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USAID Kosovo Compete Activity

Sector Competitiveness Fund

Annual Program Statement #4

APS No.: APS-2023-04

- Issued by:** USAID Kosovo Compete Activity.
- Issued date:** December 4, 2023.
- Closing date:** August 1, 2024, at 15:00 CET.
Early applications are strongly encouraged.
- Subject:** Invitation to eligible entities to submit Expressions of Interest for partnership funding to improve sector competitiveness in exports.
- Purpose:** Receive proposals by eligible organizations in the form of Expressions of Interests for improving the sector export competitiveness in food processing, ICT, and wood processing (including the modular homes/prefabricated buildings subsector).
- Eligibility:** Eligible organizations include legally registered Kosovo- and US-based organizations. Third-country organizations may be considered on a case-by-case basis. Eligible organizations can be non-profit, for-profit, and non-governmental organizations.
- Funding:** Awards will range from EUR 40,000 to maximum EUR 80,000. Awards falling below EUR 40,000 may be taken into consideration in well-justified and exceptional circumstances.
- Information:** A specific timetable for information session(s) will be published on the Kosovo Export Network at <https://www.facebook.com/KosovoExportNetwork>

IMPORTANT INFORMATION

The USAID and Kosovo Compete Activity would like to clarify to all the interested parties that it does not charge any fee at any stage of its funding process. USAID & Kosovo Compete Activity does NOT endorse any consultants and warns all applicants/respondents to check the quality of any consultants or service providers.

If you need more information or clarification, feel free to contact us at: kosovogrants@dt-global.com. Emails from domains other than @dt-global.com are not associated with the project.

DT Global Ethics Hotline Information

DT Global is firmly committed to a culture of ethics, integrity, and fairness to all of our home and field office employees and those we do business with. Our DT Global Ethics Hotline provides an opportunity for all home and field office employees and those we do business with to confidently and securely raise any issue related to possible or suspected wrongdoing. Our Ethics Hotline is implemented by a third party to maintain strict confidentiality for all reporters, and your reports will be treated with the utmost respect. DT Global adheres to a strict non-retaliation policy and we value employee contributions to the hotline. Reports can be made through:

Website: [ClearView Connects](#)

Email: speakup@coreintegrity.com.au

Mail: PO Box 895, Darlinghurst NSW Australia 1300

Phone:

Australia: 1800 765 692

Spain: 900 998 400

USA: 1 (800) 203-7008

Any country: +61 2 9053 9285

Further Details:

[DT Global Code of Business Ethics and Conduct](#)

[DT Global Corruption Risk Management Statement](#)

1. Project Background

The USAID Kosovo Compete Activity (hereinafter “USAID Compete,” “Project” or simply “Activity”) is funded by the United States Agency for International Development (USAID). USAID Compete is implemented by DT Global International Development. (“DT Global”) as prime contractor, along with Recura Financials and The Canopy Lab as subcontractors. USAID Compete is a five-year project, lasting from August 2020 until August 2025, which aims to improve export competitiveness of key sectors in Kosovo.

2. Key Sectors

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

- Wood Processing
- Information and Communications Technologies (ICT)
- Food Processing

Starting in 2022, USAID Compete has also expanded its wood sector support to the subsector on modular homes/prefabricated construction. Applications focused on this subsector are encouraged.

3. Focus Areas

USAID Compete focuses its work to improve export competitiveness in its three key sectors and modular homes/prefabricated buildings subsector based on five focus areas:

- 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.
- Business Environment: Facilitate the improvement of capacities of relevant institutional actors, associations, and service providers to deliver improved services.

4. Systemic Approach

It has been common practice for donors in Kosovo to provide funding and support initiatives aimed at improving the competitiveness of individual companies or entities. However, this is not

the approach that USAID Compete adopts. It must be emphasized that USAID Compete does not provide funding or support partnerships aimed solely at improving the competitiveness or performance of an individual business or entity. However, USAID Compete will work with and support individual companies when the resulting performance improvement will have a wider impact in the sector. For example, the purchasing of machinery for expanding production for a single company will not be supported.

Instead, USAID Compete only provides funding and supports initiatives where a bidder or applicant demonstrates that its proposed activities will have a broader systemic impact in the respective sector. The way applicants should understand “systemic impact” is if their proposed activities for funding show benefits that reach *far beyond* the level of one entity or partner. Successful proposals by applicants will make a *clear and credible argument* regarding the nature of the systemic impact the bidder expects to result from the partnership with USAID Compete.

As an example, if an individual business submits an application for funding that seeks to improve the competitiveness and growth of only *that* particular company, with no impact on the sector/subsector or other important market actors (e.g., workforce development institutions or equipment importers), then the systemic impact of this proposal would be limited and such a proposal would **not** be funded. However, if an applying company or entity can credibly argue that USAID Compete’s support can influence the way other companies or other partners in the sector do business, access qualified workers, or access finance (to give a few examples), then the initiative will have an impact on the larger market system and has greater chances of being funded.

To determine *systemic interventions*, some of the helpful questions to evaluate an intervention idea would be as follows (list not exhaustive):

- Will an intervention benefit a large number of actors/entities/companies, or only one actor/entity/company?
- Will it influence changes in the behaviors of a large number of actors? Will other actors adopt new behaviors?
- Will it help a partner experiment with a new product or service?
- Will it help to spread a new norm of competitive behavior?
- Will it give market actors more information about the market in a sustainable way?

5. Purpose of the Funding

Through this funding opportunity, USAID Compete invites prospective eligible applicants to submit proposals for funding concrete solutions or ideas that aim to sustainably improve the export competitiveness of the wood processing, food processing, and ICT sectors, as well as the modular homes/prefabricated construction subsector.

USAID Compete encourages applicants interested to secure funding through this funding instrument to view the opportunity as more than just receiving a grant. The purpose of the funding is to foster partnerships between USAID Compete and capable entities in an alliance to jointly lift up sector export competitiveness. Put another way, the funding opportunity is designed

to identify capable partners who have the knowledge and capacity to identify problems and propose solutions that are clearly aimed at lifting the export competitiveness in USAID Compete's three key sectors and the modular homes/prefabricated buildings subsector.

6. Sector Constraints

USAID Compete Activity has identified several constraints (see: [Market System and Constraints Analysis](#)) that undermine export competitiveness in the wood processing, food processing, and ICT sectors. 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 dedicated to export-oriented companies;
- 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 under this funding opportunity should demonstrate in clear terms how their proposals for funding seek to address at least one identified market system constraint (not exclusive to the examples listed above).

7. Key Desirable Outcomes

Applications submitted under this solicitation are required to demonstrate how their funding requests and proposed activities contribute to at least one of the outcome indicators below. While applications are evaluated from multiple angles, those that clearly demonstrate greater potential for impact in one or preferably more outcome indicators will (all else equal) have a greater chance of receiving funding.

- Increase net value of exports.
- Increase net value of sales.
- Increase value of (private or public) investment.
- Increase number of business linkages between Kosovo firms and international buyers.
- Increase number of new export markets penetrated.
- Increase jobs, including for women, youth, and minorities.
- Increase number of individuals completing industry-relevant training.
- Increase number of relevant export-oriented certifications obtained.
- Increase availability of financing options to companies (export financing, equity financing, etc.).
- Increase digitalization of companies.

8. Priority Areas for Funding

Through this funding call, USAID Compete welcomes any impactful and innovative application that clearly improves export competitiveness in the USAID Compete focus sectors and subsector; generates systemic change; and contributes demonstrably to the project's outcome indicators listed above.

However, USAID Compete will attach a reasonable degree of priority in funding submitted proposals that advance the implementation of the project's Year 4 Work Plan (Y4WP). The key Y4WP priorities are listed below, organized by the project's focus areas of market access, diversified finance, business sophistication, skills development, and supporting business environment. Applications benefiting the modular homes/prefabricated construction sector and in the area of product and business certifications will be considered favorably given USAID Compete strategic priorities.

Applications that include plausible links with minority and/or women-owned small businesses will be considered favorably.

Market Access

Applications under this area would focus on facilitating market links between local companies and regional/international markets. Main priorities include but are not limited to:

- Support market linkages of Compete focus sectors and expansion of diaspora, regional and international-led sales channels in international export markets.
- Improve access of local food processors to established franchise businesses (HoReCa) in Kosovo and the franchise network.
- Support strengthening of modular homes/prefabricated construction subsector's competitiveness to penetrate key export markets.

Diversified Finance

Applications under this area would focus on supporting the diversification of available financial products for local exporters. Main priorities include but are not limited to:

- Introduction and/or diversification of financial products dedicated to export-oriented companies in Compete focus sectors.
- Continued support for diversification of financial products through introduction of factoring.

Business Sophistication

Applications under this area would focus on facilitating improvement of in-company management systems, structures, and tools. Main priorities include but are not limited to:

- Support export-oriented companies to digitalize manufacturing and support processes and undergo digital transformation.

- Support Compete focus sectors to adopt relevant certifications in the framework of value chain support.

Skills Development

Applications under this area would focus on supporting improved provision of industry-relevant skills. Main priorities include but are not limited to:

- Support private-led partnerships of training centers or initiatives in all three sectors and subsector, to introduce innovative programs and curriculums in new technologies and processes (including through development of training curricula, Training of Trainers (ToT), promotion, and outreach.).

Business Environment

Applications under this area would focus on facilitating improved capacities of relevant institutional actors, associations, and service providers to deliver improved services. Main priorities include but are not limited to:

- Support local partners to set up and improve certification entities that can provide certification services to local industries.
- Support strengthening of modular homes/prefabricated construction subsector through better and effective organization of the sector.

Women and Youth

Applications under this thematic area would focus on mainstreaming women and youth in sector competitiveness activities. Main priorities include but are not limited to:

- Support partnerships to facilitate transfer of diaspora know-how to improve export links and competitiveness among women business owners.
- Support promotion of careers in wood processing, food processing, ICT, and modular homes/prefabricated buildings among women and youth.
- Support women-owned businesses Compete focus sectors to enter new markets and increase exports.
- Facilitate women business owners to gain easier access to finance or alternative investment products, particularly to increase their competitiveness and exports.

Diaspora

Applications under this thematic area would focus on mobilizing diaspora potential for enhancing sector export competitiveness in Kosovo. Main priorities include but are not limited to:

- Facilitate diaspora investments in Kosovo.
- Facilitate joint investments between diaspora and Kosovo-based SMEs (existing businesses and/or new ones), in export-focused activities.
- Leverage diaspora networks for expanding growth opportunities through regular

information flows and promotion of collaboration.

Minorities

Applications under this thematic area would focus on integrating minorities in sector competitiveness activities. Main priorities include but are not limited to:

- Support market linkages of minority-owned businesses within Kosovo and with export markets.
- Facilitate export sales channels for minority-owned Kosovo small-scale processors.
- Improve access of minority-owned local processors to established franchise businesses (HoReCa) in Kosovo and the franchise network.
- Facilitate provision of support to minority-owned companies on critical certifications linked to export competitiveness.
- Improve inclusion of minority-owned companies and staff in workforce-related interventions.
- Promote careers in wood processing, food processing, ICT, and modular homes/prefabricated construction among minorities, with focus on public/private VETs.

9. Other Areas for Funding

As noted, USAID Compete shall also be open to considering and evaluating *other proposals* that fall outside of the main priority areas listed above. USAID Compete 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 project to improve private sector and export competitiveness in the focus sectors of wood processing, food processing, ICT and modular homes/prefabricated construction. In the case of *diaspora-linked interventions*, USAID Compete will be open to reviewing and funding (on a case-by-case basis) innovative, sustainable, and impactful proposals that may fall outside of the project's focus sectors and subsector.

10. Grant Size

Subject to the availability of funds, any awards resulting from this funding opportunity are expected to be in the range of:

- EUR 40,000 to maximum EUR 80,000
- Awards falling below EUR 40,000 may be taken into consideration in well-justified and exceptional circumstances.

Implementation period of funded activities is maximum 1 year.

11. Eligible and Noneligible Funding

The list of costs that USAID Compete would and would not cover in a successful funding application (organized by type of partner) is as follows:

Partner type	USAID Compete Will Pay For	USAID Compete Will <u>Not</u> Pay For
<i>Private Sector Actors (including businesses, consulting companies, etc.)</i>	<ul style="list-style-type: none"> ✂ Business model development ✂ Product/service development ✂ International promotion 	<ul style="list-style-type: none"> ✂ Equipment ✂ Building costs ✂ Travel and accommodation ✂ Overhead
<i>Industry Associations and Business Chambers</i>	<ul style="list-style-type: none"> ✂ Staff capacity for a set period of time, with association taking on this cost later ✂ Costs associated with specific program activity 	<ul style="list-style-type: none"> ✂ Travel and accommodation for members ✂ Building costs ✂ Equipment ✂ Overhead
<i>Workforce Developers</i>	<ul style="list-style-type: none"> ✂ Equipment (evaluated on a case-by-case basis) ✂ Curriculum development ✂ Industry-recognized certifications ✂ Other fixed costs of developing training offerings ✂ Subsidize training fees if it comes with a credible plan for offering non-subsidized training in the future, or focuses on women and minorities 	<ul style="list-style-type: none"> ✂ Building costs ✂ Overhead ✂ Travel and accommodation ✂ Accreditation from public institutions

12. Eligibility of Applicants

All awards issued under the USAID Compete Activity 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/NGOs, 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 DT Global International Development 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.
- 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 funding opportunity (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. 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.

13. Cost Sharing

Applicants are strongly encouraged to share at least some of the costs of implementation of the proposed project activities. Applicants that do not propose any cost-share will not be judged advantageously. Applicants that propose significant 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.

14. Application Process

This funding opportunity will involve a multi-tiered application and evaluation process. During each stage of the application, including in the pre-application stage, USAID Compete may utilize

co-creation with applicants, which involves working together with prospective and apparently successful applicants to steer proposals toward greater impact and alignment with the objectives of USAID Compete. The full scope of what co-creation by USAID Compete with applicants will involve is outlined in Section 16 below.

Phase 1: Submission of Expression of Interest (Concept Note)

During the first phase, applicants are required to submit an Expression of Interest (EOI), summarizing the problem statement it aims to address, the relevance of the proposed activities to USAID Compete goals, description of main proposed activities and tasks, the expected systemic impact, expected results (describing how the results contribute to the project's outcome indicators), a management plan, past relevant 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's objectives as set forth in 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 at any time before the closing date and time as specified in this solicitation. **However, early applications are strongly encouraged.** Applicants should submit written EOIs to USAID Compete's Grants and Subcontracts Manager electronically, via email to Kosovogrants@dt-global.com. The closing date for the submission of EOIs is **August 1, 2024**, 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 will convene a Grants Selection Committee (GSC) that will evaluate EOIs submitted in response to this funding opportunity on a *rolling basis*. EOIs will be evaluated based on the criteria specified below (see Section 15 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: Submission of Full Grant Application

Upon evaluation of EOIs, USAID Compete will invite organizations that submitted successful EOIs to submit a full grant application (FGA) 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 FGA Format requires applicants to expand in detail on the proposed grant activity, objectives, systemic impact, 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.

15. Evaluation and Selection

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

Evaluation Criteria	Key Evaluation Questions	Points
1. <u>Relevance to USAID Compete's Objectives</u>	Are the proposed grant activity, goals, and objectives in line with the objectives of USAID Compete (i.e., to sustainably improve private sector export competitiveness in three focus sectors?)	10
	To what extent do the proposed grant activity, goals, and objectives contribute to the achievement of USAID Compete goals and objectives as set forth in this solicitation?	
2. <u>Extent to Which it Addresses Sector Constraints</u>	To what extent is the proposed activity linked to USAID Compete's sector constraints identified in the Market System and Constraints Analysis ?	10
	Does the applicant demonstrate a clear understanding of the problems/key issues that the proposed grant activity will address and how it is linked to the identified sector constraints?	
3. <u>Extent to Which it Generates Systemic Impact</u>	Is the action likely to benefit a large number of other actors, or will most of the benefit remain with the partner?	20
	Is it credible that the partner will continue with this action in the future without USAID Compete support?	
	Who 'does' the proposed action currently, and who 'pays' for this action currently? Who will do the proposed action in future and who will pay for the proposed action in future?	
	Will the action help a partner experiment with a new product or service, or is the market for this product or service already well established in Kosovo?	
4. <u>Impact and Results</u>	What are the intended results of the proposed grant activity?	20
	What key outcome indicator(s) of USAID Compete does the proposed activity contribute to (as linked to Section 7 of this solicitation)?	
	Does the proposed activity contribute to more than one outcome indicator and what is the expected impact?	
5. <u>Quality of the Submitted Application</u>	Is the overall goal of the proposed grant activity clearly stated and achievable?	10
	Does the applicant propose specific activities that are	

	logical, realistic, and relevant to the grant activity’s goal?	
	Is it clear how achieving the grant activity’s overall goal and specific objectives will contribute to solving the key issues/challenges?	
	Is the proposed idea(s) innovative and new in the market?	
	Does the proposed activity have a robust/solid business model behind it?	
	How do the proposed activities support women, youth, and minorities?	
	Will the proposed activities have a significant adverse effect on the environment?	
6. <u>Capacity of Applicant and Past Experience</u>	Does the organization have relevant past experience implementing similar activities?	15
	Does the applicant have sufficient in-house human, technical, management, and other resources at disposal to successfully implement the proposed activity?	
	Is the applicant well-regarded within the sector in terms of its preparedness to deliver on the proposed activity?	
7. <u>Cost Effectiveness and Cost Share</u>	What resources are provided for the proposed costs?	15
	Is the proposed budget realistic, well-thought out, and in-line with the proposed activities?	
	What level of cost-share does the organization/applicant propose?	
	Is the cost-share meaningful toward the achievement of activity objectives?	
	Is the applicant’s proposal for own and other non-Compete cost-share credible and achievable?	
	Are the proposed costs reasonable, allowable, and allocable to the grant?	
Total		100

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

USAID Compete 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.

16. Co-Creation with Applicants

As noted, under this funding opportunity (APS), USAID Compete will utilize a multi-tiered competition system. The objectives of the multi-tiered competition are as follows:

- a) Pre-screen the approaches, methodologies, and technical objectives of the proposed grant activities to determine that they are in line with the objectives of USAID Compete Activity and will contribute to the achievement of project results.
- b) Determine that the applicant possesses the technical capabilities and experience required to carry out the activities and to contribute towards the objectives of USAID Compete Activity.
- c) Achieve efficiency so that unqualified grantees or grantees that propose grant concepts or approaches that are not in line with project objectives do not waste resources through the preparation of a full grant application.

In line with the application process outlined in Section 14 of this document, USAID Compete will actively and closely co-create activities and proposals with prospective applicants. This can involve co-creating one-on-one or with multiple applicants and can occur at various stages of the application process as outlined in Section 14. Co-creation is an allowed practice within USAID projects with the aim of improving the quality of interventions based on a proactive collaboration between the funder and potential implementers.

Furthermore, co-creation provides the needed space between USAID Compete and potential applicants to incorporate the input of the private sector and other important stakeholders in the process of identifying problems and proposing solutions. Through co-creation, USAID Compete can further validate and dissect constraints that hinder sector competitiveness through joint collaborative effort with interested partners. Co-creation can also lead to an improved understanding of partner interests and objectives, thereby improving substantive buy-in.

To maximize substantive input and collaboration into the design of successful proposals, the above co-creation process would be characterized by extensive and broad communication among USAID Compete, the private sector, potential implementing partners, and other prospective partners, such as relevant government and non-governmental entities. Through co-creation, USAID Compete may have robust and detailed discussions with relevant partners throughout the process, from early engagement with main actors on potential approaches and solutions prior to a concept submission, to further refinement and continued development of submitted concepts and full applications, to the final design and negotiation of agreements or awards.

As outlined in Section 14 of this document, USAID Compete's competition process involves the solicitation of Expressions of Interest or Concept Notes by applicants, which if approved is then followed by the submission of a Full Grant Application. Co-creation by USAID Compete will allow the project to engage with prospective applicants at any stage of the application process, including during pre-application, in the form of brainstorming sessions with partners about potential intervention ideas that might be fundable under the APS.

For example, even before partners submit an Expression of Interest, USAID Compete may engage and explore with potential partners to understand their goals and interests, identify challenges and solutions, and explore respective expertise including resources and capabilities. These engagements can help USAID Compete and partners to begin formulating potential interventions, activities, and approaches. Pre-application engagement with partners may be needed to better understand specific challenges facing a sector and its actors and explore pathways for enacting systemic change.

Once an *Expression of Interest* (concept note) is submitted, USAID Compete may reach out to applicants for clarifications or additional information. It can also schedule working meetings to review the proposed approach and amend the proposal to improve its impact vis-à-vis the project's objectives to achieve a desired systemic impact. During this stage, USAID Compete and partners can engage in much more detailed and thorough discussions to jointly determine and refine specific activities and to specify partner roles.

Additionally, once a *Full Grant Application* is submitted, USAID Compete may continue engagement with applicant(s) to further build, develop, and refine the overall approach and proposed activities. During this stage, it would not be unusual, through a highly collaborative co-creation process, for ideas and activities initially submitted at concept note stage to evolve significantly, as partners refine their approaches in order to identify the best way to achieve the greatest results. Moreover, at either the EOI/concept note or FGA stage, partners may determine that other entities need to be included in the proposed intervention. The key is to focus on building a shared understanding of the challenges, problems, and opportunities to be addressed and determining the best ways to do so.

In engaging in co-creation, USAID Compete will also ensure that strict safeguards are in place to avoid conflict of interest challenges. Namely, USAID Compete will ensure that no unfair competitive advantage is created for any entity. USAID Compete will strive to the maximum extent possible to ensure that all potential implementing partners have access to equal information. Should any non-public information be disclosed during co-creation, such will take place with the understanding of involved actors that the same information must be made available to all interested parties who wish to apply. USAID Compete will also ensure that an equal chance is provided to all applicants regardless of their participation in co-creation discussions with the project.

17. Mitigation of Market Distortion

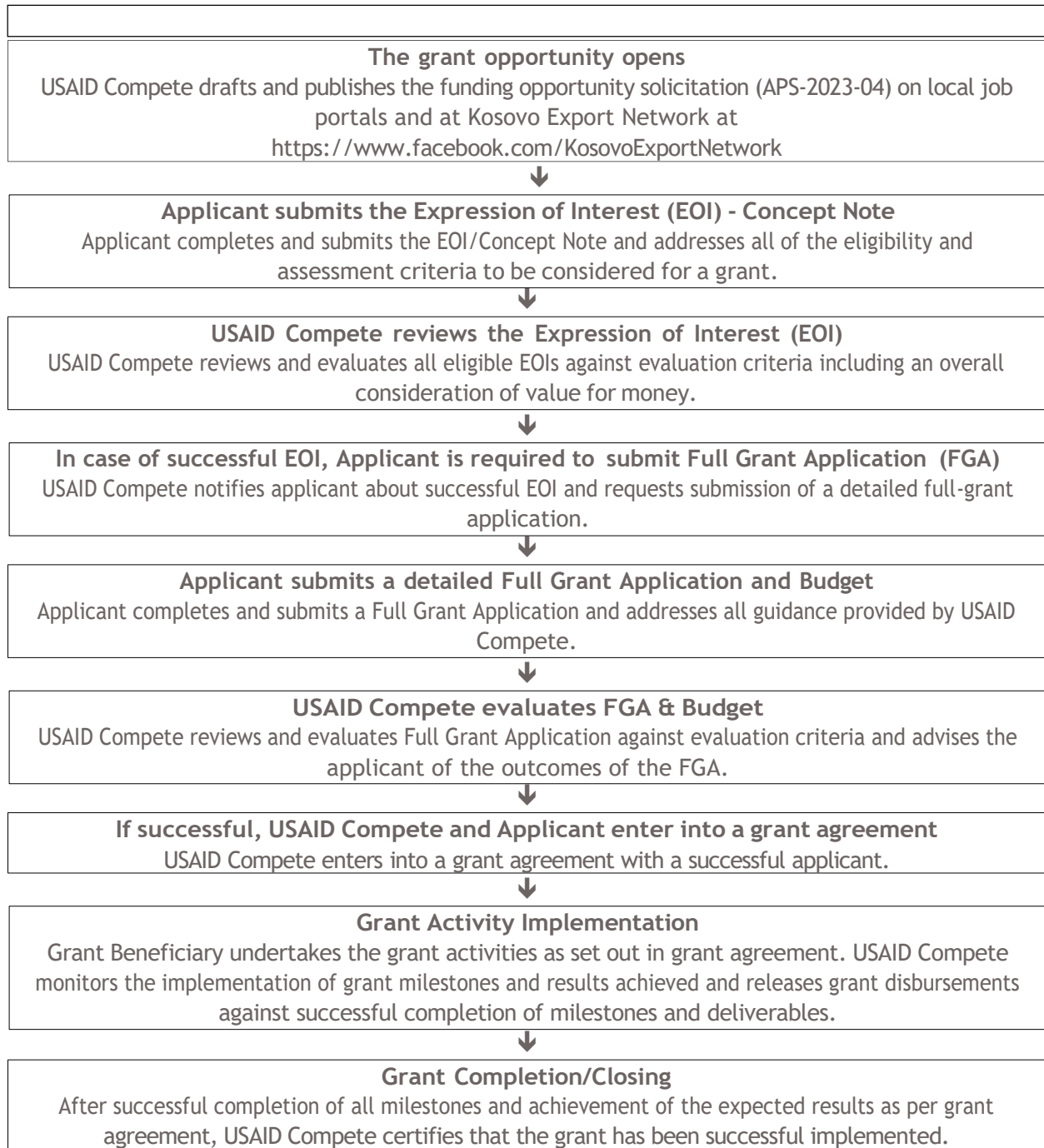
USAID Compete will ensure clear, transparent, and competitive procedures for grants funded from the project with key considerations to include: expected results, market distortion, and

cost share. Grant proposals will be assessed and approved with the goal of avoiding market distortion or favoring one producer, business group, or interest over another.

In improving the competitiveness of a particular sector, sub sector, or enterprise cluster, grants shall foster a level playing field for competing and complementary firms in the same value chain. The purpose of the USAID Compete grant program is not to be used as direct funding or providing subsidies to producer organizations, but to advance the competitiveness within USAID Compete target value chains. The fund will not be used to provide unfair subsidies that compete with existing financial institutions. The fund will be structured and managed to ensure that it does not distort the local market.

The principal criteria for reviewing and approving grant awards will be the expected quantitative and qualitative benefits to the sector, sub-sector, or enterprise cluster, including reasonable estimates of increased sales, exports and employment to be generated in comparison with the total cost of the activity and the proposed cost-share. All grants, and in particular those to for-profit firms, will include appropriate provisions to ensure that program income is used to further eligible program objectives.

18. Grant Application, Evaluation, and Implementation¹



¹ Throughout the application flow presented here, co-creation by USAID Compete with potential and apparently successful applicants will be applicable, in line with and as described in Section 16.

19. 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.

1. Annexes

- A. Certifications, Assurances, and Other Statements of Offerors
- B. Expression of Interest Format
- C. Full Grant Application Format²

² Annex C consists of the Full Grant Application form (Word format) and Budget Form (Excel format).