Dear Prospective Applicant:

The United States Agency for International Development’s Innovation, Technology, and Research (ITR) Hub within the Bureau for Development, Democracy, and Innovation (DDI) seeks to develop new partnerships to mobilize private capital for the information and communications technology (ICT) sector in emerging markets under the Digital Connectivity and Cybersecurity Partnership (DCCP). DCCP is a global, multiyear initiative co-led by the U.S. Department of State and USAID to promote an open, interoperable, secure, and reliable internet.

Subject to the availability of funds, USAID may allocate up to $1,150,000.00 million dollars. Priority will be placed on supporting the most promising approaches to the objectives described herein. USAID reserves the right to fund any or none of the application(s) submitted. All terms and conditions of the FY2020 FY2022 GDA APS apply.


Issuance of this notice of funding opportunity does not constitute an award commitment on the part of the United States Government nor does it commit the U.S. Government to pay for any costs incurred in preparation or submission of comments/suggestions or an application/Concept Note. Applications are submitted at the risk of the applicant. All preparation and submission costs are at the applicant’s expense.

To be eligible for award, the applicant must provide all information as required in this NOFO and meet eligibility standards of this NOFO. This funding opportunity is posted on www.grants.gov and may be amended. Potential applicants should regularly check the website to ensure they have the latest information pertaining to this notice of funding opportunity.
It is the responsibility of the applicant to ensure that the entire NOFO has been received from the internet in its entirety and USAID bears no responsibility for data errors resulting from transmission or conversion process. If you have difficulty registering on www.grants.gov or accessing the NOFO, please contact the grants.gov Helpdesk at 1-800-518-4726 or via email at support@grants.gov for technical assistance.

Please send any questions to the point of contact identified in section V of this notice. Responses to relevant questions received prior to the deadline will be publicly shared through an amendment to this notice posted to www.grants.gov.

Thank you for your interest in USAID programs.

Best Regards,

/s/

Roderick Watson

Supervisory Agreement Officer

Branch Chief, Office of Acquisition and Assistance
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

ANNOUNCEMENT

CALL FOR PARTNERSHIP CONCEPTS

INVESTING IN THE DIGITAL ECONOMY: MOBILIZING PRIVATE CAPITAL FOR THE ICT INDUSTRY IN EMERGING MARKETS

UNDER EXISTING

GLOBAL DEVELOPMENT ALLIANCE ANNUAL PROGRAM STATEMENT
APS No.: APS-OAA-21-00001

PLEASE NOTE: This is an addendum to an existing announcement. All interested organizations should carefully review both this addendum AND the full announcement, which can be found here: https://www.usaid.gov/gda/global-development-alliance-annual-program. Important information contained in the full announcement applies to but is not repeated in this specific addendum.

This program is authorized in accordance with Part 1 of the Foreign Assistance act of 1961, as amended.

Through this Addendum to the 2020-2022 Global Development Alliance (GDA) Annual Program Statement (APS) No. APS-OAA-21-00001 (the GDA APS), USAID’s Innovation, Technology and Research Hub (ITR) is making a special call for partnership concepts focused on mobilizing private capital for the information and communications technology (ICT) industry in emerging markets.

As part of USAID’s commitment to strengthen digital economies in emerging markets, this Addendum is soliciting concepts under the “Investing in the Digital Economy: Mobilizing Private Capital for the ICT Industry in Emerging Markets” program to catalyze private investment in digital solutions that strengthen open, inclusive, and secure digital ecosystems in emerging markets. This program will support new or existing investment funds (equity or debt) to accelerate sustainable market growth for internet service providers (ISPs) and financial technology companies serving traditionally excluded consumer populations in emerging markets.

The specific objectives of this call for concepts are to:

1. Objective 1: Support the sustainable growth and expansion of competitive internet service providers (ISPs) in emerging markets.
2. Objective 2: Support the sustainable growth and expansion of competitive financial technology companies in emerging markets.

These objectives will be achieved through the support of new or existing financing facilities providing affordable financing to 1) internet service providers developing safe, secure, and reliable networks in emerging markets, and 2) financial technology companies providing digital products and services that promote financial inclusion and new income generation in emerging markets.

USAID will contribute up to $1,150,000 to this program to develop two GDAs with the following resource allocations:

- One connectivity-focused GDA with up to $650,000 in USG grant capital and a minimum of $1,300,000 in private sector resource commitments
- One digital finance-focused GDA with up to $500,000 in USG grant capital and a minimum of $1,000,000 in private sector resource commitments

USAID will work with potential private sector partners to explore and determine the most high impact, appropriate, catalytic use of funds in a blended finance approach to mobilize private capital for the ICT sector in emerging markets.

Concepts will be accepted and reviewed on a rolling basis from April 21, 2021 until June 30, 2021. Applicants are encouraged to submit early, in order to allow for additional time to explore and optimize potential partnership structures with USAID.

Unless otherwise stated herein, all terms and conditions of the GDA APS FY 2020-2022 apply (https://www.usaid.gov/gda/global-development-alliance-annual-program).

I. Background

The USAID Innovation, Technology, and Research (ITR) Hub within the Bureau for Development, Democracy, and Innovation (DDI) works to improve the lives of millions of low income and vulnerable people throughout the world by supporting the development of open, inclusive, and secure digital ecosystems and the adoption of digital tools and data-driven approaches to improve development outcomes.

Funding for this solicitation is through the Digital Connectivity and Cybersecurity Partnership (DCCP). DCCP is a global, multiyear initiative co-led by the U.S. Department of State and USAID to promote an open, interoperable, secure, and reliable internet. By catalyzing economically sustainable and secure private sector network investments, promoting regulatory reforms, and encouraging adoption of cybersecurity best practices, DCCP provides a credible alternative to top-down, authoritarian approaches to internet and ICT development, and enables nations to realize the tremendous economic benefits of participation in the digital economy. DCCP activities are implemented in close
coordination with relevant USG interagency stakeholders to ensure a whole-of-government approach.¹


This program will support the launch or expansion of two new or existing financing facilities to achieve sustainable market growth for ISPs and financial technology companies serving traditionally excluded consumer populations in emerging markets. USG funding will be leveraged to crowd in commercial and institutional capital, structured in a manner appropriate for the respective fund managers and their target portfolios. This program will support the advancement of trustworthy vendors and supply chains in providing internet access and digital financial services. Providing financing to internet service and digital finance providers that use secure network equipment and employ proper cybersecurity measures will also help advance competition and ensure that emerging markets have viable, secure alternatives to monolithic, authoritarian-backed companies and models. Priority regions include Africa, Asia, and Latin America. More details regarding each proposed facility can be found below.

II. Solicitation

This call for concepts seeks to develop new and innovative public-private alliances with the private sector to advance the following objectives:

Objective 1: Support the sustainable growth and expansion of competitive internet service providers (ISPs) in emerging markets.

USAID will support the launch or expansion of a new or existing investment fund supporting the growth and expansion of competitive ISPs in USAID partner countries. These ISPs (local providers when available) will not necessarily be large mobile network operators (MNOs), but are more likely to be smaller, competitive firms such as wireless ISPs, firms that offer community Wi-Fi “hotspots” or local access solutions, providers that offer fixed internet access to community anchor institutions like health clinics, schools, and universities, and similar competitors. Generally, a more competitive, dynamic set of

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¹ There are ten USG agencies that support DCCP. In addition to State and USAID, the other agencies are: U.S. Department of Commerce, Export-Import Bank, Department of Homeland Security, U.S. Trade and Development Agency (USTDA), U.S. International Development Finance Corporation (DFC), U.S. Department of the Treasury, Department of Defense, and the Millennium Challenge Corporation (MCC).
ISPs in a country can provide alternatives for secure internet access and offer an important “check” on undue market power and dominance of larger, incumbent MNOs who may be using untrusted vendors in their networks. American firms such as Ubiquiti, Cisco, and others are key sources of network supply to these independent, competitive ISPs.

Under this objective, USAID seeks to support a partner providing affordable financing and technical assistance to advance safe, secure, and reliable networks in currently un- or under-connected areas (including urban, peri-urban, and rural areas). This could include investments in ISPs serving both households and business consumers, with a preferable focus on closing digital divides in emerging markets.

Financing should be aimed at helping the competitive ISP sector in these countries grow their operations, and will likely involve operating capital. This may include financing and assistance for ISPs as well as other network infrastructure companies, organizations, and investors working to expand new or upgraded networks in communities where broadband is currently unavailable, unreliable, and/or unaffordable. This facility will help firms in this important sector grow their reach and incorporate secure supply chains into their businesses, encouraging competition, choice, and network security among a broader range of market players beyond incumbent MNOs. Independent, competitive ISPs provide important checks in terms of undue government involvement in the internet and represent opportunities for the United States to advance multi-stakeholder models of internet governance worldwide.

Objective 2: Support the sustainable growth and expansion of competitive financial technology companies in emerging markets.

An open, inclusive, and secure digital economy requires more than secure networks and internet access - it also requires robust and secure digital financial services (DFS) provided through these networks. Parallel to this global market demand for safe, secure digital financial solutions in emerging markets, pandemic-induced market constraints has created a sector-wide liquidity crunch and economic shocks, which have disproportionately affected women, small businesses, lower income customers, and rural households in emerging markets. In response to these market conditions, USAID seeks to partner with a private sector fund manager offering affordable financing to financial technology companies providing solutions that promote financial inclusion and income generation in emerging markets.

GDA Partnership Structure:
Applicants will develop a GDA partnership structure with USAID that leverages grant capital to mobilize private sector capital in emerging markets. USAID may commit up to $650,000 in grant capital to a connectivity-focused GDA, and up to $500,000 in grant capital towards a digital finance-focused GDA, with the applicant demonstrating private resource commitments equal to twice the committed USG funds. This funding may be
structured into a fund as first loss capital, used as “top up” grants to existing portfolio companies, put toward technical assistance to accelerate the success of portfolio companies, or for appropriate operational and transaction costs. The specific use of funds will be determined by the blended finance approach jointly developed by USAID and the applicant, and is subject to the legal restrictions of USAID grant funding. USAID has a broad portfolio of blended finance transactions to draw on in order to optimize a fund structure for maximum results.

**Illustrative Examples of GDA Partnerships and Target Outcomes:**

1. **A connectivity-focused financing facility** providing:
   a. Operating capital that results in increased network access, affordability, and/or adoption in un- or under-served areas, communities, or populations
   b. Growth stage financing for new market expansion
   c. Vendor financing for secure network equipment
   d. Other investment activity supporting the following target GDA outcomes:
      i. Increase digital inclusion for consumer and small business populations traditionally un- or under-served by MNOs and other ISPs, with a focus on women, small businesses, and last mile communities
      ii. Support local ISPs in developing country environments where it is difficult to acquire operating capital for secure network equipment purchases and network expansion
      iii. Identify secure, innovative, and cost-effective ways of delivering connectivity in hard to reach communities
      iv. Advance the use of trustworthy vendors in all software and hardware procurement decisions and prioritize network security through robust cybersecurity practices

2. **A digital finance-focused investment fund** providing:
   a. Working capital that results in increased financial inclusion through improved products/services and targeted new customer acquisition
   b. Growth stage financing for new market expansion that results in increased financial inclusion and income generation in peri-urban and rural communities
   c. Other investment activity supporting the following target GDA outcomes:
      i. Increase access to finance for consumer populations traditionally excluded from mainstream digital finance offerings, with a focus on women, small businesses, and rural customer bases
      ii. Harness innovative business and service delivery models to diversify available solutions and drive sustainable growth across digital ecosystems in emerging markets

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2 Please note that USAID grant awards are subject to specific restrictions when using a blended finance approach to engage with investment funds. USAID will work with prospective partners to explore and identify the optimal partnership structure for mutually beneficial results.
iii. Foster the mainstreaming of a “consumer-first” business culture that prioritizes stringent consumer protections and inclusive market growth regardless of the regulatory environment or market conditions of the local digital ecosystem

iv. Support sustainable industry growth as part of broader USG “building back better” post-COVID economic recovery efforts

III. Evaluation Considerations and Criteria

This call for concepts is open to all eligible private sector actors with a high value proposition to increase access to capital for ISPs and/or financial technology companies operating in emerging markets. The following outlines target partner characteristics and partner commitment requirements.

Target Partner Characteristics:
Under this Addendum, USAID will prioritize innovative, cost-effective, private sector-driven concepts. Proposed alliances will be evaluated based on the considerations and criteria set forth in Section VI of the GDA APS. Beyond the core requirements set forth in the GDA APS, USAID is seeking partners offering the following characteristics:

● Deep and extensive access to an investor network relevant to the activity (e.g. large institutional investors and funds, impact investors)
● Deep and extensive market expertise in the ICT industry, especially in the areas of rural digital infrastructure development, financial inclusion, and enabling market conditions for digital ecosystems in emerging markets
● Strong performance record of fundraising in the ICT space, especially in emerging markets
● Strong track record of structured finance and transaction development in partnership with institutional investors, commercial investors, impact investors, and development finance institutions
● Strong communication skill set to ensure effective industry messaging around best practices for building open, inclusive, and secure digital ecosystems in emerging markets

Private Sector Partner Commitments:
Consistent with the terms of the GDA APS, proposed alliances under this call for concepts must leverage private sector resources. A GDA must mobilize and leverage private sector assets, expertise, capabilities, and resources at a level that exceeds the level of resources provided by USAID. For purposes of this addendum, the value of the various private sector resources contributed as inputs to a GDA and the activities implemented under the GDA should be at least twice as great as the value of resources provided by the USG (a minimum
Supporting documentation provided with a concept submission must include a letter of intent (LoI) describing the private sector resource contribution to the proposed partnership.

For example, if a GDA concept requests $500,000 in USAID funding, the applicant must provide a LoI or other documentation demonstrating a minimum $1,000,000 in private capital commitments this grant funding would mobilize. As there is a large focus on the catalytic use of USAID funds to mobilize private capital, this documentation must represent new capital not previously committed (equity or debt investments already committed to a fund would not count as a private sector commitment, as these investments would have taken place with or without USAID involvement). Applicants able to demonstrate a higher ratio of leveraged capital will be prioritized (preferably 5:1 or greater), as a GDA seeks to utilize USG grant funding in as catalytic a manner as possible.

While USAID prefers higher ratio levels, the review team understands that the time constraints of this call for concepts may limit an applicant’s capacity to sufficiently document (via letters of intent) the full representation of potential private capital that may be mobilized as a result of a GDA with USAID, and encourages applicants to clearly represent in a concept note the potential for the proposed GDA to fully leverage requested USAID funding to mobilize a high level of private capital commitments throughout the lifetime of the GDA (typically a 24 month partnership agreement). This will allow the review team to consider the full potential of a concept in addition to supporting documentation provided. Applicants should refer to the GDA APS for more detailed information on the requirements for leverage of private sector resources and contact USAID with specific questions on this eligibility requirement.

The Role of USG Grant Capital:
Proposed alliances should clearly articulate why USG grant capital is necessary, and how USAID resources will be used to mobilize private capital commitments resulting in significant investment in the ICT sector in emerging markets. Proposed alliances should articulate a distinct model for blending capital sources and demonstrate a sustainable operating model that can be replicated and/or scaled to address market demand. Proposed alliances should be prepared to justify, measure, and evaluate the effectiveness of their proposed solutions with varying ratios of subsidized-to-private capital.

Demonstrated Additionality:
A GDA must also demonstrate significant additionality, enabling USAID and its selected alliance partners to achieve a greater level of desired results and impact than would be

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3 In order for USAID to make an award under this addendum, the private sector leverage should meet the 2:1 standard indicated above. However, if possible, higher levels of private sector leverage - and expanded results reflective of such leverage - would be preferred at time of award. In addition, while 2:1 is the minimum for making an award, USAID expects partners under any GDA to continue mobilizing private sector leverage as feasible over the course of the GDA.
achieved without the GDA. By effectively combining the partners’ distinctive private sector resources and competencies, GDAs should accelerate and achieve development outcomes, results, and impact at greater scale, with greater efficiency and effectiveness, and in a more sustainable manner than alternative approaches. USAID will prioritize concepts that demonstrate the most catalytic use of USG grant capital for the proposed activity.

**Geographic Scope:**
Proposed partnerships should focus on countries where USAID is currently present. For a full list of USAID presence countries, please see [http://www.usaid.gov/where-we-work](http://www.usaid.gov/where-we-work). While this Addendum is global in scope, priority regions include Africa, Asia, and Latin America. Both single-country and multi-country partnership concepts will be considered.

**Legal and Policy Matters:**
As stated in the GDA APS and the Agency’s [Private Sector Engagement Policy](https://www.usaid.gov/sites/default/files/attrs/27936.pdf), concepts should be characterized by market-based approaches and foster enterprise-led development. Proposed alliances should be consistent with USAID legal and policy restrictions, including those set forth in USAID’s Automated Directives System (ADS) and in the Foreign Assistance Act of 1961.

**IV. Concept Submission Instructions and Review Process**

The following is a brief overview of the concept submission process. Applicants are required to follow the concept submission instructions set forth in Section V of the GDA APS and submit concepts using the [appropriate template](https://www.usaid.gov/sites/default/files/attrs/27936.pdf) provided in the GDA APS but only after USAID has indicated a formal concept may be submitted (see further details on how to initiate this process below). Award selection and program management will be undertaken by the USAID Digital Finance and Digital Inclusion teams within USAID’s Innovation, Technology, and Research Hub (ITR). Please direct all inquiries to [digitalinvest@usaid.gov](mailto:digitalinvest@usaid.gov).

![Co-Creation Diagram](image)

**Phase 1: Exploration and Inquiries**
Interested parties seeking to explore this opportunity with USAID should contact the
USAID review team (digitalinvest@usaid.gov) with a brief summary (2-3 paragraphs) of your proposed partnership scope, and USAID will follow up with select parties to hold an introductory call. Please include in the subject line of the email which objective your concept will address (i.e., “Connectivity Inquiry: PROJECT TITLE” or “Digital Finance Inquiry: PROJECT TITLE”). The USAID review team will then advise the prospective applicant via email as to whether USAID is willing to receive and review a formal concept submission. Note: interested parties should NOT submit a formal concept via the templates referenced below until USAID has indicated a willingness to entertain and review a formal submission.

Phase 2: Concept Note Development
Concepts will be accepted and reviewed on a rolling basis from April 21, 2021 until June 30, 2021. Applicants are encouraged to submit early, in order to allow for additional time to explore and optimize potential partnership structures with USAID. Applicants are also encouraged to coordinate closely with USAID on the proposed partnership structure and proposed use of funds detailed in a concept prior to submission, to resolve inefficiencies and ensure the proposed concept presents the most high impact, mutually beneficial approach possible to achieve maximum results. Please reference Section V of the GDA APS for guidance and be as concise as possible while clearly articulating the proposed approach and anticipated outcomes. Concepts can be submitted to the USAID review team at digitalinvest@usaid.gov. Please include in the subject line of the email which objective your concept will address (i.e., “Connectivity Concept Note: PROJECT TITLE” or “Digital Finance Concept Note: PROJECT TITLE”).

Phase 3: Partnership Development and Award Negotiation
After a concept is reviewed by USAID, applicants will receive communication from USAID indicating whether the team seeks to proceed with formalizing a potential partnership. Depending on what emerges from ongoing discussions, USAID may request a full application or proceed directly to award negotiations. If a full application is required, the applicant will have up to 30 days upon notice to complete and submit this documentation. In this final phase, USAID will work with two selected partners to finalize two GDAs under this program.

V. Questions and Further Assistance
Please direct all inquiries and relevant communications to the USAID review team at digitalinvest@usaid.gov. All emails related to this addendum and the logistics of the development of a GDA under this addendum should also be copied to gda@usaid.gov. Questions regarding the specific terms and requirements of this addendum should be

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4There are two ways to submit a concept under the GDA APS depending on whether or not the applicant is a private sector entity listed in Section II.B. USAID strongly recommends private sector entities to submit concepts using the Private Sector Expression of Interest Template, although the Concept Paper Template may also be used.
Please note that frequently asked questions (FAQs) and/or select questions that reveal a need for clarification of matters in the addendum will be posted at grants.gov. The list of FAQs will be revised on an ongoing basis if and as needed. Prospective applicants should regularly check grants.gov for new questions that might get posted. USAID will not post all questions that are submitted; USAID will only post recurring or specific questions USAID determines warrant posting to clarify matters under the addendum.

Questions regarding the substance and terms of the GDA APS itself should be directed to Ken Lee at kenlee@usaid.gov, with a copy to gda@usaid.gov. Please refer to the GDA APS for overall guidance on the GDA process, eligibility requirements, and partnership structures.