discretion of USAID.

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 and can significantly increase the potential results of the proposed GDA. However, they can only count toward the **private sector** leverage requirement if the entity is private sector as set forth in [Section II.B](#); the resources meet the criteria set forth in this Appendix; and the resources will not be counted and treated as cost-share under an award agreement with USAID, unless USAID determines such treatment is an appropriate way to ensure a successful GDA and the achievement of USAID’s development objectives. (See [Section G](#) and [GDA APS FAQs](#)).

The question about awardees 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 GDA or were not received as a result of the active engagement of the private sector partner in the design and development of the GDA in question. As a result, they could not be counted toward the private sector resource requirement.

**G. 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 a GDA, 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>92</sup> However, given the strategic and programmatic value that leverage contributes to a GDA, 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. Determination via APS, CFR, or ADS -** The determination of what constitutes **private sector leverage** under this GDA APS is based on the information 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. Standard Practice -** 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 private sector leverage requirement, unless USAID determines such treatment is an appropriate way to ensure a successful GDA and the achievement of USAID’s development objectives.

Prospective awardees 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

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<sup>92</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.”

any given GDA, 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 a GDA, a private sector partner will be expected to provide its resources and contributions (the leverage) to an awardee implementing partner and that awardee implementing partner will be required to treat such anticipated resources as part of its cost-share contribution and commitment under the award. This provides an incentive to the awardee to ensure the reliability and contribution of the leverage since the awardee's proposed cost-share is auditable.

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.

**H. 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 limited exceptions to the levels or types of private sector leverage required under this APS. Such exceptions are exceedingly rare. They are typically limited to situations in which the prospective development results and impact are so promising, and the constraints on private sector contributions are so significant, that some sort of limited adjustment to the requirement would be warranted. Exceptions might also be made as part of an effort to test or pilot innovative ideas and approaches that seem exceptionally promising but might be exceptionally difficult to launch absent limited adjustments to the requirement.

While USAID may, on extremely rare occasions, make exceptions, potential applicants under the GDA APS should NOT view this clause as incentive or license to submit concepts that fail to meet the private sector leverage requirements. Failure to meet such requirements remains sufficient basis to forego review of or otherwise reject any concept submitted under this APS. In addition, past experience repeatedly shows that failure to meet the requirement typically reflects a failure to effectively engage the private sector as a core partner in the identification of challenges and opportunities and the determination of prospective market-based approaches to addressing those challenges and seizing those opportunities.

**I. Who is responsible for ensuring, tracking and reporting on the mobilization and use of the leverage?** Unless otherwise stated in pertinent award agreement(s) and/or MOU(s), the entity receiving an award from USAID to implement GDA 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.

**J. Additional Questions and Information** If prospective partners have any questions about the private sector leverage requirement or the distinction between leverage and cost-share, please feel free to contact the GDA APS Activity Manager at [gda@usaid.gov](mailto:gda@usaid.gov).