



Private Sector Engagement Spotlight on Co-creation: The CrossBoundary Energy Partnership

Co-creation can take many forms, ranging from a series of phone calls with a prospective partner to a structured, facilitated series of workshops with many partners.

A Global Development Alliance (GDA) is one way USAID works with the private sector to co-create and implement market-based solutions to key development challenges.

The GDA Annual Program Statement (APS) is an invitation to the private sector and other potential partners to co-create such solutions with USAID. After exploring whether and how their interests align, USAID and the private sector jointly develop market-based approaches aimed at achieving their business and development interests.

To learn more about the co-creation process under the GDA APS, visit www.usaid.gov/gda/co-creation-process or contact gda@usaid.gov.

To Explore additional Private Sector Engagement (PSE) resources visit www.usaid.gov/work-usaid/private-sector-engagement or contact the USAID PSE Hub at globalpartnerships@usaid.gov.

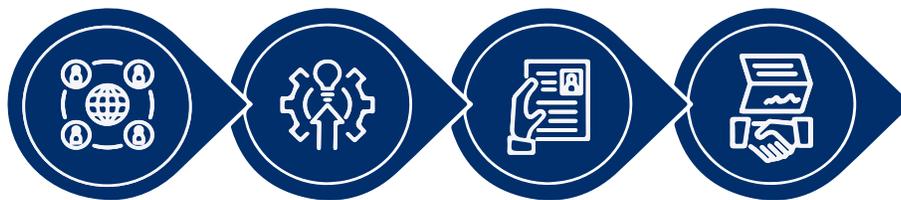
Expanding USAID’s Partnering Toolkit

How did **CrossBoundary Energy**, a mission-driven investment firm that raises capital to finance affordable, efficient, and clean energy installations for sub-Saharan African enterprises, use the GDA APS to co-create a clean energy fund with USAID?

Opportunities, Challenges, and Aligned Interests

Launched in 2013, USAID’s [Power Africa](#) creates partnerships with the private sector to increase access to clean and efficient electric power in sub-Saharan homes and businesses. A challenge for many businesses on the continent is that many national grids cannot deliver electric power on a reliable basis. As a result, businesses often rely on diesel generators for power, motivated by a lower upfront cost, compared to renewable energy sources such as solar. Unless the upfront cost of solar power is reduced, businesses have strong financial incentives to use dirty energy sources such as diesel, which simply perpetuates a “dirty status quo.”

CrossBoundary Energy responded to the GDA APS’s open invitation to the private sector in 2013 with a novel idea: bypass the utility companies and go straight to consumers and businesses to finance solar installations. USAID and CrossBoundary Energy [created a fund](#) with blended private and public financing for solar energy installations. African businesses now have access to an “energy as a service” model, whereby they can pay a monthly tariff for their power and avoid the large upfront capital costs of clean energy installations. The initial \$1.3 million grant USAID provided to the CrossBoundary Energy fund attracted more than \$10 million in private sector equity and has been paid back to the U.S. Treasury with a five percent return.



INITIATE

Do we have something to talk about?

EXPLORE

Identify aligned interests

DIG DEEPER

Develop market-based approaches

MAKE A PLAN

Determine roles and responsibilities

COMMIT

Formalize partnership with appropriate agreements

COLLABORATE

Continue co-creative spirit throughout implementation

Phases of co-creation



Good Co-creation Practices

Step out of your comfort zone. It took time for USAID to get comfortable with the idea of working through an infrastructure fund. But the effort to explore new approaches was one of the precursors to USAID General Counsel approving a policy change that made it easier to structure GDAs with for-profit grantees that had an investment focus, such as CrossBoundary.

Take advantage of communication opportunities. USAID personnel have significant freedom to communicate with prospective private sector partners to explore interests, identify challenges, and surface opportunities to work together. This communication freedom was critical to USAID's ability to understand how collaboration via an investment structure could be an effective way to achieve USAID's objectives.



Advancing PSE

USAID and CrossBoundary successfully developed and implemented a novel investment capital structure that included a plan to pay back the U.S. Treasury. The CrossBoundary GDA structure — a fund manager with private investors — provided a valuable model for a number of GDAs developed after 2013. This was unprecedented at the time and helped foster additional discussions regarding how Power Africa and USAID could leverage existing processes (such as the GDA APS), design new processes, or revise USAID policy (e.g., the Agency's treatment of program-funded income), to [de-risk investments](#) so that public and private investors will fund the projects that drive systemic reforms. USAID has incorporated these innovations in USAID mechanisms such as [INVEST](#).



The Co-creation Value Proposition

Through an open dialogue partners were able to share operational limitations and opportunities, and think beyond the scope of the traditional investment and government domains to come up with an entirely new model of partnering.

Learn more about the [CrossBoundary Energy Partnership](#)



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