



USAID Kosovo Compete Activity Annual Program Statement¹

APS No.: APS-2021-01

Subject:	Invitation to submit <i>Expressions of Interest</i> through USAID Kosovo Compete Activity’s Annual Program Statement (<u>APS No.: APS-2021-01</u>)
Purpose:	The purpose of this APS is to solicit Expressions of Interests from <i>eligible organizations</i> for funding innovative approaches to advance the objective of the USAID Kosovo Compete Activity to sustainably improve competitiveness of key Kosovo export-oriented sectors: Wood Processing, ICT, and Food Processing. Eligible organizations include legally-registered Kosovo and US-based organizations. Third-country organizations may be considered on a case-by-case basis. <i>Eligible organizations can be non-profit, for-profit, and non-governmental organizations.</i>
Issued by:	USAID Kosovo Compete Activity
Issuance date:	Tuesday, April 6, 2021
Closing date:	Friday, December 31, 2021 at 15:00 CET
Note:	<u>Early applications are encouraged.</u> Additionally, USAID Kosovo Compete Activity plans to issue future Annual Program Statements during its lifecycle.

I. Background

The USAID/Kosovo Compete Activity (hereinafter “USAID Compete Activity,” “Compete” or simply “Activity”) is funded by the United States Agency for International Development (USAID) and is implemented by Cardno Emerging Markets USA, Ltd. (Cardno) as prime contractor, along with Recura Financials and Canopy Lab as subcontractors.

Compete is a five-year USAID activity (August 2020 – August 2025) whose main objective is to facilitate the private sector’s improved competitiveness in local, regional, and international markets. Compete’s implementation approach is based on “market systems development

¹ An **Annual Program Statement** is a solicitation instrument of the USAID Kosovo Compete Activity (“Compete”) which provides a potential *partnership opportunity* with eligible organizations to further the main goals of Compete. The solicitation aims to foster extensive collaboration between USAID Kosovo Compete Activity and private sector and other eligible organizations to improve private sector and export competitiveness in key economic sectors. This APS is not to be viewed only as a grants instrument; its focus is on the proactive engagement of eligible organizations on problem identification, problem definition, solution scoping and development, and solution implementation. Based on the review of submitted concept notes, Compete will determine whether to request full applications from an appropriate partner in a proposed partnership alliance.

(MSD).” This approach is part of an evolved thinking within USAID to support private sector development through addressing systemic constraints that prevent market systems from being self-sustaining.

Based on the aforementioned approach, USAID Compete Activity seeks to empower and partner with companies, organizations, and relevant institutions through a *facilitative approach* that addresses systemic constraints. In a departure from *direct firm interventions*, the MSD approach seeks to support Kosovo to move toward self-sustaining private sector development by promoting resilient market systems.

USAID Compete Activity focuses on the following export-oriented sectors:

1. Wood Processing;
2. Information and Communications Technologies (ICT); and
3. Food Processing.

USAID Compete Activity’s work in all of its focus sectors is organized along five functional areas:

Functional areas	Description
Market Access	Facilitate market links between local companies and regional/international markets.
Diversified Finance	Support diversification of available financial products for local exporters.
Business Sophistication	Facilitate improvement of in-company management systems, structures, and tools.
Skills Development	Support the improvement of provision of industry-relevant skills.
Supporting Business Environment	Facilitate the improvement of capacities of relevant institutional actors, associations, and service providers to deliver improved services.

2. Objective and purpose

This Annual Program Statement (APS) provides a potential *partnership opportunity* with eligible organizations to further the main goals of Compete. The solicitation aims to foster extensive collaboration between USAID Kosovo Compete Activity and private sector and other eligible organizations to improve private sector and export competitiveness in key economic sectors. This APS is not to be viewed only as a grants instrument; its focus is on the proactive engagement of eligible organizations on problem identification, problem definition, solution scoping and development, and solution implementation. Based on the review of submitted concept notes, Compete will determine whether to request full applications from an appropriate partner in a proposed partnership alliance.

Through this Annual Program Statement, USAID Compete Activity invites prospective eligible applicants to submit Expressions of Interest (EOIs) to receive funding for implementation of

activities that advance the key objectives of the Compete Activity. The main objective of the Compete Activity is to ***sustainably increase the competitiveness of export-oriented sectors of Wood Processing, ICT, and Food Processing.***

This solicitation is seeking EOIs and applications from eligible organizations and entities that propose creative and innovative technical approaches, solutions, and methodologies to support the USAID Compete Activity's main objective.

3. Intended results

The expected results of the USAID Compete Activity across all three sectors are:

- 1) Market systems are strengthened to increase sector competitiveness; and
- 2) Market actors within those market systems are more productive and competitive.

During the inception phase, the USAID Compete Activity identified several constraints that undermine Kosovo's private sector and export competitiveness. Some of the main constraints include:

- a) Challenges in market access, including limited export promotion, insufficient branding, and limited sales channels;
- b) Inadequate financial products related to exporters;
- c) Underdeveloped business models within companies with weak governance and management structures;
- d) Limited access to skilled labor in line with industry needs; and
- e) A weak supporting business environment with unresponsive public policies and limited capacities among public institutions and industry associations.

Applicants to this APS should address some of the identified constraints with the goal of sustainably increasing the competitiveness of USAID Compete Activity's export-oriented focus sectors.

Applications submitted under this solicitation should aim to advance USAID Compete Activity's overall goal and contribute to at least one of the following Activity outcome indicators:

- Increase net value of exports;
- Increase jobs, including for women, youth, and minorities;
- Improve business linkages between Kosovo firms and international buyers; and
- Increase value of private and public sector investment.

Applicants are encouraged to propose *innovative yet sustainable* approaches to addressing the issues stated above and producing results to meet the Activity's objectives. In developing the approach and concept for the grant activity, applicants should review the extent to which the proposed grant activity and approach will address the stated problems/issues, further the Activity's objectives described above, and produce verifiable results that contribute to the Activity's indicators.

4. Priority areas for funding

The areas listed below provide a framework in which interested parties should consider applications. However, *as noted in Section 5 of this document*, USAID Compete Activity also welcomes applications that may fall outside of the scope presented in this section (Section 4), as long as such applications are in line with, or advance, the overall objective of the USAID Compete Activity to increase competitiveness of its export-oriented focus sectors. In some cases, especially when involving diaspora, USAID Compete Activity may also consider applications outside of its focus sectors.

Market Access

- Support expansion of diaspora-led sales channels in key regional and European export markets.
- Support promotion of Kosovo export potential through virtual showrooms.
- Support partnerships to facilitate transfer of diaspora know-how to improve export links and competitiveness.
- Support women business owners through mentorship programs with women from diaspora.
- Facilitate support to business advisory providers to improve availability of consulting services and products on export market penetration.
- Support establishment of an Export Portal to provide relevant market intelligence and business advisory services on export.
- Support establishment of product-based export hub(s) to expand export penetration.
- Improve access of local processors to established franchise businesses, particularly in the hotel, restaurant, and cafe (HoReCa) sector.
- Improve access of local food processors within Kosovo to regional and international supermarket chains.

Diversified Finance

- Introduction, expansion, and/or diversification of financial products dedicated to export-oriented companies in wood processing, ICT, and food processing sectors.
- Measures to improve internal capacities of SMEs enabling internal growth and potential investments from abroad (through partnerships, joint ventures, equity participations, etc.).
- Support partnerships and initiatives to encourage diaspora investments in export-focused business activities.
- Support introduction of adapted cost-efficient financing products and/or solutions, further enhancing production/servicing capacities of the export-oriented SMEs in Wood processing, ICT, and food processing sectors.
- Facilitate activities and/or solutions targeting empowerment of women, youth, and

minorities in the wood processing, ICT, and food processing sectors.

Business Sophistication

- Support the establishment of the Business Transparency Portal (BTP).²
- Promote business management change based on corporate governance and corporate management principles.
- Support high-potential, export-oriented companies to improve investment readiness for attracting outside financing.
- Support companies on critical certifications linked to export competitiveness.
- Support design thinking platforms to enable ICT firms to design products and services relevant for the wood and food processing industries.
- Improve end-market furniture assembly and installation capacities.³

Skills Development

- Facilitate and support private-led initiatives to improve availability of industry-relevant vocational education and training (VET).
- Support promotion of education and careers in Compete focus sectors among women, youth, and minorities.
- Support private-led partnerships by education providers to develop and deliver an executive program on architectural and interior product innovation and design.

Supporting Business Environment

- Facilitate and support the strengthening of key functions of selected industry associations in support of export competitiveness.
- Support local partners to set up and improve certification entities that can provide certification services to local industries.

5. Other areas of funding

As noted, USAID Kosovo Compete Activity shall also be open to considering and evaluating

² The creation of a sound and functional marketing platform is a key priority for Kosovar companies engaged in exports, and thus a critical goal of USAID's Compete activity in Kosovo. The priority in this activity is to promote B2B through support to companies working to advance competitiveness and export activities. This online platform will enable Kosovar to firms better represent their interests domestically and abroad. Enhanced linkages, connections, and capabilities will improve information, generate growth, and provide new opportunities to member (listed) companies. Additionally, the platform will promote relationships with existing and new customers, distributors, and partners from a single online platform. The BTP also aims to serve as an important platform to promote business-to-business (B2B) initiatives.

³ Activities in this area are aimed at supporting wood companies that are already exporting, especially to the EU market, but there is need for professional support in the segment of installation and furniture assembly capacities. The overarching goal of USAID Compete will be to facilitate the pairing of Kosovo wood producers with reliable sub-sector representatives in the EU market with specialized furniture services. In close collaboration with AWPK, Compete shall engage an out-of-country service provider to support Kosovo furniture producers with compliance training on assembly standards in key EU (and Swiss) furniture markets.

other proposals that fall outside of the main priorities areas outlined in Section 4 above. The USAID Compete Activity will provide an opportunity for potential applicants, partners, and other stakeholders to submit fundable ideas that are innovative and impactful, and in line with the overall objective of the Activity to improve private sector and export competitiveness in the focus sectors of wood processing, food processing, and ICT. *In the case of diaspora-linked interventions, the Activity will be open to reviewing and funding (on a case-by-case basis) innovative, sustainable, and impactful proposals that may fall outside of Compete's focus sectors.*

6. Grant size

Subject to the availability of funds, USAID Compete Activity intends to award grants to fund eligible applications that advance the Activity's objectives and generate results in support of those objectives.

Any awards resulting from this APS are expected to be in the range of:

- **EUR 10,000 to EUR 100,000**

Implementation period of funded activities is maximum 3 years.

7. Eligibility

All awards issued under the USAID Compete Activity funds will be subject to the eligibility requirements set forth below. Eligible organizations must be:

- Legally registered Kosovo or US-based entities, institutions, or organizations. Third-country organizations may be considered on a case-by-case basis.
- Non-profit/NGO, business associations and chambers, regional development agencies, public educational institutions (institutes, extension services, etc.), or commercial and/or for-profit organizations that understand that no profit or fee will be allowed under the grant agreement.

Eligible organizations must also:

- Demonstrate an ability to contribute to the objectives of the USAID Compete Activity and perform the award in accordance with USAID and Cardno principles and practices.
- Display sound financial, administrative, and technical management in the form of a system of controls that safeguards assets and protects against fraud and waste.
- Have a satisfactory performance record and record of business integrity and ethicality.
- Be able to attest to and sign all mandatory certifications (listed in **Annex A**).

Ineligible organizations include:

- Individuals.
- Political parties or institutions.
- Organizations that advocate, promote, or espouse anti-democratic policies or illegal activities.

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- Organizations that intend to use funding for religious objectives.
 - Entities that have misused USAID funds in the past.
 - Entities that are on the list of parties excluded from federal procurement and non-procurement programs or the United Nations Security Sanctions Committee, or have owners or managers that are so excluded.

Prior to the award of a grant under this APS, successful applicants will be required to sign a Certification Regarding Terrorist Financing certifying that the applicant's organization does not provide and has never provided assistance to terrorists for terrorist activities. Successful applicants may also be required to sign other Certifications as applicable to the award. The Certifications are attached as **Annex A** of this APS.

Prior to the award of a grant under this APS, successful applicants will also be subject to a *pre-award responsibility determination*, which will be conducted by USAID Compete Activity. In making this determination, the Activity will determine whether the applicant possesses the organizational capacity, financial capacity, internal controls, procurement systems (if required), and past performance record in order to successfully implement the grant activities. Only organizations that are determined to be responsible will be eligible for award.

No activities will be considered that have a negative environmental impact that is not mitigated.

USAID Compete Activity will award grants that address specific problems and offer practical solutions, encouraging cost-share contributions and an analysis of the sustainability of the grant activities.

Applicants are *strongly encouraged* to share the costs of implementation of the proposed project activities. Applicants that propose reasonable cost share will have additional points in the evaluation of their applications.

Grantees are encouraged to make in-kind contributions, however, as they do not involve cash expenditures for grantees, they will not be treated as co-financing. "In-kind" represents investment made in the form of goods and services, rather than in cash.

8. Expressions of Interest and Full Grant Applications

This solicitation will involve a multi-tiered application and evaluation process.

Phase I: Expressions of Interest: During the first phase, applicants are required to submit an Expression of Interest (EOI), summarizing the problem statement it aims to address, relevance of the proposed activities to USAID Compete goals, description of main proposed activities and tasks, expected results, including a management plan, past relevance experience of the applicant, and an initial proposed budget. The EOI should clearly and concisely explain the proposed grant activity's purpose, relevance, activities, and expected results in support of USAID Compete Activity's objectives as set forth in Sections 2 and 3 of this solicitation. All EOIs must be submitted in the EOI format included in **Annex B** of this solicitation and must not exceed 5 pages.

EOIs may be submitted to USAID Compete Activity at any time before the closing date and time as specified in this solicitation. ***However, early applications are encouraged.*** Applicants should submit written EOIs to USAID Compete Activity's Grants and Subcontracts Manager

electronically, via email to grants@kosovocompete.org. The closing date for the submission of EOIs is Friday, December 31, 2021, and the closing time for submission of EOIs is 15:00 hours local Kosovo time (Central European Time) on that date. EOIs submitted after this date and time will not be considered under this APS.

USAID Compete Activity will convene a Grants Selection Committee (GSC) that will evaluate EOIs submitted in response to this APS on a *rolling basis*. EOIs will be evaluated based on the criteria included in Section 9 below. Should an applicant's EOI be accepted by the GSC, the applicant will be invited to submit a Full Grant Application as detailed below.

Phase 2: Full Grant Application: Upon evaluation of EOIs, the Activity will invite organizations that submitted successful EOIs to submit a full grant application based on the concept and technical approach proposed in the EOI. All applications must be submitted in the Full Grant Application Format included in **Annex C** of this solicitation. The Full Grant Application Format requires applicants to expand in detail on the proposed grant activity, objectives, and expected results, including a description of target beneficiaries and stakeholders, a proposed staffing structure, and a detailed grant budget. The Full Grant Application must not exceed 15 pages. Applications in excess of 15 pages may not be reviewed by USAID Compete Activity.

9. Evaluation and Selection

USAID Compete Activity will convene a Grants Selection Committee (GSC) that will review EOIs submitted in response to this APS on a rolling basis. The GSC will evaluate EOIs based on the following criteria:

1. **Relevance to USAID Compete's Objectives:** Are the proposed grant activity, goals, and objectives in line with the objectives of Compete? Do the proposed grant activity, goals, and objectives contribute to the achievement of Compete goals and objectives as set forth in the APS?
2. **Understanding of the Key Issues:** Does the applicant demonstrate a clear understanding of the problems/key issues that the proposed grant activity will address?
3. **Grant Activity Goals and Objectives:** Is the overall goal of the proposed grant activity clearly stated and achievable? Does the applicant list specific objectives that will contribute to achieving the grant activity's goal? Are objectives attainable and related to the overall goal? Is it clear how achieving the grant activity's overall goal and specific objectives will contribute to solving the key issues?
4. **Proposed Tasks Activities:** Does the applicant propose specific activities that are logical, realistic, and relevant to the grant activity's goal? Will the proposed activities have a significant adverse effect on the environment?
5. **Gender, Youth, and Minority Aspects:** Does the activity target minority communities? How do the proposed activities support women, youth, and/or minorities?
6. **Outcomes/Expected Results:** Do the expected results of the proposed grant activities relate to the key issues and overall grant objectives? Are anticipated results directly linked to a specific objective?

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7. Past Experience: Does the organization have relevant past experience implementing similar activities?
 8. Innovation: Is the proposed idea(s) innovative and new in the market?

If the GSC accepts the EOI based on the above criteria, USAID Compete Activity will notify the applicant in writing and will invite the organization to submit a full grant application. The deadline for the full grant application will be communicated to the successful applicant upon notification that the EOI has been accepted. The GSC will evaluate the full grant application based on the following evaluation criteria:

1. Understanding of the Key Issues (20 points): Does the applicant demonstrate a clear understanding of the problems/key issues that the proposed grant activity will address?
2. Grant Activity Goals and Objectives (20 points): Is the overall goal of the proposed grant activity clearly stated and achievable? Does the applicant list specific objectives that will contribute to achieving the grant's goal?
3. Outcomes / Expected Results (15 points): Do the expected results of the proposed grant activities relate to the key issues and overall grant objective? Are anticipated results directly linked to a specific objective? Are the results verifiable?
4. Proposed Tasks and Activities (15 points): Does the applicant propose specific activities that are logical, realistic, and relevant to the grant activity's goal? Are the proposed activities innovative? Will the proposed activities have a significant adverse effect on the environment?
5. Staffing/Management Plan (10 points): Does the proposed staffing/management plan reflect the personnel/management needs of the grant activity? Does the applicant propose personnel with experience and skills necessary to successfully implement the proposed activities?
6. Past Experience (10 points): Does the organization have relevant past experience successfully implementing similar activities?
7. Cost Effectiveness (10 points): What resources are provided for the proposed costs? What level of cost-share does the organization propose? Is the proposed budget realistic, well-thought out, and in-line with the proposed activities? Are the proposed costs reasonable, allowable, and allocable to the grant? Is the grantee contributing cost-share?

USAID Compete Activity reserves the right to fund any or none of the applications submitted. Issuance of this APS does not constitute an award commitment on the part of the Activity, nor does it commit the Activity to pay for costs incurred in the preparation and submission of an EOI or the full grant application. Further, the Activity reserves the right to reject any or all applications received if such action is considered to be in the best interest of the US Government. Applications are submitted at the risk of the applicant; should circumstances prevent making an award, all preparation and submission costs are at the applicant's expense.

10. Award Administration

Pursuant to 2 CFR 200 Subpart E and 2 CFR 700.13, it is USAID policy not to award profit under assistance instruments. However, all reasonable, allocable, and allowable expenses, both direct and indirect, which are related to the grant activity and are in accordance with applicable cost standards (2 CFR 200 Subpart E for non-profit organizations and educational institutions, and the Federal Acquisition Regulation (FAR) Part 31.2 for for-profit organizations), may be paid under the grant.

Any resultant award will be subject to the terms and conditions of the Prime Contract for the USAID Compete Activity.

11. Annexes

- A. Certifications, Assurances, and Other Statements of Offerors
- B. Expression of Interest Format
- C. Full Grant Application Format⁴

⁴ Annex C consists of the Full Grant Application form (Word format) and Budget Form (Excel format).