



ISSUANCE DATE: December 19, 2014

DEADLINE FOR RECEIPT OF QUESTIONS: January 9, 2015, at 2:00 pm, Mexico City time

GOOGLE HANGOUT January 13, 2015 at 11:30 am, Mexico City time

CLOSING DATE FOR SUBMISSION OF FIRST ROUND OF CONCEPT PAPERS: February 10, 2015 at 2:00 pm, Mexico City time

APS CLOSURE DATE: December 18, 2015

SUBJECT: USAID/MEXICO ANNUAL PROGRAM STATEMENT (APS)
TITLE: Mexican Partnership Program
APS NUMBER: APS-523-15-000001

Dear Applicants,

USAID/Mexico would like to partner with Mexican organizations to achieve common objectives. The APS invites civil society organizations, non-governmental organizations, non-profit organizations, education and research institutions, private businesses, financial institutions, chambers of commerce, industry associations, foundations, entrepreneurs, investors, philanthropists, and other private-sector organizations to identify and suggest ways we can work together to address key challenges in Mexico that are aligned with USAID/Mexico’s strategic objectives.

The APS provides the Agency a means of supporting or funding activities that are developed in collaboration with local Mexican organizations. Under this “Mexican Partnership Program,” we are seeking to partner with Mexican organizations in the areas of Crime and Violence Prevention, Criminal Justice Reform, Human Rights, and Global Climate Change.

Subject to availability of funds, the United States Government intends to award between 9 to 14 grants with a period of performance between 1 to 3 years under this solicitation. USAID reserves the right to enter into fewer or not to enter into any awards. The award(s) will be made in accordance with evaluation procedures provided in Section III. Subject to availability of funds, USAID intends to provide an aggregate amount of up to \$16 million to fund all awards

under this APS. Should there be a change in the expected amount of available funding; an amendment to this APS will be issued.

Interested parties are reminded that concept papers under this APS must be received on or before the indicated closing date and time. All concept papers must be submitted electronically to: mexicoaps@usaid.gov. Please contact the USAID Mission (55-5080-2574) if there are technical or other difficulties with submitting the application by e-mail.

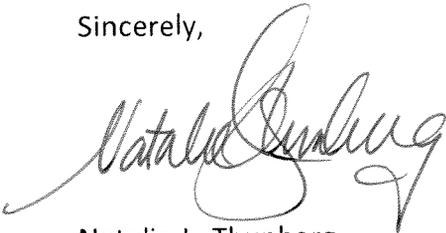
USAID plans to hold a Google Hangout information session on the APS on Tuesday, January 13, 2015 at 11:30 am Mexico City time. Additional information sessions may be added depending on interest. Please contact Guadalupe Vazquez (gvazquez@usaid.gov) if you have any questions about attending this session.

The authority of this APS is found in the Foreign Assistance Act of 1961, as amended. Awards shall be made and administered in accordance with Standard Provisions for Non-US Non-Governmental Organizations (ADS 303) and the Federal Acquisition Regulations (FAR) Part 31 for for-profit organizations. Please note that no profit/fee is allowed under assistance and foregone profit does not qualify as cost-sharing or leveraging.

NOTE: We have included a courtesy translation in Spanish. If there is any discrepancy between the versions, the English version prevails.

Please direct any questions concerning this APS to: mexicoaps@usaid.gov. Answers to all questions received and discussed during the Google Hangout will be posted on www.grants.gov.

Sincerely,



Natalie J. Thunberg

Regional Agreement Officer

USAID/El Salvador

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I. Background

As part of a global effort to work more closely with local organizations to increase impact and sustainability of its investments, USAID/Mexico is seeking to partner with local¹ civil society, non-governmental, and private sector organizations. Of particular importance to USAID is the leveraging of resources of the Mexican non-governmental and private sector in support of activities. While not all activities that could fall under this APS are suitable for matching funds or leveraging, most organizations' applications will be assessed partly on the ability to identify some level of matching funds from Mexican funding sources.

The principal objective of the Mexican Partnership Program is to increase the number and types of partnerships that USAID has with Mexican organizations. Through partnerships, we intend to work together towards the achievement of shared goals related to crime and violence prevention, criminal justice reform, human rights, and global climate change.

II. The Mexican Partnership Program

The Mexican Partnership Program contributes to USAID's overall programming in Mexico. USAID/Mexico programs support Mexican institutions to achieve the following: a) prevent crime and violence by increasing the capacity of youth at-risk of recruitment to violent activity ("at-risk youth") to play productive roles in their communities and by facilitating the replication of successful crime and violence prevention models by local stakeholders; b) support local civil society organization efforts to render Mexico's 2008 constitutional criminal justice reform operational by 2016; c) support civil society organizations to advocate for/promote the protection of human rights, prevent abuses, and assist victims; and d) support Mexico's commitment to reduce greenhouse gas emissions.

¹ For purposes of this APS, a local entity (whether an Implementing Partner or a Resource Partner) means an individual, a corporation, a nonprofit organization, or another body of persons that: (a) is organized under the laws of Mexico, (b) has its principal place of business or operations in Mexico, (c) is majority beneficially owned by individuals who are citizens or lawful permanent residents of Mexico, and (d) is managed by a governing body the majority of who are citizens or lawful permanent residents of Mexico. For purposes of this section, "majority owned" and "managed by" include, without limitation, beneficiary interests and the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization's managers or a majority of the organization's governing body by any means. For the purpose of this APS, educational institutions are considered as not-for-profit organizations.

To further complement and support the achievement of these objectives, through the Mexican Partnership Program we envision multiple awards to Mexican organizations in each of our technical areas. APPLICANTS SHOULD REVIEW THE FOLLOWING ATTACHMENTS TO CONSIDER THE RELEVANCE OF USAID'S PROGRAM AREAS; only the four specific areas detailed in the attachments will be considered for funding:

- Attachment 1: Crime and Violence Prevention,
- Attachment 2: Criminal Justice Reform,
- Attachment 3: Human Rights, and
- Attachment 4: Global Climate Change

USAID intends to make separate awards in each of these areas. Innovative ideas and approaches are especially welcome. All proposed activities within each area shall directly and predictably relate to the achievement of that area's program objectives.

A. What is the Mexican Partnership Program?

In 2012, in an attempt to improve overall program effectiveness and sustainability through increased engagement of local civil society and private sector organizations, USAID/Mexico launched its first Mexican Partnership Program (MPP) that called for applications from *local civil society* and *private sector organizations* in the areas of crime and violence prevention, criminal justice reform, the protection of human rights, economic competitiveness, and global climate change. The 2012 call for concept papers resulted in 19 local awards being made between September 2012 and March 2014, which have made a significant impact in Mexico.

USAID/Mexico would like to build on this success of the 2012 solicitation with another Mexican Partnership Program (MPP) APS that expands the reach of the 2012 APS. The 2015 MPP APS continues its effort to find viable partners among Mexican civil society and non-governmental organizations, but we also are extremely enthusiastic about partnering with private sector organizations in order to add to the depth, ideas and innovation, available resources, and impact of USAID's investments.

B. What kinds of partnerships can I propose to USAID?

This APS is soliciting ideas across the full range of partnerships, from those that are 100% funded by USAID to those in which private funds may substantially exceed USAID's investment. The goal of this APS is to partner with local implementing organizations (**Type 1**) and to establish co-funded alliances (**Type 2**) in order to develop and/or implement innovative approaches across the four program areas of USAID/Mexico, as outlined in Attachments 1-4. In all cases, in order to leverage the impact of USAID's investments, USAID/Mexico is seeking partners who can identify or provide matching/supplementary funds or in-kind assistance that complements USAID's investment, thereby strengthening prospects for impact and sustainability.

For ease of applying to this APS, we have created two distinct ways for your organization to propose your ideas to USAID (based on the type of partnership you are proposing), as follows:

Type 1: Type 1 applications are based on USAID’s more traditional way of providing support to local organizations. These proposed partnerships are those in which **USAID will fund a substantial portion of the activity, ranging from 50-100% of the cost of the project.** This Annual Program Statement (APS) for the Mexico Partnerships Program (MPP) is USAID/Mexico’s invitation to prospective local **implementing partners**² that currently are operating in Mexico that seek to advance development goals. In all cases, to increase leveraging from Mexican funding sources, USAID/Mexico encourages applicants to contact Resource Partners³ and explore ways in which collaboration with USAID/Mexico might help advance shared development goals. For purposes of **Type 1** only, public sector partners (e.g., the Government of Mexico, public companies, as well as other bilateral and multilateral donors) may serve as Resource Partners. Cost-share is encouraged for this type of award.

Type 2: Type 2 partnerships are otherwise known as Global Development Alliances (GDAs), which are those **partnerships in which there are at least 1:1 matching funds** associated with the activity from a non-USAID source of funds (public or private funding sources). The Mexican Partnership Program seeks to build **public-private partnerships under the Global Development Alliance Authority** to work towards the achievement of shared goals. This APS is USAID/Mexico’s invitation to prospective **Implementing Partners and Resource Partners** (*see definitions in footnotes below*) to build public-private partnerships as GDA awards. Local Implementing Partners may apply for Type 2 partnerships only together with a Resource Partner, after having identified that Resource Partner and secured the required 1:1 or greater Resource Partner funding for a particular project. International Resource Partners may apply only together with a local Implementing Partner, after having identified that local Implementing Partner that will implement a particular project. Local Resource Partners may apply with or without an Implementing Partner⁴, and when identified that Implementing Partner must be a local entity. Please note that awards will not be signed with Resource Partners; rather, USAID seeks to partner with such businesses to provide funding to an Implementing

² Including but not limited to civil society organizations, non-governmental organizations, non-profit organizations, education and research institutions, private businesses, financial institutions, chambers of commerce, industry associations, foundations, entrepreneurs, investors, philanthropists, and other private-sector organizations).

³ Resource Partners are defined as local or international private sector businesses, foundations, financial institutions, entrepreneurs, investors, philanthropists, and others that can identify and suggest ways to utilize their own financial resources to collaborate with USAID/Mexico and are prepared to provide significant financial or in-kind resources to tackle a specific development problem.

⁴ Local Resource Partners that submit a concept paper without an identified local Implementing Partner (IP) will not be evaluated fully until the local IP is identified. However, USAID will contact you to explore your concept and see if a partnership is possible.

Partner toward identified development projects. **IMPORTANT:** Concept papers for Type 2 partnerships may be submitted at any time following the concept paper due date (February 10, 2015); **and** they will be considered on a continuous basis throughout 2015.

Though not described in detail, this APS also allows for the submission of partnership concepts that include **Development Credit Authority (DCA)** partial credit guarantees. For more information on DCAs, please visit: <http://www.usaid.gov/what-we-do/economic-growth-and-trade/development-credit-authority-putting-local-wealth-work>.

Through this competitive process, USAID/Mexico seeks applications from Implementing Partners and Resource Partners, with a focus on local organizations, as described in the “Background” section. Applications suitable for funding will identify the specific development challenge being addressed; provide a technical analysis that convincingly demonstrates the project’s uniqueness; and provide a clear plan for rigorously measuring impact and cost-effectiveness. Innovations are expected to be eventually scaled-up through support from the private sector, the public sector, or a combination of the two in order to reach sustainability without continued USAID support.

C. What are USAID/Mexico’s Development Objectives and Priority Sectors?

USAID’s overall program in Mexico supports the achievement of the results outlined below. The Mexican Partnership Program is expected to contribute to those results which are marked with a star in Figure 1. USAID encourages prospective partners to review information about USAID/Mexico’s development objectives at www.usaid.gov/mexico/strategy. Applicants can find more information on current USAID programs at <http://mexico.usaid.gov>.

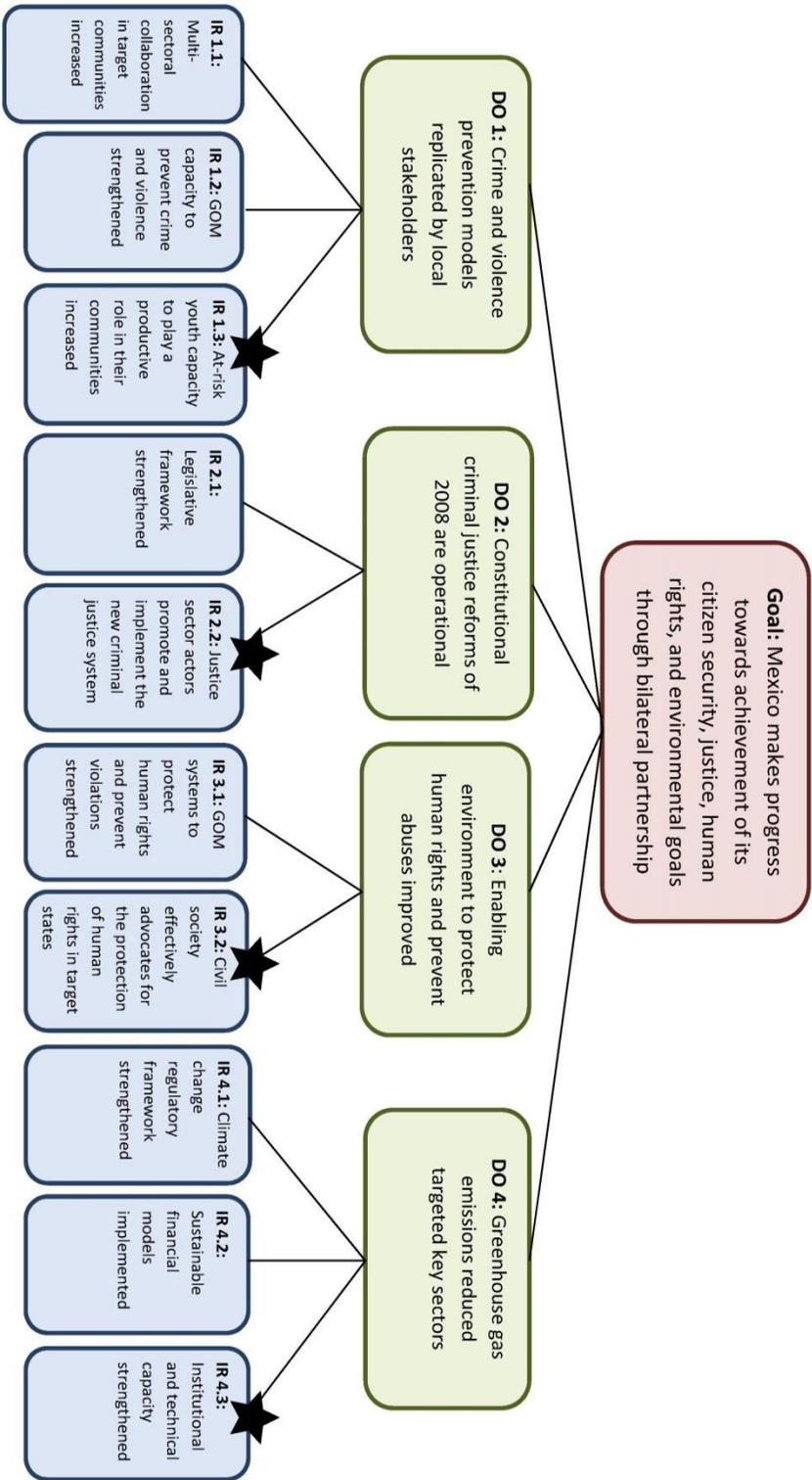
Cross-Cutting Themes

In addition to the strategic areas of USAID work in Mexico, USAID strongly encourages applicants to consider the following cross-cutting practices and approaches:

1. **Partnership:** To increase program impact and sustainability, USAID/Mexico strongly encourages applicants to consider partnership, teaming, or other arrangements that make best use of existing organizational capacity, resources and relationships. There are many options that could be considered that draw on the different strengths of different types of organizations. USAID/Mexico encourages applications that bring together relevant stakeholders from the public, not-for-profit, and private sectors to build consensus on activities and approaches in a given area. . Mexican universities, for instance, could be particularly effective partners. Effective consensus-building processes are generally inclusive, participatory, egalitarian, and solution-oriented.
2. **Recognize Gender Roles:** Moreover, proposed interventions should be based upon a gender analysis that considers how the roles that men and women play could impact implementation and/or results as well as how the proposed program could potentially affect men and women differently.

Sustainability: USAID is interested in developing partnerships that may be sustainable over time, and it expects projects to be self-sufficient in the medium and long term. Work should emphasize the transfer of methodologies and know-how among Mexican organizations. Applicants may include activities that strengthen internal organizational capacity. Examples could include acquisition of communications technology, skills training in advocacy, strengthening financial management skills, strategic planning assistance, etc. Depending on needs, USAID/Mexico also may provide support to organizations in meeting USAID financial management requirements. Programs should focus on activities with a catalyzing effect. Work should focus on intervening where there are comparative advantages or a particular experience to offer, and where, with proven successes and through the establishment of partnerships mentioned in (1) above, the Government of Mexico and/or other civil society partners can eventually take the lead in expanding and sustaining programs after USAID funding ends.

FIGURE 1



D. What is the Timeline for the Mexican Partnership Program?

USAID will review concept papers on a regular basis while the APS is open. USAID will formally review applications received by the following dates:

- February 10, 2015 – USAID will review all concept papers – both Type 1 and Type 2 – received by February 10, 2015 during the first round of the APS.
- In Spring 2015, USAID will request that organizations with viable project ideas develop a full application to USAID for further consideration.
- A majority of awards are expected to be made by September 30, 2015.
- **IMPORTANT for Type 2 partnerships:** Concept papers for Type 2 partnership may be submitted after the February 10, 2015 deadline. Those submitted after February 10, 2015 will be considered on a continuous basis after the first round of concept papers have been reviewed.
- August 10, 2015: If funds remain available after the first round of applications, USAID will hold a second round for **Type 1 partnership** concept papers.
- *Other dates might be announced in the future if funds remain.*

E. How many Awards are Anticipated?

Subject to the availability of funds, approximately \$16 Million of FY 2014 and FY 2015 Economic Support Funds is expected to be available to support programs under this APS, for approximately 9-14 grants to launch this program across the four technical areas as follows:

Programmatic Area	Estimated Amount of Available Funding	Estimated Number of Awards	Cost Share or Leverage	Minimum grant size	Maximum grant size
Crime and Violence Prevention	Up to \$8,500,000	1-6	Strongly Encouraged	\$500,000	\$3,000,000
Criminal Justice Sector Reform	Up to \$2,000,000	1-2	Encouraged	\$500,000	\$2,000,000
Human Rights	Up to \$4,000,000	1-3	Encouraged	\$500,000	\$4,000,000
Global Climate Change	Up to \$1,500,000	1-3	Required	\$150,000	\$1,500,000

Please note that for the first three programmatic areas, USAID will only consider funding a project with a minimum grant size of \$500,000. For applications that address the fourth program area, Global Climate Change, the minimum grant size is \$150,000. The maximum grant amount in any one area is not expected to exceed the total estimated amount of available funding per programmatic area as shown in the chart above.

III. The Partnership Building Process

A. Basic Requirements and Eligible Partners

Because this program is intended to enhance USAID’s direct relationship with Mexican organizations, the prime applicant for both **Type 1** and **Type 2 partnerships** must be a local entity (i.e., a local Implementing Partner); while **Type 2 partnerships** require that the prime applicant be a local entity (i.e., a local Implementing Partner or a local Resource Partner), co-funding resources can be international.

For purposes of this APS, a local entity (whether an Implementing Partner or a Resource Partner) means an individual, a corporation, a nonprofit organization, or another body of persons that: (a) is organized under the laws of Mexico, (b) has its principal place of business or operations in Mexico, (c) is majority beneficially owned by individuals who are citizens or lawful permanent and residents of Mexico, and (d) is managed by a governing body the majority of who are citizens or lawful permanent residents of Mexico. For purposes of this section, “majority owned” and “managed by” include, without limitation, beneficiary interests and the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization’s managers or a majority of the organization’s governing body by any means. For the purpose of this APS, educational institutions are considered as not-for-profit organizations.

While the prime applicant **must** be a Mexican organization that meets the criteria listed above, organizations may submit applications individually or in partnership with other international or local organizations. Under **Type 1**, partnerships with governmental organizations may also be considered where a sub-national or national governmental organization may contribute expertise, staff or resources to achieving a program objective; however, the prime applicant must meet the eligibility criteria outlined above.⁵ *Further, Type 1 partnerships* do not require cost sharing or leverage, but cost sharing is strongly encouraged and will be considered as a factor in cost effectiveness. Certain program areas - Global Climate Change for example - require 1:1 cost share. Cost sharing amounts will be considered during the evaluation process. Cost share may be in cash or in-kind.

Type 2 partnerships require at least 1:1 leverage. In an effort to facilitate substantial alliance investments and market-informed approaches, broaden the level of partner engagement, and help enhance the prospects of sustainable, wide scale impact, a GDA must mobilize private sector expertise, contributions and resources on at least a 1:1 basis. For example, if USAID invests \$1 million in an alliance, the array of contributions and resources provided by the private sector partners must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million. The private sector resource contribution must equal and, in general, should significantly

⁵ Any USAID resources provided to a governmental organization under a partnership arrangement must comply with USAID guidance in this area as outlined in USAID regulation ADS 303.3.21(b), Sub-awards to Public International Organizations (PIO) and Foreign Governmental Organizations.

exceed the level of resources provided by USAID. In fact, the level of resources mobilized by and from the private sector has historically been three to four times the level of resources contributed by USAID. USAID refers to this private sector resource mobilization as leverage. While an alliance may mobilize a variety of other resources from a range of other sources, the 1:1 leverage requirement must be met through the mobilization of private sector expertise, contributions and resources⁶. (See Attachment 7: “The Leverage Requirement” for additional information and requirements regarding leverage. All prospective alliance partners should review Attachment 7 in its entirety.)

B. Overview of the Partnership Building Process

USAID will identify potential partnerships using a four step process, beginning with the submission of a concept paper. In summary, applicants will prepare and submit a concept paper. USAID will review concept papers and advise applicants if they are invited to submit a full application. Full applications will be evaluated by a panel of USAID experts. Concept papers will be considered if they are received before the **closing date** of the APS (stated in Section II.D above). Proposed programs should specify whether they constitute an application under **Type 1** or **Type 2** and have an estimated value and performance period that is within the parameters described in this APS. USAID/Mexico may opt to exclude from further consideration any submission that is not within these parameters.

There are four steps in a fully successful application process:

Step 1: Review Priorities: Look at the USAID CDCS⁷, attachments, etc. to identify the relevance of your organization’s application to USAID objectives.

Step 2: Submit Concept Paper (not to exceed five pages, not including cover page and budget): The objective of the concept paper is to give USAID a clear understanding of the project that is being proposed. It is not intended to provide budget detail, staffing plans, organizational background, or similar detailed information. The concept paper shall be about the project concept itself, including the purpose of the project, the location(s) where it would be conducted, the timeframe for implementation, the number and description of the people or organizations that will benefit, a general statement of the approach and expected results, an outline of expected management arrangements, and the amount of funds requested, including any expected cost share or leveraged resources.

⁶ Where a Public International Organization (PIO), bi/multilateral donor and/or Host Country Government (HCG) may act as strategic partner(s) and make critical contributions to an alliance, the contributions may not count towards leverage as they are not private in nature and origin.

⁷ Country Development Cooperation Strategy 2014-2018

Concept Paper Format: Two sample concept paper templates – one for Type 1 partnerships and one for Type 2 partnerships – are provided as Attachment 5. Applicants are encouraged to utilize the attached templates when submitting a concept paper to USAID for consideration. Further, all concept papers must clearly state the area to which the application relates, as outlined in Attachments 1-4; a concept paper should be linked to only one area under the APS. Concept papers may be submitted in Spanish or English. The concept paper will be reviewed by a panel of USAID employees, who will determine whether the concept has sufficient merit to warrant preparation of a full application. Generally, concept papers will be reviewed primarily on technical merit, specifically the degree to which they contribute to the achievement of objectives outlined in the APS. Concept papers will also be reviewed, depending on the area addressed, on the basis of whether they include public-private partnerships and cost/in-kind leverage. USAID also will review the degree to which they comply with the geographic location, cross-cutting practices, and budget parameters as stated in the APS.

Multiple concept papers may be submitted by an organization.

Evaluation Criteria for Concept Papers:

- a. *Alliance with USAID goals*: Degree to which the proposal contributes to the achievement of the objectives outlined in the technical annex of this APS.
- b. *Feasibility*: The proposal should have well-defined and achievable objectives. The enabling environment and the proposed combination of partner assets, resources and expertise should be sufficient to yield significant impact on one of the four program areas mentioned in this APS. Financial and technical approaches must be viable. In addition, the involvement of local partners and/or beneficiaries should be clear and sufficient to indicate the idea will be successful.⁸
- c. *Sustainability*: The proposal should demonstrate the potential to yield sustainable solutions to improve in one of the four program areas chosen. The private sector resource partner, where applicable, should express a business/philanthropic case that demonstrates their long-term vision and commitment to the targeted communities.⁹
- d. *Scalability*: USAID will consider whether and how the proposed approaches can be scaled or replicated in a manner that would offer a broader set of impacts at the national, regional or even global level.

⁸ Given the security environment in which programming may take place, it is critical to recognize that activities may put participants at risk of violence. Activities must include measures to mitigate any possible risks.

⁹ USAID's programs in Mexico recognize the leadership of the Government of Mexico (GOM) in addressing ongoing development, security and economic challenges.

In case an application is not selected for further consideration, USAID/Mexico will inform unsuccessful applicants in writing, explaining briefly the reasons why the concept paper was not selected. Unsuccessful applicants may resubmit revised concept papers at later rounds for consideration.

Step 3: Submission of a Full Application: If a Concept Paper is determined to be of interest to USAID, the USAID Agreement Officer will provide specific requirements and instructions for submitting the full application, including submission of an SF-424, “Application for Federal Assistance”, and a pre-award responsibility decision by the Agreement Officer. USAID/Mexico is planning a workshop to assist with writing the full application, for those who are interested. More information on this workshop will be stated in the request for full application. In addition, Evaluation Factors for full applications will be tailored to the requirement and generally include similar evaluations factors as listed below.

For the full application step, applications and all supporting material must be submitted in English only. More specific guidance is as follows:

Type 1: If the concept paper is judged to have sufficient merit, USAID will invite organizations to submit a full application. Applicants invited to submit full applications will also be invited to an application-writing workshop. USAID will communicate the dates and venue when notifying the applicants. The full application will include a summary of program activities, expected program results and mechanisms for monitoring and measuring program performance, a project timeline and implementation plan, a description of organizational technical, administrative and financial management capacity, a description of prior related work, and a budget.

Type 2: If USAID/Mexico determines, after review of the concept paper, that there are shared development goals as well as a strong potential for success, the Mission may: i) engage in alliance development discussions with the prospective partner to clarify aspects of the proposed projects; and/or ii) ask the prospective partner to submit a full application. Consultations or discussions, if any, which may occur between Mission staff and prospective partners do not constitute any Agency commitment to developing or supporting a partnership or any commitment to funding the proposed partnership. The USAID Agreement Officer will provide specific requirements and instructions for submitting the full application.

Evaluation Criteria for Full Applications:

A successful grant application will propose a program or project that is responsive to the stated purpose of this APS, and is evaluated favorably against the evaluation factors. The five main evaluation factors (Technical Merit, Management and Staffing Capability, Sustainability, Past Performance, and Cost Effectiveness) are in descending order of importance.

- a. *Technical Merit:* USAID will review the extent to which the proposed technical approach can reasonably be expected to produce the intended results in a specific timeframe. This includes reviewing the relevance of the approach to the problem to be addressed, whether the proposed activities are consistent with the objectives sought, how the activities are interrelated, and how activities will be tracked, monitored and reported. The degree of innovation in terms of program approach will also be considered. USAID will review the effectiveness of the applicant's approach to gender issues relating to the proposed activities, and the extent to which the applicant has considered and incorporated the cross-cutting practices and guiding principles identified in Section II.C. For applications with a focus on sustaining activities or organizational capacity beyond the life of the award, USAID will review the extent to which the proposed activity promotes, strengthens, and is supported by sustainable local organizations that can champion sound concepts, innovative practices, and changes beyond the life of the award.
- b. *Management and Staffing Capability:* USAID will review the effectiveness of the approach in terms of internal organizational structure, technical, administrative and financial management capacity and proposed staffing. If partnerships are proposed, USAID will review the degree to which roles and responsibilities are clearly defined.
- c. *Sustainability:* USAID will review the proposed, one-page sustainability plan. To the extent possible (particularly for Type 1 partnerships), there should be a realistic commitment to cost share and/or to leveraging private sector resources in order to enhance the prospects for program sustainability. Similarly, activities that emphasize the transfer of methodologies and know-how among Mexican organizations and/or include activities to strengthen internal organizational capacity (if needed) are also viewed as enhancing sustainability. USAID will consider the sustainability plan in terms of programs/projects ability to be self-sufficient or replicable without the necessity of USAID further intervention in the medium and long term.
- d. *Past Performance:* USAID will review past performance, with emphasis on prior projects, if any, which are similar to that which is proposed.
- e. *Cost Effectiveness:* Proposed budgets will be reviewed to determine if the applicant's approach is cost effective, and makes use of existing resources, capacities, materials, tools, and other leveraged sources of funding. USAID will review the degree to which the results are objective, quantifiable, and measurable with costs that can be tied directly to specific corresponding results.

For those organizations invited to submit a full application, USAID/Mexico will review those applications as they are received. USAID/Mexico also will notify unsuccessful applicants in writing, explaining briefly why the application was not selected. Applicants may request a more comprehensive debriefing on their application within 10 days of receiving this notification. USAID reserves the right to provide debriefings orally, in writing, or electronically.

Step 4: Negotiation and Agreement of Grant Terms/Formation of the Partnership: IF AN APPLICATION IS SELECTED BY USAID FOR AN AWARD, after evaluating the full applications and subject to the availability of funds, to provide an organization with an award, then USAID/Mexico will enter final discussions to ensure all pre-award requirements are met and significant grant terms are negotiated and agreed. USAID will determine the appropriate form of the award, in consultation with the applicant organization, based upon the nature and amount of the funded application and the type of relationship to be established. Where feasible, USAID will use simplified format or fixed obligation type grant agreements. Otherwise, most awards will use the Standard Provisions for Non-U.S. Non-Governmental Organizations and may be either a grant or a cooperative agreement. If a cooperative agreement is selected, it will include a statement of involvement by USAID in the administration of the award.

The exact details of the negotiation phase will vary according to the circumstances pertaining to each application. Common areas that require discussion and agreement prior to award are provided in Attachment 6.

It is possible that an application recommended for funding will not actually result in a grant award, due to insufficient availability of funding, or because the organization is deemed not sufficiently capable of managing a USAID grant, or for other reason(s) which will be provided to the applicant.

A decision not to fund an application may occur at any phase of the evaluation process. No project expenditures will be paid by USAID/Mexico, except those previously authorized in a grant signed by the USAID Agreement Officer.

C. Due Diligence & Pre-Award Assessment

USAID will conduct a pre-award review that will include an examination of the application's budget to ensure it is a realistic financial expression of the proposed program and does not contain estimated costs which may be unreasonable or unable to be charged under the program.

Depending on the type of award being considered, additional Resource Partner due diligence and/or an additional pre-award survey or assessment may be conducted. The areas covered

by a pre-award survey or assessment will vary according to circumstances and to the type of USAID award being considered, but may include reviews to ensure the organization meets the necessary standards for financial management, program management, property, procurement, reports and records, internal controls, is in good financial standing, and has the technical capacity to implement the proposed program.

Pre-Award Certifications, Assurances and Other Statements of the Recipient: Organizations may be required to provide certain certifications, assurances, and other statements. A list of these are found in Attachment 6.

D. Additional Considerations

1. Issuance of this 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.
2. This APS provides a vehicle for soliciting and receiving concept papers from potential Implementing Partners and/or Resource Partners.
3. All potential partnerships are subject to an initial environmental examination before final approval.¹⁰
4. USAID/Mexico may amend this APS from time to time, as necessary or appropriate. Any such amendments can be found at www.grants.gov and/or the USAID/Mexico website.

¹⁰ For more information regarding USAID's environmental compliance regulations, applicants are referred to the website: http://www.usaid.gov/our_work/environment/compliance/regulations-procedures.

ATTACHMENT 1 CRIME AND VIOLENCE PREVENTION

Background:

Under USAID/Mexico's Country Development Cooperation Strategy 2014-2018, USAID supports the Government of Mexico's (GOM) efforts to improve citizen security through the development and testing of prevention models¹¹ that mitigate the community-level impacts of crime and violence. USAID aims to facilitate the replication of successful crime and violence prevention models by the GOM and local stakeholders through the following three objectives: 1) Increasing multi-sectoral collaboration in target communities, 2) Strengthening GOM capacity to prevent crime and violence, and 3) Increasing the capacity of at-risk youth to play a productive role in their communities. Relevant to this APS, proposals should focus primarily on achieving the third objective listed above addressing prevention interventions for at-risk youth.¹²

Local Engagement Priorities:

USAID seeks innovative applications from local implementing partners experienced in implementing successful prevention models that address the risk factors that contribute to crime and violence by increasing the capacity of at-risk youth to play productive roles in their communities. USAID will consider applications that support activities in high-crime communities within the cities of Ciudad Juarez, Monterrey, and Tijuana, in addition to applications that support, in partnership with multi-sector entities, the replication of proven, successful models in other, high-crime communities within the country. With a focus on at-risk youth, proposed activities should encourage youth to stay in school, strengthen social integration and civic leadership skills, and offer opportunities to improve life skills and obtain self- or salaried-employment. Therefore, USAID seeks applications that support one or more of the areas outlined below:

- Prevent school desertion during the transitions between primary/secondary school and secondary/preparatory school through inclusive interventions¹³ within high-crime communities and help inculcate values of respect, teamwork, civic duty, self-esteem, conflict resolution, and culture of peace among students. Illustrative activities include:
 - academic/tutorial assistance;

¹¹ USAID/Mexico defines a model as a systematized approach to mitigate specific driver(s) of crime and violence. Models include the necessary components to implement a crime and violence prevention activity/approach and typically can be categorized into primary, secondary or tertiary prevention interventions.

¹² A recent internal study on crime prevention models in Mexico was completed for this technical area and an executive summary can be found at the following link: www.usaid.gov/mexico/pillar-iv-assessment.

¹³ School-centered approaches shall contemplate the participation of teachers, parents and the broader community

- education on reproductive health (with the goal of preventing teen pregnancy, a risk-factor associated with violence), gender based violence and bullying;
 - creative activities (sports, martial arts, dance, art and/or music) that incorporate crime and violence prevention education and approaches.
- Increase employability prospects for at-risk youth through vocational training and link youth to jobs and/or continued education opportunities;
 - Support innovative tertiary prevention and reinsertion activities for incarcerated youth (first-time offenders) to facilitate their reintegration to society and prevent recidivism;
 - Increase civic leadership among target youth through leadership training, civic engagement, involvement in youth networks and municipal youth councils
 - Prevent and assist victims of gender-based violence, intra-family violence and/or human trafficking.

Applications shall include an analysis of existing municipal, state, and federal data that helps identify the particular problem or risk factors to be addressed through the activity and methods for oversight and evaluation. Applications whose proposed activities target at-risk youth who are neither in school and nor employed (“*ninis*”) must incorporate an explicit methodology for identifying young participants that are most at-risk of being recruited into violence within their communities.

Partnership Objectives:

USAID/Mexico seeks to establish partnerships in order to make focused investments in the areas of crime and violence prevention mentioned above such as: school desertion, employability, tertiary prevention and to prevent and assist victims of violence. Partnerships with local universities, private sector and civil society organizations that promote a culture of volunteerism and mentoring, leverage resources, in prevention and that help sustain results after USAID funding ends, are highly encouraged.

ATTACHMENT 2 CRIMINAL JUSTICE REFORM

Background:

In 2008, Mexico signed a Constitutional Reform into law mandating that all federal entities transition from the written, inquisitorial criminal justice system to one that is oral and accusatorial. In order to improve transparency, effectiveness and efficiency of criminal justice proceedings while protecting due process, improving access to justice and respect for human rights, all state and federal justice sector actors must fully implement the reform by 2016. Through this APS, USAID/Mexico seeks to focus on strengthening the legal profession to bring practitioners of law into compliance with the new system while also better informing citizens of what these changes mean for them and increasing public support and local ownership.

Local Engagement Priorities:

Civil society plays a major role in disseminating information about Mexico's 2008 Criminal Justice Sector Reform (Reform), informing public opinion and engaging in public debate on issues ranging from due diligence in the investigation of crime to victims' assistance. Through this APS, USAID seeks to work with local implementing partners in order to promote the Reform, including promoting and monitoring its implementation; enhancing the ability of law students to understand the roles and responsibilities of various actors under the new system; and strengthening bar associations to improve the quality of the legal profession.

Specifically, USAID seeks applications that support one or more of the areas outlined below.

- Gather, manage, monitor and disseminate information to the general public pertaining to the Criminal Justice Reform; develop, manage and implement a comprehensive communication strategy that supports civil society organizations efforts to promote responsible and efficient Reform implementation and increase public awareness about the Reform's guiding principles and citizens' rights and responsibilities under the new system, such as presumption of innocence;
- Strengthen the ability of local journalists to knowledgeably report on the Reform and enhance their capacity to inform public opinion on issues related to its implementation; and/or
- Strengthen legal education in order to better prepare law schools, law students and private lawyers to practice under the new criminal justice system (proposed activities should go beyond curricula modifications). Conducting this work through alliances with universities, bar associations and private sector companies is highly encouraged.

Partnership Objectives:

Where possible, USAID/Mexico seeks to establish partnerships in order to make focused investments in the areas of criminal justice reform mentioned above.

ATTACHMENT 3 HUMAN RIGHTS

Background:

Since 2009, the United Nations and the Organization of American States human rights bodies have issued numerous international human rights recommendations to Mexico on torture, disappeared persons, aggression against human rights defenders and journalists, and violence against women, among others. The Government of Mexico has addressed these concerns by measures such as elevating Mexico's obligations under international treaties to the level of its constitution, developing a National Protection Mechanism for Human Rights Defenders and Journalists, and empowering federal authorities to investigate and prosecute human rights violators. USAID advances the protection of human rights and prevents abuses by providing technical assistance to the Mexican Government and strengthening civil society efforts on human rights protection, public outreach and awareness-raising of human rights violations at a national level. USAID promotes the incorporation of human rights-based approaches into federal and state-level policies, and facilitates dialogue and engagement between the Government of Mexico (GOM) and civil society on human rights issues.

Local Engagement Priorities:

Local implementing partners are well-positioned to engage in dialogue with the GOM, advocate for reform, and sustain results beyond the life of a project. Local organizations often have a better understanding of the political and environmental context and greater sensitivity to social and cultural human rights issues. Accordingly, this APS seeks innovative applications that advocate, monitor and evaluate human rights issues, including GOM implementation of recommendations made by international human rights bodies (e.g., via its National Human Rights Plan) and that promote transparency and accountability. Applicants should develop capacity-building plans to strengthen their capacity to constructively engage the GOM on the protection of human rights. In particular, USAID seeks applications that support one or more of the areas outlined below:

- Advocate for and monitor the implementation of the human rights recommendation(s) of international human rights bodies, (such as those from the United Nations and Inter-American System) and engage in informed dialogue with the GOM about them;
- Engage the GOM in the development of public policies that address human rights priorities such as disappearances, violence against women, and victims of human rights violations;
- Develop an “early warning” mechanism for monitoring and measuring progress regarding the protection of specific human rights;

- Support the incorporation of human rights studies into the curricula of Mexican schools and universities;
- Provide technical assistance and training to help civil society organizations (CSO) and GOM to strengthen their capacity to address human rights issues/violations, and/or to incorporate gender considerations into program planning and implementation; and/or
- Support public awareness campaigns about salient human rights issues through strategic partnerships between CSOs and traditional/digital media to expand the impact of awareness campaigns.

Partnership Objectives:

Where possible, USAID/Mexico seeks to establish partnerships in order to make focused investments in the areas of human rights mentioned above.

ATTACHMENT 4 GLOBAL CLIMATE CHANGE

Background:

USAID/Mexico's Global Climate Change (GCC) program is focused on increasing the number and types of partnerships with Mexican non-governmental organizations that, using innovation, can work with USAID/Mexico towards the achievement of the shared goal of mitigating global climate change.

Local Engagement Priorities:

The Program is aimed at collaborating with local organizations to develop innovative approaches to fostering sustainable landscapes and reducing Green House Gas (GHG) emissions from land-use, land-use change and deforestation and forest degradation, and expanding the adoption of renewable energy and energy efficient technologies in Mexico.

Partnership Objectives:

The projects supported under this mechanism will address Clean Energy or Sustainable Landscapes topics with the aim of achieving GCC mitigation benefits. In particular, USAID/Mexico will be seeking innovative proposals with the potential to lead to transformative (as opposed to incremental) improvement, to outcomes that can be eventually scaled up. Innovative approaches to GCC mitigation could include the use of new technologies or new delivery practices or novel or more cost-effective variations on existing practices that address GHG mitigation efforts.

Proposals suitable for this funding will identify the specific GCC development challenge being addressed; provide a technical proposal that convincingly demonstrates the project's innovativeness; provide a clear plan for rigorously measuring impact and cost-effectiveness and demonstrate the feasibility of scaling the proposed initiative.

**ATTACHMENT 5
CONCEPT PAPER FORMATS**

TYPE 1 CONCEPT PAPER

Project Name:

Project Timeframe (Estimated Start / End Date):

Total Amount of Funding Requested:

Applicant:

Applicant Contact Person:

Applicant Address:

Telephone Number:

E-mail Address:

Mexican Organization

Yes

No

Project Summary

Project Opportunity

Explain the purpose of the project – what development problem/issue will the project address?

Project Goals and Objectives

Explain the goals of the project – what is the project trying to achieve?

Link to APS

Select which of the four areas of the APS the project is linked to:

- Crime and Violence Prevention Human Rights
 Criminal Justice Reform Global Climate Change

Explain how the project contributes to the chosen technical objective.

Project Strategy

Explain the proposed approach to addressing the project issue / opportunity.

Project Beneficiaries

Describe the specific number and type of beneficiaries to be reached (i.e. women, youth, general population, working-age men, rural farmers, etc.)

Geographic Location

Describe where the activities will be carried out and where they are expected to have an impact.

Primary Project Activities

Briefly summarize the main project activities.

Cross-Cutting Practices

Briefly summarize how the project will apply the suggested cross-cutting practices in the APS.

Expected Impact and Indicators

Summarize the main expected outputs and outcomes from the project.

Technical / Administrative Capabilities

Organizational Capacity

Describe your organization's technical and administrative capacity.

Partnership Arrangements

Describe any expected partnership arrangements in detail, with the names of the partner organizations and their specific role in the project.

CONCEPT PAPER FORMATS

TYPE 2 CONCEPT PAPER

Project Name:

Project Timeframe (Estimated Start / End Date):

Total Amount of Funding Requested:

Total Amount of Leverage:

Applicant:

Applicant Contact Person:

Applicant Address:

Telephone Number:

E-mail Address:

Mexican Organization

Yes

No

Project Summary

Project Opportunity

Explain the purpose of the project – what development problem/issue will the project address?

Project Goals and Objectives

Explain the goals of the project – what is the project trying to achieve?

Link to APS

Select which of the four areas of the APS the project is linked to:

- Crime and Violence Prevention Human Rights
 Criminal Justice Reform Global Climate Change

Explain how the project contributes to the chosen technical objective.

Project Strategy

Explain the proposed approach to addressing the project issue / opportunity.

Geographic Location

Describe where the activities will be carried out and where they are expected to have an impact, if identified.

Primary Project Activities

Briefly summarize the main project activities.

Cross-Cutting Practices

Briefly summarize how the project will apply the suggested cross-cutting practices in the APS.

Organizational Capacity

If the implementing organization has been identified, describe the organization's technical and administrative capacity.

Partnership Arrangements

Describe any expected partnership arrangements in detail, with the names of the partner organizations and their specific role in the project.

ATTACHMENT 6 NEGOTIATION AND PRE-AWARD CONSIDERATIONS

Common areas that require discussion and agreement prior to award

1. Branding Strategy and Marking Plan

USAID/Mexico has flexibility in branding approaches depending upon the type of activities proposed and the specific conditions of program implementation. Not all programs will require the same type of recognition of USAID support. Depending on the circumstances, the organization may be requested to propose a branding strategy and marking plan which provides for appropriate acknowledgment of USAID/Mexico support, and which will become a material element of the grant.

Important, useful information on USAID's branding and marking policy can be found in USAID's on-line Automated Directive System (ADS) Chapter 320. ADS Chapter 320 sections concerning "assistance" apply to this APS. ADS Chapter 320 sections concerning "acquisition" do not apply to this APS. ADS Chapter 320 can be found on the USAID website:

<http://www.usaid.gov/policy/ads/300/320.pdf>. A helpful list of Frequently Asked Questions (FAQs) about branding and marking can also be found on the USAID website: http://www.usaid.gov/branding/marketing_faq.html.

2. Payment terms

These may include payment through the provision of advances, direct reimbursement, or payment through a fixed obligation grant where payments are made based upon the achievement of specific results.

3. Administrative procedures

These may include items concerning administrative reporting and logistical requirements for the program, including training components.

4. USAID-desired involvement

If USAID's role during the implementation of the award is substantial, a 'cooperative agreement' form of grant may be awarded which will contain the details of USAID's involvement. This may include approval of the implementation plan, approval of key personnel, and/or collaboration or joint participation of USAID and the recipient on the program.

5. Other

Additional award terms may be included, such as special provisions and/or special award conditions. **Pre-Award Certifications, Assurances and Other Statements of the Recipient** Organizations may be required to provide the following certifications, assurances and other statements. Complete copies of these Certifications, Assurances, and Other Statements shall be included if a full application is requested, and will be provided by USAID if an invitation to submit a full application is made by USAID.

- a. Certification Regarding Lobbying
- b. Prohibition on Assistance to Drug Traffickers for covered assistance in covered countries;
- c. Certification Regarding Terrorist Financing Implementing Executive Order 13224;
- d. Key Individual Certification Narcotics Offenses and Drug Trafficking;
- e. Survey on Ensuring Equal Opportunity for Applicants; and
- f. All applicants must provide a Data Universal Numbering System (DUNS) Number.

Relevant Guidance

USAID Automated Directive System (ADS), Chapter 303, contains USAID policy and procedures concerning "Grants and Cooperative Agreements to Non-governmental Organizations" and is available on our agency website: <http://www.usaid.gov/policy/ads/300/303.pdf>.

Copies of referenced documents may be found via USAID ADS Chapter 303, including links to other websites. Copies of the referenced documents may also be requested from the points of contact listed in this APS.

Successful applicants will be expected to implement activities in compliance with USAID regulations defined in Title 22, Code of Federal Regulations, Part 216 (22 CFR 216). Prior to award, USAID will prepare an Initial Environmental Examination (IEE) covering the types of activities expected to be implemented under this APS. The IEE will provide guidance to applicants regarding which activities can be implemented without additional consideration and which may require consideration of additional environmental analysis, monitoring and/or mitigation measures.

ATTACHMENT 7 – THE LEVERAGE REQUIREMENT

The GDA Leverage Requirement: Increased Impact via Private Sector Engagement and Resource Mobilization

In an effort to facilitate substantial alliance investments, broaden the level of partner engagement, and help enhance the prospects of sustainable, wide scale impact, **a GDA must mobilize private sector expertise, contributions and resources on at least a 1:1 basis.** For example, if USAID (and/or other US Government (USG) agencies or entities) invests \$1 million in an alliance, the array of contributions and resources provided by the private sector partners **must have a value equal to \$1 million and will preferably have a value significantly greater than \$1 million.** The private sector resource contribution must equal and, in general, should significantly exceed the level of resources provided by the USG. In fact, the level of resources mobilized by and from the private sector has historically been three to four times the level of resources contributed by the USG.¹ **USAID refers to this private sector resource mobilization as leverage.**² While an alliance may mobilize a variety of other resources from a range of other sources, **the 1:1 leverage requirement must be met through the mobilization of private sector expertise, contributions and resources.**³

A. Leverage as Means to Increased Impact

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

The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.⁴

¹ Alliance ideas capable of engaging the private sector in a manner that fosters significantly greater levels of development impact, extensive private sector commitment, and higher ratios of private sector resource mobilization relative to USG resource contributions, such as 5:1 or higher, will generally be more compelling.

² The Agency policy underlying the application of leverage in the 2013 GDA APS can be found in AAPD 04-16.

³ USAID recognizes that in many instances, resources mobilized from other sources might be critical to the success of an alliance, its ability to foster and advance market based approaches and solutions, and its ability to increase the reach, efficiency, effectiveness and sustainable impact of USAID's investments. For example, contributions from host country governments and Public International Organizations (PIOs) such as the World Bank or UNDP could be vital to the scope or sustainability of alliance results. In such cases, these contributions can be counted toward the **overall resource mobilization** achieved by the alliance. **However, the mobilization of such additional resources does not count toward nor substitute for leverage. The 1:1 private sector resource mobilization requirement - the leverage requirement – must always be satisfied.**

⁴ 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 core aspect of the GDA model (<http://www.usaid.gov/gda>). At the same time,

USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that

Meeting the leverage requirement is not a narrow accounting exercise. Rather, it is an effort to identify the programmatic inputs that will most effectively increase the impact of USAID's development assistance and the success of the alliance. While some prospective implementing partners 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 critical development challenge typically reveals a variety of resources and assets that can be mobilized to advance the success of the alliance. Prospective implementing 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. The resulting leverage typically exceeds the 1:1 requirement.

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

In addition, the Agency will prioritize private sector resources and contributions based on which offer the greatest prospect and value with regard to increasing the scale, efficiency, effectiveness and sustainable impact of USAID's development investments. In general, and consistent with USAID's commitment to facilitate market-led development, the mobilized resources and contributions should support and advance market-based, market-driven, market-informed or market-oriented approaches and solutions.⁵

B. What Counts and Doesn't Count as Leverage

In order to count toward the 1:1 private sector resource mobilization requirement and constitute leverage, the contributions and resources mobilized from the private sector must satisfy the criteria set forth in this section while also offering the sort of increased impact and value proposition discussed in Section A of this appendix.

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.

⁵ Note: The priority placed on market-based approaches and solutions does not completely preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect core private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments. However, priority will be given to approaches and solutions that are market-based, market-driven, market-informed or market-oriented. This would be consistent with USAID's commitment to facilitate market-led development.

1. What Counts?

In practice, leverage is typically a combination of cash and in-kind contributions. Examples of in-kind contributions that USAID might accept as leverage include:

- Commodities⁶ such as drugs, foodstuffs or equipment
- Use of training or other purpose-specific facilities necessary to a program's implementation
- Value of time donated by technical consultants or company employees whose work and expertise is necessary to a project⁷
- Value of salaries for staff dedicated to a project
- Technology, communications and capital assets
- Intellectual property rights
- Licenses

When determining whether or not the private sector resources and contributions can count as leverage, USAID applies the following criteria:

a) Nature and Origin: The contributions and resources should originate and be mobilized for the explicit purpose of supporting and advancing the alliance. The resource mobilization should stem from the active engagement of the private sector partner in the design and development of the alliance in question.⁸ As a result, the contributions and resources must be private in nature and origin;⁹ they must come from a critical and core partner to the alliance; and they must come from one or more of the following sources:

- i. Private for-profit entities such as a business, corporation, or private firm;
- ii. Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;
- iii. Private investors (individuals or groups);
- iv. Private business or industry associations, including but not limited to chambers of commerce and related types of entities;
- v. Private grant-making foundations or philanthropic entities;¹⁰ or
- vi. Private individuals and philanthropists.¹¹

⁶ Note that the GDA APS should not be used to solicit funds for transportation of donated commodities.

⁷ While USAID recognizes that various types of volunteers can add value to the implementation of an alliance, the value of volunteer time typically does not count as leverage unless it is provided by employees or technical consultants who work for or with one of the private sector **institutions** listed in Section B.1 of this appendix. If an organization wishes to seek an exception to this practice, the organization would have to provide reliable objective data capable of supporting a clear and specific valuation of the services to be rendered by the volunteers, being sure to account for known or likely variations in the expertise, experience and performance of the various volunteers.

⁸ For example, if one of the private sector entities listed in B.1 Nature and Origin made a contribution to an NGO or higher education institution (HEI) to support the NGO's or HEI's broad mission, the NGO or HEI might seek to draw on that contribution to meet the leverage requirement. Such a contribution would not count toward the leverage requirement because it was not originally provided to advance the alliance, nor did it stem from the engagement of the private sector entity in the design and development of the alliance in question.

⁹ Funding from other USG agencies does not count toward leverage. On the contrary, alliances are generally expected to mobilize and leverage resources at a level that equals or exceeds the overall USG contribution to the alliance, not just USAID's contribution.

¹⁰ If an NGO receives awards and funding from external sources and then makes sub-grants to other organizations as part of implementing such awards, it does not thereby become defined as a grant making foundation or philanthropic

entity. An organization must be formally constituted as such a foundation or entity; in fact, the vast majority of USAID's NGO implementing partners do not fall within this category.

¹¹ Note: under this APS, traditional implementing partners, such as NGOs or HEIs, regardless of whether the HEI is private or public, do not satisfy the source criteria set forth here in B.1(a). As a result, resources contributed by such

b) Value Proposition and Development Impact: The resources and contributions mobilized from the private sector should, in combination with the support requested from USAID, provide the alliance with a comparative advantage (over not using an alliance) in achieving significant and sustainable impact on the targeted development challenge. Partners need to articulate the unique contributions and value that the private sector resources and partners bring to the project and how such contributions and value will help produce significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability.¹² In general, the mobilized resources and contributions should support and advance market-based, market-driven, market-informed or market-oriented approaches and solutions as this would be consistent with USAID's commitment to facilitating market-led development.¹³

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

d) Composition: Generally, a minimum of 25% of the private sector resources and contributions should be in the form of cash. Consistent with the impact objectives discussed in Section A of this Appendix, USAID may consider lower levels of cash if the alternative resources and contributions clearly offer greater results and impact. However, higher levels of cash tend to be preferred given the flexibility cash provides with regard to supporting alliance activities. In addition, and depending on the alliance ideas in question, the partners involved, and other circumstances and considerations, M/B/IOs may encourage or specifically request higher levels of cash contributions – either as part of an applicant's concept paper or, if warranted, an applicant's full application.

traditional implementing partners would not satisfy the Nature and Origin criteria set forth in this section and would not count as leverage. (However, such resources could be counted toward the overall resource mobilization achieved by an alliance). With regard to traditional implementing partners and their valuable assets and expertise, this APS seeks to promote their extensive outreach to and engagement of the private sector partners listed in B.1(a) so as to identify ways in which our collaborative efforts and our diverse assets and expertise can increase the reach, efficiency, effectiveness and sustainable impact of our joint and respective development investments. This should help all of us (USAID, our traditional implementing partners, and the private sector) better develop and implement innovative and highly effective development solutions. See also Section C of this Appendix.

¹² USAID recognizes, expects and advocates that the private sector contributions and resources should advance the core interests of the private sector partner. Indeed, seeking the intersection between those core interests and USAID's development objectives is a core element of the GDA model (<http://www.usaid.gov/gda>). At the same time, USAID resource investments are not subsidies to the private sector or substitutes for private sector investments that would otherwise be made in the absence of USAID's resources. The Agency's resources work in combination with the private sector resources; this enables the partners to achieve a set of outcomes, results and impacts that advance each of the partner's respective interests, while also fostering a broader social and economic good, asset or situation that others can draw upon to advance social and economic development.

¹³ Note: The priority placed on market-based approaches and solutions does not completely preclude consideration and adoption of other types of approaches and solutions, provided such approaches reflect core private sector / business interests and significantly increase the reach, efficiency, effectiveness and sustainable impact of USAID's development investments. However, priority will be given to approaches and solutions that are market-based, market-driven, market-informed or market-oriented as this would be consistent with USAID's commitment to facilitating market-led development.

If resources that are mobilized to advance an alliance do not satisfy the above criteria, they cannot be deemed leverage and would not count toward the 1:1 private sector resource mobilization requirement.¹⁴

Questions often arise regarding the timing and reliability of proposed leverage. So long as the mobilization and provision of the resources takes place as a consequence of the resource partner's participation in alliance development discussions (See above Criteria #2: Purpose and Rationale), the resources can be mobilized – in whole or in part – at various times: at the outset of the alliance development discussions; during the subsequent alliance development efforts; or at the time of or subsequent to the signing of the alliance MOU or USAID's agreement with an implementing partner whose work will implement activities under the alliance.¹⁵ Typically, resources are formally mobilized subsequent to the signing of an alliance MOU or USAID's agreement with the implementing partner under an alliance. However, private sector resources may be contributed throughout the alliance and partners may elect to stage their contributions. If resources and contributions are not mobilized prior to the signing of an alliance MOU or USAID agreement with implementing partners, the contribution of the resources should be reliable enough to provide USAID and the other alliance partners with high confidence levels and the ability to reasonably rely upon such resources in the planning and implementation of activities under the alliance.

2. Can Equity and Loans Count as Leverage?

Questions also arise regarding the use of equity, loans or loan guarantees as leverage. Under the 2013 GDA APS, USAID will conduct a pilot approach. Under this pilot, equity investments and loans can be used as leverage subject to the considerations set forth in the next two paragraphs and the criteria listed in the sections entitled "Equity Investments," "Loans," and "Private Loan Guarantees." In addition, IDEA/GP will develop and provide a set of [illustrative equity and loan examples](#) as this pilot unfolds. Please note that loans and loan guarantees provided under a DCA activity cannot be counted as leverage.

If the Mission/B/IO becomes aware that partners to an alliance are seeking to count equity or loans as leverage, the Mission/B/IO should inform IDEA/GP. As this is a pilot, IDEA/GP is committed to bringing together the appropriate Mission and USAID/W personnel in a collaborative effort aimed at facilitating shared knowledge of emerging approaches. Such collaboration will hopefully foster more effective approaches and accelerate replication of such approaches. In order to promote and ensure this collaboration, IDEA/GP clearance will be needed before equity or loans can formally be approved as leverage.

USAID builds alliances with the private sector in an effort to mobilize our respective resources, expertise and other assets in a manner that advances our relevant interests and increases the scale, efficiency, effectiveness and sustainable impact of the Agency's development investments. Our contributions are not a subsidy to the private sector or commercial investment but a set of complementary and supplementary assets that, in conjunction with the private sector's

¹⁴ Of course, such resources could count toward the overall resource mobilization achieved via the alliance if they are deemed relevant and valuable to advancing the objectives and success of the alliance.

¹⁵ An exception can be made for resources provided to USAID by a private sector entity under USAID's gift authority. Such funding might be provided well before an alliance is discussed or actually developed.

engagement, increase the development results and impact arising from our respective efforts and investments. Typically, USAID's involvement and contributions are meant to address matters that the private sector would likely not otherwise address or be able to address as effectively.

Equity Investments: In keeping with the perspective set forth in the previous paragraph, equity investments can count toward leverage if each of the following conditions is met:

- **MOU** - The entities providing the equity investments have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the equity investments and USAID understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the equity investment, and other partners to the alliance as appropriate.¹⁶
- **APS Criteria and Requirements** - The other evaluation criteria and leverage requirements set forth in this APS are satisfied, including how the equity investments will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the equity investments will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. In addition, and consistent with Section B.1 (a) noted above, the equity should be new equity that will be invested concurrent with the implementation of the alliance;
- **Increased Development Results** - USAID's participation in the proposed alliance enables the equity investment of the resource partner to be leveraged in a manner that will significantly increase or improve development results stemming from such investments;
- **Expanded Activity** - USAID's participation in the proposed alliance prompts additional actions or engagements by the equity investors that would not have taken place in the absence of USAID's involvement and that will increase or improve the results of the alliance;¹⁷
- **Broader Benefit** - The alliance fosters a broader public, social and economic good, asset or situation that others can draw upon to advance social and economic development and USAID funding is used to support activities that benefit parties beyond just the equity investors or the businesses in which the equity is invested. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or the alliance involves

¹⁶ In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the equity investor(s) practices are consistent with a commitment to responsible investing. This can be done in a number of ways, including being a signatory to well-regarded responsible investment protocols or responsible investing standards.

¹⁷ This might be an increase in the level of private capital invested (e.g. by the existing equity investors or new investors who wouldn't have otherwise participated); it might be an expansion in the geographic footprint of businesses and communities to be targeted for investment activity (e.g. businesses in rural communities that are priority targets in terms of host-country and USAID development objectives); it might be providing resources and expertise to support the development of institutions and a broader enabling environment conducive to equity investment consistent with advancing broad-based, inclusive economic growth; or it might be resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the equity investors and partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the equity investments.

- **Value** – In general, the value of the equity should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of equity are acceptable in light of additional development considerations and the particular alliance in question. If that’s the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from IDEA/GP.¹⁸
- **Notes:**
 - USAID funding does not represent equity investment capital.¹⁹
 - One can only count equity investments that are INPUTs to the alliance; returns on equity and other outcomes of the investments cannot count as leverage.

Loans: For activities other than DCAs, loans can count toward leverage if:

- **MOU** - The entities providing the loans have engaged in extensive communication, robust collaboration and the joint design and development of alliance activities with USAID; each of the entities providing the loans and USAID understands and is able to articulate the shared and respective roles, responsibilities, risks and rewards facing the partners to the alliance; and an MOU is entered into between USAID, the entities providing the loans, and other partners to the alliance as appropriate.²⁰
- **APS Criteria and Requirements** - The other evaluation criteria and leverage requirements set forth in this APS are satisfied, including how the loans will contribute to clear, measurable and significant outputs, outcomes, results and impact and how the loans will help produce clear, measurable and significant development results better, faster, and/or more cost effectively, and with a greater chance of long-term sustainability. In addition, and consistent with Section B.1 (a) noted above, the loans should be new loans that will be provided concurrent with the implementation of the alliance;
- **Increased Development Results** - USAID’s participation in the proposed alliance enables the loans to be leveraged in a manner that will significantly increase or improve development results stemming from such investments;
- **Expanded Activity** - USAID’s participation in the proposed alliance prompts additional actions or engagements by the lenders that would not have taken place in the absence of USAID’s involvement and that will increase or improve the results of the alliance;²¹

¹⁸ Historically, GDAs have leveraged private sector resources at a 4 to 1 ratio – without counting equity as leverage. Given this historical practice, and the level of equity investments increasingly becoming available in developing countries, the request that the value of the equity should be five times the value of USAID’s contribution should often constitute a reasonable target – subject to the particular circumstances and alliance in question.

¹⁹ Other USG Agencies (e.g. OPIC) and other institutions (e.g. IFC) are better positioned to determine the merits of and potentially provide such contributions to the capital available for equity investments.

²⁰ In conducting the due diligence required to enter in to an MOU, and consistent with the risk and reputation concerns that underlie the due diligence requirement, USAID should determine whether the lender(s) practices are consistent with a commitment to responsible lending. This can be done in a number of ways, including being a signatory to well-regarded responsible investment protocols or responsible investing standards.

²¹ This might be an increase in the level of lending, an expansion of the lending program to additional individuals or locales; a change in the terms of lending; the provision of resources and expertise to support the development of

- **Broader Benefit** - The alliance fosters a broader public, social and economic good, asset or situation that others can draw upon to advance social and economic development and USAID funding is used to support activities that benefit parties beyond just the lenders or the parties in which the equity is invested. For example, the alliance helps foster the development of institutions and a broader ecosystem or enabling environment conducive to lending consistent with advancing broad-based, inclusive economic growth; or the alliance involves training, consumer education, or technical assistance efforts that benefit stakeholders beyond the recipients of the loans.
- **Value** - In general, the value of the loans to be counted as leverage should significantly exceed the value of funding USAID will contribute to the alliance, preferably at a ratio of 5 to 1 or greater. However, Missions/B/IOs may determine that lower levels of loans are acceptable in light of additional development considerations and the particular alliance in question. If that's the case, Missions/B/IOs should communicate the rationale for lower resource mobilization ratios when seeking clearance from IDEA/GP.²² In addition, in order to be counted as leverage, the loans in question must be "capital at risk." For example, if a lender provides \$2 million in loans, but \$1 million is guaranteed against default, then the lender is only placing \$1 million (\$2M - \$1M) "at risk." Therefore, only \$1 million of loans could be counted as leverage.
- **Notes:**
 - USAID funding does not represent lending capital.
 - One can only count loans that are INPUTs to the alliance, not loans that are OUTCOMEs of the alliance.
 - Loans that are provided through or as a direct outcome or result of a DCA activity cannot count as leverage.

3. What Doesn't Count

In addition, certain types of resources cannot be counted as leverage. For example:

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

Partners will sometimes try to meet the leverage requirement by proposing and counting up a number of small contributions like meeting space, training refreshments, transportation costs,

institutions and a broader enabling environment conducive to lending consistent with advancing broad-based, inclusive economic growth; or it might be the provision of resources or contributions that specifically support the delivery of program activities by an implementer under the alliance. The key is that USAID's participation in an alliance should somehow prompt the lender partners to make some sort of change in their efforts that offers the prospect of increased or improved development results.

²² Historically, GDAs have leveraged private sector resources at a 4 to 1 ratio – without counting loans as leverage. Given this historical practice, and the level of loans increasingly becoming available in developing countries, the request that the value of the loans should be five times the value of USAID's contribution should often constitute a reasonable target - subject to the particular circumstances and alliance in question.

etc. Such contributions rarely count as leverage. As noted above, meeting the leverage requirement is not an accounting exercise. One must ask whether the proposed contributions (and the time it takes to track and verify them) are adding real and significant value to the partnership. If not, the contributions would fail to meet several criteria listed in this section and be inconsistent with the considerations and objectives discussed in Section I.A.

While leverage is pursued in order to increase the outcomes and impact of a proposed alliance, the outcomes do not count as leverage. 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 develop a partnership to increase financial services to small businesses. The partnership's activities include small business training, awareness raising and market analysis. The bank contributes their experts' time and the production of training materials to the partnership. These contributions are inputs and would be considered "leverage." **As a result of the activities conducted through the partnership/alliance**, the bank increases their loans to small businesses by \$5 million. The \$5 million in loans is an outcome of the partnership activities. It is not leverage.

C. Can Implementing Partners Provide Leverage?

In most GDAs, USAID enters into an agreement with and makes an award to an implementing partner to conduct activities aimed at achieving the goals and objectives of the alliance. In such situations, implementing partners sometimes seek to act as resource partners as well; that is, they seek to contribute cash and in-kind resources that will shape the core activities and advance the key results, impact or strategic value of a GDA. Whether or not such resources can be counted as leverage depends on three factors:

1. Is the implementing partner a private sector partner as set forth in Section B.1 of this Appendix?
2. Do the resources meet the criteria set forth in Section A and Section B of this Appendix?
3. Does the implementing partner intend to count the resources as "cost-share" under the terms of the award agreement with USAID? Resources counted by a partner as cost-share cannot also be counted by the same partner as a leverage contribution by that same partner. (See below: *Section D: What is the Relationship between Leverage and Cost-Share?*)

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

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

As discussed above, USAID pursues alliances as a means of developing productive relationships with the private sector, particularly business, and mobilizing an array of resources and expertise from the private sector to advance development objectives. Market-based and market-informed approaches are core to the alliance model (<http://www.usaid.gov/gda>). Given those priorities, GDAs should involve private sector partners and private sector resources and contributions; NGOs and HEIs seeking to serve as implementing partners must identify the private sector partners, private sector contributions and private sector resources the NGO or HEI is engaging and mobilizing under a proposed alliance.

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

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

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

Leverage describes the quantifiable contributions provided by resource partners to a GDA. Unlike cost sharing or matching, which is an important element of the USAID/grantee relationship, leverage is not intended to be binding or auditable. It is not subject to traditional audit standards as it is not intended to be held to the same level of accountability as cost-share or matching.²³ However, given the strategic and programmatic value that leverage should contribute to the alliance, applicants are expected to identify what enhanced results are expected from any leverage proposed and provide and implement a mechanism for tracking / reporting that contribution.

2. The determination of what constitutes leverage is based on the objective, considerations and criteria set forth in this APS; the determination of what constitutes cost-share is set forth in (22 CFR 226.23 and ADS 303.3.10).

3. If resources contributed by an organization are to be counted as leverage under an alliance, they cannot also be counted by the same organization as cost-share. Likewise, if resources are to be counted by an organization as that organization's cost-share contribution, they cannot also be counted as that organization's leverage contribution. While USAID welcomes cost-share under the GDA APS, cost-share does not count toward the meeting of the 1:1 leverage requirement.

Prospective implementing partners sometimes have difficulty distinguishing cost-share and leverage. Part of the challenge arises from the fact that certain types of resources, such as personnel time or facilities use, are acceptable as cost-share or leverage. However, as noted in this section, the partners must decide whether such resources will be counted as leverage or cost-share. Under any given alliance, for any given partner, leverage and cost-share are mutually

²³ 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 226.23, and for non-U.S. organizations it is subject to the Standard Provision, “Cost Share”; and can be audited.”

exclusive. If personnel time is counted as an organization's cost-share contribution, it cannot be counted as that organization's leverage contribution.

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

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

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

F. Additional Questions and Information

If prospective partners have any questions about leverage or the distinction between leverage and cost-share, please feel free to contact USAID/Mexico at mexicoaps@usaid.gov