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El Salvador and Central America Regional Mission (ECAM)
Annual Program Statement (APS) No.: 72051921APS00001 - Addendum 6

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Subject: United States Agency for International Development (USAID) El Salvador and Central America Regional Mission (ECAM) Annual Program Statement (APS) No. 72051921APS00001

Program Title: Innovations Activity - Addendum 6

Catalog of Federal Domestic Assistance: 98.001, Foreign Assistance for Programs Overseas

Pursuant to the Foreign Assistance Act of 1961, as amended, the United States Government, as represented by the U.S. Agency for International Development (USAID), is announcing the Innovations Activity Addendum to the USAID/El Salvador and Central America Regional Mission (ECAM) Annual Program Statement (APS) No. 72051921APS00001, hereinafter known as the APS.

Through this Innovations Activity Addendum to the APS, the USAID/El Salvador and Central American and Mexico Mission ("the Mission") seeks concepts for innovations that address development challenges in El Salvador and regionally within El Salvador, Guatemala, Honduras, Mexico, and Nicaragua. Innovations will contribute to USAID/El Salvador's Country Development Cooperation Strategy (CDCS) 2020-2025 goal to "Reduce the Drivers of Irregular Migration by Fostering a More Self-Reliant El Salvador: Secure, Prosperous, and Well-Governed". Furthermore, innovations will contribute to achieving the regional goals of the U.S. Government's Root Causes of Migration Strategy (RCS).

Subject to the availability of funds, the Mission anticipates investing approximately $26,816,914.00 in this activity in support of one or more awards. The Mission reserves the right to award more or fewer awards than this estimate and is not obligated to make any awards.

The Mission is issuing this Addendum pursuant to the Foreign Assistance Act (FAA) of 1961, as amended. Any potential resulting award(s) will be subject to 2 CFR 700 and 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and USAID's Standard Provisions for U.S and Non-U.S Based organizations per ADS 303.

It is the responsibility of the Applicant to ensure that the entire APS and Addendum opportunity has been downloaded from www.grants.gov, and the Mission bears no responsibility for data errors resulting from the transmission or conversion process. If you have difficulty accessing the APS, please contact the grants.gov Helpdesk at 1-800-518-4726 or via email at support@grants.gov for technical assistance.

Issuance of this Addendum does not constitute an award or commitment on the part of the U.S. Government to make an award, nor does it commit the U.S. Government to pay for costs incurred in the preparation and submission of a Concept Paper or Application(s). Should you have any questions about this Addendum, please contact Marielos Arce at mquinonez@usaid.gov.

Thank you for your interest in USAID programs.

Sincerely,

Albert Carrera Digitally signed by Albert Carrera
Date: 2022.06.14 09:03:29 -06'00'

Albert Carrera
Agreement Officer
Regional Office of Acquisition and Assistance
USAID/El Salvador

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

ANNOUNCEMENT

CALL FOR Concept Papers

Innovations Activity Addendum
UNDER EXISTING

USAID El Salvador and Central America Regional Mission (ECAM)
Annual Program Statement (APS)

No.: 72051921APS00001

PLEASE NOTE:

This is an Addendum to an existing announcement. All interested organizations should carefully review both the Innovations Activity Addendum AND the full APS announcement (as amended by Amendment 4), which can be found here:
https://www.grants.gov/web/grants/view-opportunity.html?oppId=332969

IMPORTANT INFORMATION CONTAINED IN THE FULL APS ANNOUNCEMENT IS NOT REPEATED IN THE INNOVATIONS ACTIVITY ADDENDUM.

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

Through the Innovations Activity Addendum to the APS, the Mission seeks responses to critical development challenges that drive migration from El Salvador, Guatemala, Honduras, Mexico, and Nicaragua. The Mission may choose to support either relatively small activities that pilot early-stage innovations or larger awards that scale later-stage innovations.

Subject to the availability of funds, the Mission anticipates investing approximately $26,816,914.00 in this activity in support of one or more awards. The Mission reserves the right to award more or fewer awards than this estimate and is not obligated to make any awards.

Unless otherwise stated herein, all terms and conditions of the APS apply. Therefore, in addition to this Addendum, applicants are strongly encouraged to read in its entirety the APS as amended by Amendment 4 (issued on June 1, 2022), which can be found here:
https://www.grants.gov/web/grants/view-opportunity.html?oppId=332969.

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LIST OF ACRONYMS

ADS:	Automated Directives Systems
AO:	Agreement Officer
AOR:	Agreement Officer Representative
APS:	Annual Program Statement
CDCS:	Country Development Cooperation Strategy
CFR:	Code of Federal Regulations
CLA:	Collaborating, Learning and Adapting
CMMS:	Collaborative Migration Management Strategies
COR:	Contracting Officer Representative
DGS:	Democratic Governance and Security Office
DO:	Development Objective
DOC:	Development Outreach and Communications
ECAM:	USAID El Salvador and Central America Regional Mission
EGE:	Economic Growth and Education Office
GOES:	Government of El Salvador
NPI:	New Partnerships Initiative
RCS:	U.S. Strategy for Addressing the Root Causes of Migration in Central America (Root Causes Strategy)
RDCS:	Regional Development Cooperation Strategy
RFA:	Request for Application
UDL:	Universal Design for Learning
USG:	United States Government

SECTION A: PROGRAM DESCRIPTION

Overview

Through a year-round grant competition, the USAID/El Salvador and Central American and Mexico Mission ("the Mission") seeks concepts for innovations that address development challenges in El Salvador and regionally within El Salvador, Guatemala, Honduras, Mexico, and Nicaragua. Innovations will contribute to USAID/El Salvador's Country Development Cooperation Strategy (CDCS) 2020-2025 goal to "Reduce the Drivers of Irregular Migration by Fostering a More Self-Reliant El Salvador: Secure, Prosperous, and Well-Governed". Further, innovations will contribute to achieving the regional goals of the U.S. Government's Root Causes of Migration Strategy (RCS). The Mission will provide funding to pilot, test, and transition to scale (i.e., grow to reach the highest number of beneficiaries possible) those innovations that demonstrate evidence of impact, cost-effectiveness, and feasibility as to the financial sustainability and potential to scale.

The Mission aims to fund two types of grants - one, a piloting stage for innovations to assess efficacy and possible impact; and two, a scaling stage for proven innovations. Both approaches seek ideas that align the funding amount to the strength of the possible evidence generation or available evidence of impact, cost-effectiveness, and feasibility of the proposed innovation. More details on each of the Mission's grant types can be found in the "Innovation Grant Types" section below.

Through these innovations, the Mission supports relatively small, high-risk bets on early-stage innovations to pilot, and advances later-stage innovations to be scaled that are better able to demonstrate impact. The Mission is deliberately open to all manners of innovative approaches and all forms of innovators, in all sectors. Ultimately, the Mission aims to help transition the best innovations with proven impact to scale to improve the lives of those in El Salvador, Guatemala, Honduras, Mexico, and Nicaragua and provide alternatives to the perilous journey of irregular migration.

Who is eligible to apply?

USAID accepts applications from anyone, including businesses, social entrepreneurs, women-led organizations, individuals, non-profit organizations, and researchers. This addendum also offers the Mission a means of attracting innovations from both traditional development partners, non-traditional partners, and new and/or local partners, including the private sector. As such, "private sector" refers to the following:

1. Private for-profit entities such as a businesses, corporation, or private firm;
2. Private equity or private financial institutions, including private investment firms, mutual funds, or insurance companies;
3. Private investors (individuals or groups);
4. Entrepreneurs;

5. Private business or industry associations, including but not limited to chambers of commerce and related types of entities; or
6. Private grant-making foundations or philanthropic entities.

While private entities are invited to participate, any resulting award will not consider profit or fee as part of the proposed costs.

For purposes of the Innovations Addendum, applicants may include, but are not limited to:
1. Non-Governmental Organizations (NGOs);
2. Universities;
3. Think tanks;
4. Foundations;
5. Private sector entities;
6. Philanthropic institutions;
7. Researchers; and
8. Other entities whose rich array of expertise, experience and other human and institutional assets position them to be valuable partners in the creation and implementation of high-impact alliances.

Furthermore, the Mission supports innovations in El Salvador or regionally in the countries of El Salvador, Guatemala, Honduras, Mexico, and Nicaragua. At a minimum, regional innovations must include El Salvador and either Guatemala, Honduras, Mexico or Nicaragua. The Mission also accepts applications across all development sectors as the challenges that follow detail.[1]

What the Mission might fund. The Mission recognizes that innovation can take multiple forms. Some examples of development innovations that the Mission may support include the following:

- New technologies;
- New ways of delivering or financing goods or services;
- New ways of producing goods or services;
- New business models;
- Cost-effective adaptations to existing solutions;
- New ways of increasing uptake of proven solutions, replication, and scaling to new places;
- Policy innovations;
- Social or behavioral innovations based on insights from behavioral science; and
- Data collection and rigorous evaluation to measure the social impacts of promising innovations.

[1] Please note that the Mission's funding to support certain activities may be limited or not available during a given fiscal year based on the nature of its appropriated funding from Congress. For example, USAID might be restricted from funding particular types of activities (e.g., certain funding to the military, police, or intelligence authorities) or activities in a particular country.

What the Mission will not fund. There are some types of projects that are not a good fit for the Mission's objectives. These include but are not limited to the following:

- Innovations at the idea stage that have not yet been created (i.e., that are pre-prototype);
- Projects with limited potential to scale cost effectively (e.g., construction of immobile physical infrastructure, including schools, power plants or lines, and factories);
- Basic scientific research (e.g., laboratory research of a prototype with no field testing);
- Innovations that are unlikely to generate significant development impacts that benefit the base-of-the-pyramid (e.g., innovations that target high-income customers);
- Planning, diagnostic, and other tools that are difficult to link directly to measurable development impacts for people living in poverty and that reach millions of people only indirectly (e.g., a stand-alone monitoring or evaluation platform);
- Innovations that are applicable only in very limited contexts that limit their ability to scale—or reach—a large number of people in need (e.g., projects that target a very rare disease);
- Research that provides evidence of impact but does not assess cost-effectiveness or scalability;
- Intermediaries with an indirect impact on development outcomes (e.g., incubators, accelerators, start-up boot camps, and other conveners); and,
- Solely construction activities.

The Mission welcomes applications from a broad variety of applicants, including local partners and private-sector entities, to deliver greater scale, sustainability, and effectiveness of development outcomes. The Mission also welcomes applications from organizations that have limited or no experience working with USAID.

Development Challenges

The Mission seeks partnerships with innovators to overcome critical development challenges that drive migration from El Salvador, Guatemala, Honduras, Mexico, and Nicaragua,[2] and advance the Mission and the USG's objectives under the Mission's CDCSs and the USG's RCS. To offer greater focus for these efforts, the Mission has narrowed the range of possible innovations and seeks ideas on a select group of challenges. The list below describes each of the Mission's targeted challenges, the specific objectives, and the context related to the challenge.

USAID/El Salvador anticipates that the Innovations Addendum will allow and encourage the piloting and scaling of innovations from both traditional and non-traditional partners to address challenges for which the Mission does not have an established technical approach as a response. The outcomes sought in response to challenges will be developed in collaboration with affected Missions to respond to their strategic DOs, intermediate results (IRs), and sub-IRs. The addendum directs applicants to respond to Challenge Objectives, which identify the issue, define

[2] Concepts proposing work in Nicaragua must be governance focused.

the goal of each challenge opportunity, and explain the context as noted below and in the Addendum.

- **Challenge Objective**: Increased access to and utilization of financial services among those currently underserved in communities of high out-migration.
  - Context: Use of innovative financial products in El Salvador remains nascent, and lower income households in particular often don't have access to financial products such as housing and consumer loans, or a secure low cost means to store, transfer, and withdraw savings. According to the latest data available, only 3.5 percent have a mobile money account; less than 24 percent have made or received digital payments; and only 29 percent of Salvadorans have an account with a financial institution, leaving more than 4 million unbanked Salvadorans.[3] This lack of financial inclusion also places constraints on fully leveraging the economic impact of remittances, which account for 24 percent of the GDP[4] but sometimes incur substantial transfer costs and remain outside the formal financial sector. Financial innovation and technologies can lower transaction costs, expand access to financial services for lower income households, and increase resources available in the formal financial sector. <u>With greater financial access and utilization, these efforts could have a measurable impact in reducing the likelihood of individuals to irregularly migrate to the United States.</u>

- **Challenge Objective**: Increase perceptions of hope and decrease likelihood of irregular migration in communities of high out-migration by demonstrating positive, local-level changes through partnerships with diaspora, faith-based, community, and other groups that leverage funds to enable small grants or other types of support to local communities.
  - Context: El Salvador has a significant diaspora community: 1.6 million Salvadorans live outside the country (1.4 million of which reside in the U.S.) representing roughly one quarter of the population of El Salvador itself.[5] The relatively large diaspora community represents an opportunity for them to be significant actors and contributors to El Salvador's development. Resources of the diaspora, along with those of other non-traditional and underutilized development actors like faith-based and local organizations, could be better leveraged for localized, sustainable impact. For example USAID's local organization landscape analysis, which identified 900 potential partner organizations in El Salvador, underscores the profound opportunity to improve the linkage and use of non-donor resources to advance development outcomes. <u>With more effective engagement with non-traditional actors (e.g. local organizations and the diaspora) and leveraging resources for community development in El Salvador, local</u>

[3] World Bank Global Findex Data. 2017. https://globalfindex.worldbank.org/#data_sec_focus
[4] World Bank Data.
[5] Diaspora data from the UN Department of Economic and Social Affairs. Data on El Salvador population from the World Bank.

solutions to local challenges can be better developed and addressed by Salvadorans living in El Salvador and abroad.[6]

- **Challenge Objective**: Increased number of residents in communities of high irregular out-migration with improved sustainable access to safe water.
  - Context: El Salvador is experiencing both more erratic rainfall patterns and longer drought periods. Meanwhile, 624,000 people (approximately 12 percent of the total population) do not have access to water supply and sanitation (618,000 are located in rural areas).[7] With development of improved and sustainable options for access to safe water, the health and safety of hundreds of thousands of Salvadorans will improve. Example: http://www.lankarainwater.org/.

- **Challenge Objective**: Reduced perceived corruption through greater civic engagement, advocacy, and citizen demand for transparency and accountability in public and private sectors.
  - Context: Corruption hinders the government's ability to provide basic social services to Salvadorans. Corruption also undermines the effectiveness of efforts to confront El Salvador's social and economic development challenges. According to the 2021 Americas Barometer, Salvadorans perceive high-level corruption as more prevalent, with 56 percent believing "most politicians are corrupt" in 2021 compared with 32 percent in 2018. As demonstrated during the 2019 presidential election campaign, Salvadorans have a strong desire to tackle the country's ongoing corruption issues. With reductions in perception of corruption through greater engagement, advocacy, and demand for transparency and accountability, citizens' growing hope for better economic and social prospects should improve the likelihood that individuals choose to stay in their home communities rather than irregularly migrate to the United States.
  - Note: USAID/El Salvador is currently designing a potential stand alone, bilateral anti-corruption activity that will seek to enhance government transparency and accountability and increase citizen pressure on and oversight of the government to combat corruption. A potential regional anti-corruption activity is also being contemplated. As USAID/El Salvador continues its internal planning discussions, please monitor the Businesses Forecast for updates on these potential activities.

- **Challenge Objective**: Improved safety of human rights defenders both in the short and long term.
  - Context: Democracy and human rights advocates can face risks against their life, personal integrity, and liberty due to the nature of their work. This challenge objective seeks to provide tools for the prevention of human right abuses, emergency assistance, and longer-term solutions to those at risk of harm to better protect their personal and organizational safety. Partnerships with other donors are

[6] Retos y oportunidades para el fomento de las inversiones de la diáspora salvadoreña en su país de origen https://www.cepal.org/sites/default/files/static/files/estrategias_para_la_inversion_el_salvador_0.pdf / https://www.cepal.org/sites/default/files/events/files/resultados_preliminares_diaspora.pdf.

[7] UN Special Rapporteur on the human rights to safe drinking water and sanitation 2016).

encouraged. With greater safety for human rights advocates and defenders, independent voices necessary for fostering awareness and dialogue within an open, democratic society can be better maintained.

For more information about the Mission, please visit the following links:

- USAID/El Salvador website
- USAID/El Salvador Country Development Cooperation Strategy
- USAID/Guatemala website
- USAID/Guatemala Country Development Cooperation Strategy
- USAID/Honduras website
- USAID/Honduras Country Development Cooperation Strategy
- USAID/Mexico website
- USAID/Mexico Country Development Cooperation Strategy
- USAID/Nicaragua website
- U.S. Strategy for Addressing the Root Causes of Migration in Central America
- Collaborative Migration Management Strategy
- USAID's *Centroamérica Local* initiative

Core Principles for Innovations

The following are core principles for the Mission's approach to innovations: (1) evidence of impact, (2) cost-effectiveness, and (3) viable potential for scale and financial sustainability. The Mission provides funding based on an innovation's potential capability or demonstrated track record of achieving each of these principles. Below, the Mission provides background on each of these core principles before outlining the requirements for each stage in subsequent sections.

1. **Evidence of Impact**

   Evidence of impact demonstrates what does and does not work to deliver positive development outcomes for beneficiaries or in response to development challenges. The Mission supports piloting of early-stage innovations, funds research to test new solutions to development challenges, and helps those innovations that have successfully demonstrated impact to transition to scale. The Mission looks for different indicators of impact and requires different degrees of rigor in evaluation methodologies depending on the stage of financing that the applicant is seeking and on the innovation's proposed pathway to scale. All applicants must demonstrate a clear theory of change that draws upon available evidence.

   For a piloting stage activity, the more clearly the applicant presents a robust plan for generating early-stage innovation evidence, the stronger the application. Similarly, for a scaling stage activity, the more evidence an applicant presents in support of their innovation's theory of change and impact on development outcomes, including the scale and significance of impact to be targeted and how it will be measured, the stronger the application.

Public Pathway to Scale: To support later-stage innovations to transition to scale with public financing, including by government or philanthropic funding, the Mission requires applicants to show rigorous evidence of causal impact. The Mission does not require applicants for earlier-stage awards for piloting and testing of innovations to show rigorous evidence of causal impact and will issue awards for earlier-stage innovations to help innovations get to the point at which they have this rigorous evidence of impact. Measurement of impact can encompass either final outcomes or impacts that can be taken as worthwhile objectives per se (e.g., reducing infant mortality). Measurement of impact can also encompass improvements to intermediate outcomes on the causal chain for solutions that have been previously demonstrated to have a causal impact on final outcomes (e.g., increasing vaccination rates, which have an existing evidence base of causal impact on improved health).

Commercial Pathway to Scale: To support later-stage innovations to transition to scale commercially, the Mission requires applicants to show evidence of long-run market viability. The Mission accepts customer willingness to pay the full costs of the innovation as such evidence. The Mission does not require applicants for earlier-stage awards for piloting and testing to show such evidence and will issue awards for earlier-stage innovations to get to the point where they have this evidence. For example, an applicant may use a piloting award to gather evidence on consumer reaction to and willingness to pay for the product. As an applicant progresses to a possible scaling award, the Mission expects the applicant to demonstrate a compelling case for long-run market viability. In addition, the Mission requires applicants through both approaches to show stage-appropriate data on usage, or in some situations on proxies for social outcomes that track how the innovation will respond to the noted challenge.

2. Cost-Effectiveness

The Mission seeks innovations that deliver more development impact per dollar than other solutions or the status quo. Cost-effectiveness is a function of both cost and impact and does not mean that an innovation is the cheapest solution. Instead, an innovation can increase its cost-effectiveness either by reducing its cost or by increasing its impact. The Mission recognizes that costs of an innovation at scale may be different than costs generated through earlier testing phases, so applicants should provide data around current and projected costs.

3. Feasibility

The Mission's goal is to support impactful development solutions that will scale to reach and address intractable development challenges. Accordingly, innovations must be feasible in the short- and long-term. Proposed solutions must have a potential pathway to scale in the long-run and identified sources of financial sustainability such as commercial funding, public-sector or philanthropic funding, or a hybrid of the two. The Mission defines a hybrid pathway to scale as a pathway that is reliant on a combination of public and commercial revenue channels or that is supported by a combination of commercial along with public or philanthropically motivated funding (e.g., an education technology innovation that is partially funded through direct-to-consumer sales and partially funded by donors). The Mission recognizes that innovations can take a variety of pathways to scale but expects that they will be financially sustainable over a period of time that is necessary to achieve development impact and ultimately grow without continued Mission support. In the following “Innovation Grant Types” section, the criteria outline separate, additional requirements for innovations based on their proposed pathways to scale. To the extent that applicants propose a “hybrid” pathway to scale, they must demonstrate how they meet each relevant criterion.[8]

Innovation Grant Types

The Mission funds two types of grants, and applicants must meet the criteria for the relevant grant type, as detailed below. The innovation grant types align the funding amount to the strength of the evidence of impact or evidence generation potential, cost-effectiveness, and potential for scale and financial sustainability of the proposed innovation. The Mission supports only those innovations that are at the post-prototype stage (i.e., the critical aspects of how the innovation works have already been tested). Applicants should apply for the stage that best reflects the current level of maturity of their innovation. The Mission reserves the right to consider innovations for funding at a different stage or amount than the applicant has requested, which may be addressed during a co-creation process after the application is submitted.

Given the Mission’s limited pool of resources, it assesses whether a grant for a particular activity provides social returns that are competitive with likely returns from grants to other applicants. Accordingly, the more funding that an applicant requests, the higher the Mission’s expectations for proven development impact, cost-effectiveness, and ability to scale.

To meet the Mission’s requirements, many successful applicants form coalitions of partners with diverse skills and may also use or seek additional funding from other sources. Applications are stronger if they leverage non-Mission support and, all else equal, the more support that is leveraged, the stronger the application is. Additional support can take different forms depending on the nature of the innovation (e.g., a commitment from a government to implement the innovation, a financial commitment from an external investor, in kind support, etc.).

The Mission aims to be catalytic with its funding, which means that grantees should be able to achieve results after receiving a Mission grant that they would not have been able to achieve without that grant. Applicants should state explicitly how a grant will catalyze their innovation.

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[8] For example, if an energy innovation that reduces pollution costs \$10 per unit, and the applicant proposes to scale the innovation through customer payments of \$7.50 and public support of \$2.50, the applicant must show that customer payments would cover \$7.50 and must also show rigorous evidence of causal impact of at least \$2.50 of social impact of reduced pollution costs. Applications for earlier-stage awards would not need rigorous evidence of causal impact but should help build towards the point at which such evidence would be available.

A. Piloting Grants

Purpose: The Mission funds piloting stage awards to support the testing of innovations. Innovations at this stage are early in their development and require testing to refine the basic model and establish real-world viability at a small scale. The Mission supports only those innovations that are post-prototype and ready to be field-tested at the time of application (i.e., innovations that are still undergoing development in a lab or that are still at the idea stage are premature for the Mission's support).

Application Requirements: To be eligible to receive a piloting stage award, applicants must demonstrate the following criteria for each of Mission's three core principles:

1. **Evidence of Impact**

   All applicants must make a credible case of the potential development outcomes. Rigorous evidence of causal impact is not required at this stage; however, applicants must present a strong theory of change and justify how and why the innovation is likely to generate a positive development impact. Applicants should articulate plans to collect data during the award period that would test key assumptions in the theory of change and the pilot's causal impact. While not required, applications for innovations with some existing piloting or that have a theory of change that is backed by rigorous evidence of causal impact are stronger.

2. **Cost-Effectiveness**

   Applicants should articulate why their innovation has the potential to be cost-effective at scale. This articulation should include a discussion of the likely costs and cost-effectiveness of the innovation relative to alternative solutions including the status quo and a projection of the major drivers of cost and cost-effectiveness of the innovation when it is at scale. The Mission recognizes that piloting stage innovations may not have robust financial forecasting data but wants to understand the applicant's perspective on the potential for cost-effectiveness should the evidence demonstrate impact.

3. **Feasibility**

   All applicants, regardless of their pathway to scale, must demonstrate that their innovation has the potential to address and overcome the development challenge. Applicants must describe how they expect the innovation to be financially sustained at scale and should make the case that there is potential for someone to pay for the innovation at scale. Applicants should also identify the types of partners (e.g. government institutions, private companies, community leaders) and any actions the partners would need to take that would be critical for the innovation's success and for future scaling of the innovation. If relevant, applicants should describe the extent to which relationships with partners have already been built.

B. Scaling Grants

Purpose: The Mission funds scaling stage awards to transition proven approaches from piloting and testing to widespread scaling in new contexts or new geographies. Applicants should have completed the piloting stage of the innovation, with or without prior Mission support.[9] Specifically, applicants must demonstrate rigorous evidence of causal impact, cost-effectiveness, and market viability and scalability at the time of their scaling grant application. Successful scaling stage applicants must collect data on costs and social outcomes during the award and may use award funds to adapt the innovation to new contexts, to prepare the innovation for scaling, to conduct further testing of the extent to which the evidence of an innovation's impact is applicable in new geographies or settings, and to kickstart the scaling process.

For innovations designed to scale commercially, the Mission is reluctant to crowd out commercial investors, and the Mission will target scaling stage funding for adapting, improving, or expanding successful approaches to new markets.

Application Requirements: Applicants should identify and address operational challenges for scaling and should plan for activities that allow for refinement and iteration along defined pathways to scale. In addition, applicants are required to demonstrate the following criteria:

1. **Evidence of Impact**

    Public Pathway to Scale: Applicants for scaling stage awards for innovations designed to scale publicly (meaning they require government, NGO, philanthropically or similarly sourced funding for sustainability) must demonstrate rigorous evidence of causal impact on a development objective and a compelling case based on the impact measurement that the solution will be cost-effective at scale relative to alternative solutions. Evidence of impact and a compelling case for cost-effectiveness (e.g., through a randomized controlled trial, randomized surveys, regression discontinuity, among others.) of the innovation must already exist prior to application. Applications will be stronger if the applicant can produce evidence of commitment from partners that would be needed in scaling.

    Commercial Pathway to Scale: Scaling stage innovations intended to scale commercially should already have demonstrated market viability, described as follows:

    - An applicant can make a compelling case of market viability by showing that the innovation has the potential to generate enough revenues to fully cover costs (including customer acquisition costs, distribution costs, headquarters costs, capital

[9] In general, scaling grant applications are stronger if they leverage non-Mission support and, all else equal, the more support that is leveraged, the stronger the application is. Support can take different forms depending on the nature of the innovation. For example, it could consist of a commitment from a developing country government to implement the innovation in its original or adapted form, or it could consist of a financial commitment from an external investor.

costs, depreciation, etc.), together with a plan to test whether the innovation can indeed cover such costs.

- An applicant could also make a compelling case of market viability by showing that it can reasonably expect to attract commercial capital on market terms, since an investor would invest only if it believed that revenue would eventually be sufficient to cover fully loaded costs.[10]
- An applicant could also make a compelling case of market viability by showing that it can reasonably expect to attract capital on concessional terms awarded due to the social impact of the innovation. The Mission will consider such hybrid scaling strategies, but to the extent that the scaling path relies on philanthropically motivated funding such as impact investment or funding associated with corporate social responsibility, applicants will typically need during the award to demonstrate rigorous evidence of causal impact and show that the philanthropically motivated portion of funding is a cost-effective way to achieve the development objective;[11] and
- A compelling case that the applicant will be able to show that the innovation's benefits exceed its costs, especially focusing on benefits and costs for beneficiaries.[12]

Applicants should therefore no longer need donor funding for regular operations; instead, they would use donor funds only to adapt and scale to new contexts. To enable maximum leverage of Mission funds, the Mission will endeavor to allow commercial investors the opportunity to fund these innovations. In addition, applicants must demonstrate a convincing case using evidence and data for how and why these additional investments in adapting and scaling the innovation in new contexts will yield a high return for beneficiaries. The additional Mission funding for adaptation should unlock significant additional capital or generate greater scale that allows the applicant to increase their social impact.

2. Cost-Effectiveness

Applicants must demonstrate plans to analyze cost-effectiveness or show that they have already done so. Applicants should discuss the costs and cost-effectiveness of alternative solutions and should also discuss the major cost drivers and cost-effectiveness of the

[10] Note that the applicant need not actually apply for and take commercial capital on market terms. Rather, the applicant needs to show only that it is able to attract such capital to make a compelling case of market viability.

[11] An exception to the heightened evidentiary requirements for the philanthropic portion would be if the philanthropic portion were minimal, if the innovation had clear benefits to people other than paying customers, and if a rigorous test of causal impact and cost-effectiveness were unfeasible.

[12] For most innovations, evidence of market viability can also serve as evidence that the innovation's benefits exceed the costs since customers' willingness to pay a price that fully covers costs is evidence that they place at least that much value on the product. One exception to this notion would be innovations that might generate net negative consequences for others, e.g., pollution. Another exception would be innovations that consumers might pay for despite the innovation not being beneficial for them, e.g., products sold based on misleading claims or addictive products. A third exception would be a product that is viable in the market due only to subsidies. For example, if an innovative energy source were more expensive than alternatives and viable only because of regulations that force firms to buy it, the innovation would be classified as a hybrid, and the Mission would require the applicant to show that the benefits of the public subsidy exceed the cost.

innovation at scale. For innovations designed to scale publicly (i.e., it depends on government or philanthropically sourced funding in some part), applicants should provide data on likely current and future costs of the innovation; impact per dollar spent compared to alternatives; and information on how costs and cost-effectiveness will be measured. For innovations designed to scale commercially, applicants should be able to provide relevant commercial data, including a financial analysis of the innovation's potential to commercialize, analysis of market demand, and all relevant costs.

3. **Feasibility**

   Applicants must demonstrate that the innovation has the potential to impact a large population of beneficiaries. Applicants must discuss the financial resources they expect to be required to scale the innovation over time and their vision for how such resources will be obtained. Applicants should identify all partners and actions partners would need to take in order to scale the innovation and make it financially sustainable. Proposals will be stronger if applicants have established relationships with the partners envisioned for scaling (e.g., partnerships with distributors; orders from large customers; Memoranda of Understanding with the government indicating commitment to scale should evidence demonstrate a positive impact, etc.).

Cross-Cutting Principles

1. **Coordination with Business Associations and NPI**
   - USAID assistance for achieving the activity purpose relies on strong partnerships and coordination with local institutions, donors, and the private sector. This addendum recognizes the important role of business associations and philanthropic foundations as key partners for the advancement of the Mission's Development Objectives. Business associations in El Salvador such as the American Chamber of Commerce (AMCHAM), the Industrialist Association (ASI) and the Chamber of Commerce (CAMARASAL) membership have traditionally partnered with USAID/El Salvador in activities ranging from crime and violence prevention, basic education, workforce development and SME strengthening. Regional business associations such as the Central American Integration for Corporate Social Responsibility (RED INTEGRARSE) have previously engaged with USAID to participate in regional forums that promote security, prosperity, and good governance.

   - Private sector philanthropic foundations play a very important role in El Salvador and regionally (El Salvador, Guatemala, Honduras, and Mexico) and they have been the implementing or resource partners in multimillion dollar Global Development Alliances. Since private sector philanthropic foundations' objectives frequently align with those of USAID's, coordination with them will be essential. Finally, it's worth mentioning that El Salvador and the region (El Salvador, Guatemala, Honduras, and Mexico) have a vibrant ecosystem of local NGOs and foundations engaged in local development that will be targeted as potential implementing and resource partners.

2. **Coordination with other USG Agencies**
   - When applicable, activities under this Addendum are expected to implement their activities in close coordination with other USG Departments and Agencies that work with the private sector such as the Department of Commerce, the Economic Section of the US Embassy, and the US Development Finance Corporation. In this way, synergies that strengthen the proposed activities are expected to occur and duplication of activities will be avoided.

3. **Coordination with Other Donors**
   - A solid relationship and frequent coordination with other key donors such as the Interamerican Development Bank and the European Union is critical to avoid duplication of efforts. Applicants will proactively seek to leverage funding and resources to better align priorities and achieve desired development impacts. When applicable, USAID highly encourages proposals to demonstrate a solid understanding of key donors whose existing relationships and initiatives with private sector counterparts are aligned with the objectives of proposed activities.

4. **Coordination with other USAID/El Salvador activities**
   - Current awards managed by USAID/El Salvador's technical offices (Economic Growth and Education [EGE] and Democratic Governance and Security [DGS]). Examples include, but are not limited to:

     - **Oportunidades.** This activity contributes to the prosperity of Salvadoran youth by increasing access to quality education directly related to local employment opportunities for those who have academic potential and desire, but lack financial resources. This alliance will provide a path to greater school engagement, enhanced life skills, employment, and non-violent conflict resolution. These skills promote a stronger sense of community, thus reducing violence and mitigating the drivers of irregular migration.

     - **High Impact and Sustainable Communities Project in Soyapango:** This activity contributes to the improvement of the quality of life of families in Soyapango, through the articulation of the key sectors to increase the opportunities of economic and social development of the municipality.

     - **Imagina - El País que queremos:** This activity seeks to empower and catalyze citizens to actively participate in the creation, revitalization, and maintenance of public spaces, as well as to provide a dynamic platform to collect and analyze data regarding citizens' perceived quality of life.

        - **New Path for Social Reintegration Project:** This activity focuses on social insertion of young people and adolescents by designing and implementing models for social insertion, strengthening public policy for rehabilitation and social integration, and engaging both public and private sector actors to promote social insertion.

    - Future awards managed by EGE and DGS offices at USAID/El Salvador.

    - Current awards managed regionally, USAID/Central America and Mexico (CAM). Examples include, but are not limited to:

        - **Integrated Responses on Migration (IRM) from Central America.** This activity contributes to lowering both the number of irregular migrants to the United States and the number of apprehensions at the U.S. southern border, which are key U.S. Government priorities.

        - **Trade Facilitation and Border Management Project.** The goal of the Activity is to contribute to the Central American countries' broad-based economic growth by enhancing regional integration and improving trade facilitation.

    - Future awards managed by USAID/CAM.

5. **Gender Equality and Female Empowerment**
    - Central American countries are societies with strong social norms that dictate gender roles and cultural practices that often result in gender inequality. Using a measure of gender equality developed by the UN for the 2016 Human Development Report, El Salvador, Guatemala, Honduras, Mexico, and Nicaragua currently rank toward the high end (indicating high gender inequality) at 117, 125, 130, 77, and 124, respectively, out of 188 countries.

      Low levels of literacy and lack of information and knowledge about job opportunities and civil rights are more prevalent among women than men. This means that women are not able to fully benefit from the opportunities and efficiencies that workforce development or violence prevention programs offer. Gender-based violence is also considered a constraint that women experience in the region (El Salvador, Guatemala, Honduras, and Mexico). Typically, working conditions are geared towards the needs of the male workers and thus women are afforded poor amenities and opportunities.

      Applicants will systematically consider the gender aspects and implications of specific interventions. Applicants must build gender into the work plan in accordance with USAID requirements. This includes examining:

      a. How the different roles and status of women and men in the region will affect the activities to be undertaken;

b. How the anticipated results of the activity might affect women and men differently; and,
c. A coordinated, place-based approach to improve the underlying causes that push Central Americans to migrate, taking into account, as appropriate, the views of bilateral, multilateral, and private sector partners, as well as civil society.

Applicants should ensure that stakeholder engagement is gender-sensitive and that both women and men are represented throughout the activity cycle including: (1) taking into account the particular constraints that women face, (2) engaging women and ensuring they are willing and able to participate in activities, and (3) ensuring that a wide range of women's perspectives are represented within the activity.

Applicants will also ensure that any training activities address the gender dynamics that ensure an equal participation from male and female participants to ensure as much gender parity as possible.

Progress in all related activities will be measured and verified using indicators that are disaggregated by sex, and/or gender-sensitive indicators to measure gender-related changes over time, if feasible. Monitoring and evaluation tools should include questions to elicit information that allows differentiation of impacts based on gender.

6. Locally-Led Development

- Locally-led development solutions are defined as using, strengthening, and partnering with local actors and local systems strategically, purposefully, and cost-effectively to achieve sustainable development. Involving local partners - those based in the region (El Salvador, Guatemala, Honduras, and Mexico) - will help to ensure ongoing development impact and sustainability. As part of the Mission's New Partners Initiative, proposed activities will focus on building capacity of local partners to promote innovation, develop local technical capacities, deepen accountability and improve development results.

7. People with Disabilities

- USAID is committed to the inclusion of people who have physical and cognitive disabilities and those who advocate and offer services on behalf of people with disabilities to promote a climate of nondiscrimination against and equal opportunity for people with disabilities; and to promote the inclusion of people with disabilities within USAID programs.

8. Social Inclusion

- USAID's social inclusion policies aim to avoid discrimination against vulnerable populations such as youth, returned migrants, men and women in the process of or in need of reinsertion to society, indigenous peoples, and members of the LGBTQI+ community in programs which USAID funds. This commitment extends from the design and implementation of USAID programming to advocacy for, and outreach to, people from vulnerable populations, and the activity should integrate these guidelines throughout.

9. Do No Harm

- USAID abides by a foundational principle of "do no harm". "Do no harm" means that the Mission takes measures to ensure that the development assistance efforts do not put vulnerable groups such as women, LGBTQI+ individuals, people with disabilities (PWD), indigenous persons, among others, at increased risk of harm or raise their public profiles in such a way that could lead to a backlash. Therefore, concepts should ensure that innovative interventions do not produce physical, financial, or other harm to women, men, or the vulnerable groups mentioned above as a result of the interventions.

10. Monitoring and Evaluation (M&E), Collaborating, Learning and Adapting (CLA)

- Monitoring and evaluation (M&E), and collaborating, learning and adapting (CLA) for activities should emphasize the systematic process of collecting and analyzing performance data and other information to track progress toward planned results. It also involves collaborating with and across implementing partners to manage the relationship among activities, or between activities and a project, to achieve higher-level outcomes. Activity M&E and CLA focuses on whether an activity is achieving programmatic results and generating learning to inform the adaptation of activities based on evidence.

  The Mission seeks partnerships with the private sector that contribute to the Mission's commitment to a multifaceted CLA approach to development. The CLA approach is based on the understanding that development efforts yield more effective results if they are coordinated and collaborative; test promising, new approaches in a continuous yet also rapid, targeted search for generating improvements and efficiencies; and build on what works and eliminate what does not. It is also understood that CLA takes into account programmatic learning and shifts generated by the activity (outward-generating) as well as those adopted by the activity from external learning sources. USAID also anticipates that a strong focus on adaptive management techniques as expressed through staffing skills, structure and culture, business processes, and stakeholder engagement will be particularly important in the implementation of each resulting activity, in order to track and adjust to the opportunities to operationally integrate with other activities working in related efforts. Thus, USAID anticipates a CLA approach that tailors CLA to the needs and opportunities of each resulting activity, while leaving open options for future evolution in its interpretation and application.

11. Communication Strategy

- Communications and public perception are critical to the achievement of USAID/El Salvador's development objectives to improve security, increase prosperity and strengthen democratic governance. Together with our partners, GOES and the communities in which we work, USAID promotes an increased level of hope for Salvadorans living a good life at home, measured by improvements in educational and economic opportunities, security and government. Each activity will contribute to this shared objective. Each activity will provide a communications strategy demonstrating how the partner and activity will utilize communications to achieve results and how the activity contributes to higher level objectives of increased hope and improved public perceptions. USAID El Salvador/DOC will coordinate with communications leads of all partners regularly to align efforts, refine local hub messaging and national campaigns, and encourage partners' continued understanding and development of communications products that prioritize CDCS communication goals.

12. Environmental Considerations

- The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID's activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development programs. This mandate is codified in Federal Regulations (22 CFR 216) and in USAID's Automated Directives System (ADS) Parts 201.5.10g and 204 (http://www.usaid.gov/policy/ADS/200/), which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities.

  No activity funded under this award will be implemented unless an environmental threshold determination, as defined by 22 CFR 216, has been reached for the activity, as documented in a Request for Categorical Exclusion (RCE), Initial Environmental Examination (IEE), or Environmental Assessment (EA) approved by the Mission Director and duly signed by the Bureau Environmental Officer (BEO). (Hereinafter, such documents are described as "approved Regulation 216 environmental documentation.") The Mission has three existing IEEs completed for current and future programming (LAC-IEE-21-71, LAC-IEE-15-07, LAC-IEE-15-30), and two forthcoming IEEs will eventually replace LAC-IEE-15-07 and LAC-IEE-15-30.

13. Climate Risk Management (CRM)

- USAID regulation ADS 201 mandates to assess and manage climate risks of all USAID-funded activities, with limited exceptions. Climate risk is the potential for negative consequences on activity objectives and/or outcomes due to changing climatic conditions. The CRM process seeks to identify climate risks and propose actions to manage the risks. It may also identify potential development opportunities associated with current and expected climatic and meteorological changes, including chances to achieve additional development objectives (including increasing climate resilience and reducing greenhouse gas emissions). Concept papers should identify and address potential climate risks. Selected concept papers will have a CRM assessment.

The Mission's CRM assessment determined that extreme climate events are quite likely to be experienced during the CDCS period with varying degrees of risk associated with the expected CDCS results. In addition, all of the potential climate risks could be major drivers of internal displacement and out-migration, depending on their severity, length and the Government of El Salvador's capacity to respond. In addition, the assessment underscored the importance of analyzing the impact of climate risk on vulnerable populations, as a driver of irregular migration and as a deterrent to the country's development.

[END OF SECTION A]

SECTION B: FEDERAL AWARD INFORMATION

Issuance of this Addendum does not constitute an award commitment on the part of the U.S. Government, nor do those commit the U.S. Government to pay for any costs incurred in the preparation or submission of questions, comments, suggestions, Concept Papers, and/or Full Applications. Applicants submit Concept Papers/Applications at their own risk, and all preparation and submission costs are at their own expense.

B.1. Estimate of Funds Available and Number of Awards Contemplated

B.1.1 Award Discretion

Subject to funding availability, the Mission intends to provide approximately $26,816,914.00 in total USAID funding to support activities focused on the programmatic areas described in this Addendum.

The Mission anticipates awarding one or more award(s) under this Addendum. The actual number of awards, if any, under this Addendum is subject to the availability of funds and the interests and requirements of the Mission, as well as, the viability of eventual Applications received. Actual funding amounts and length of awards are subject to availability of funds, award type, and activity proposed.

If USAID identifies opportunities to strengthen or fund a concept paper or application submitted in response to the Addendum by connecting it with other USAID mechanisms, other potential funders, and/or external partners, USAID may make that concept paper or application available, internally or externally, for appropriate consideration. Therefore, applicants must be willing to:

(a) Co-create the activity by sharing their proposed approach to the project with other organizations,
(b) Enter into sub-award arrangements, and/or
(c) Collaborate with other organizations to coordinate and optimize technical and administrative contributions, as may be necessary.

Please refer to **section B.3 of the APS** for more information on evergreening and the Certification Language for submissions in Concept Papers.

B.1.2. Funding Restrictions

Please refer to **section D.3 of the APS** for information on Funding Restrictions.

B.1.3. Place of Performance

The Mission supports innovations in El Salvador or regionally in the countries of El Salvador, Guatemala, Honduras, Mexico, and Nicaragua. If a regional concept is presented, the proposed innovation must include El Salvador and either Guatemala, Honduras, Mexico or Nicaragua.

B.2. Nature of the Relationship between USAID and the Successful Recipient

The principal purpose of the relationship with the Recipient is to transfer funds to accomplish a public purpose of support or stimulation of the activity which is authorized by Federal statute. The successful Recipient will be responsible for ensuring the achievement of the program objectives and the efficient and effective administration of the award through the application of sound management practices. The Recipient will assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

B.2.1. Areas of Substantial Involvement

If a cooperative agreement is awarded, the Mission will be substantially involved in the implementation of this activity based on the programmatic requirements of the award, as further determined in ADS 303.3.11. Some examples of areas of substantial involvement are as follows:

1. Approval of the Recipient's implementation plans;

2. Approval of specified key personnel;

3. Agency and Recipient collaboration or joint participation, such as when the Recipient's successful accomplishment of program objectives would benefit from USAID's technical knowledge, etc.;

4. Agency's ability to immediately halt an activity if the Recipient does not meet detailed performance specifications;

5. Agency's ability to review and approve of one stage of work before work can begin on a subsequent stage during the period covered by the cooperative agreement; and,

6. Approval of subawards (see definition in 2 CFR 200).

B.3. Start Date and Period of Performance for Federal Award

The period of performance of individual awards may vary but will not exceed five (5) years.

<u>Renewals</u>:

Awards made under this Addendum may be eligible for annual renewals providing a possibility of a subsequent award to receive additional support for the project for succeeding periods, activities, or milestones if so determined by USAID. The overall period of the cooperative agreement, including all renewals, will not exceed the five year period of performance of the award under this Addendum. USAID will inform the awardee no later than four months before the end of the period of performance of the initial award if the said awardee is eligible to apply for a renewal award. The Recipient will submit a renewal request no less than three months prior to the end date.

Funding of any renewal period or expansion of activities is contingent on the following:

- Availability of funds;
- Satisfactory progress towards meeting the award objectives;
- Submittal of required reports; and,
- Compliance with the terms and conditions of the award, including the conditions for renewal.

If informed by USAID, a Recipient will submit a detailed annual work plan for the renewal period along with a detailed budget to be considered for the renewal opportunity.

Any renewals are at the sole discretion of USAID.

B.4. Type of Instrument

USAID has a number of assistance award types to choose from when providing funds to successful Applicants. The type of award and terms and conditions included therein is based upon recipient organization type, programmatic factors, and other due-diligence matters (including responsibility determinations). Awards pursuant to this addendum may result in a variety of assistance instruments outlined in ADS 303.3.24 and ADS 303.3.25 such as:

(a) Grants and Cooperative Agreements, including renewal awards, which allow for adaptability within the five-year maximum period of performance to changing contexts and lessons learned during implementation and allow for scalability of pilot activities;

(b) Simplified grants for small awards on a cost reimbursement basis may be appropriate for new local organizations that propose innovative solutions; and,

(c) Fixed Amount Awards which allow payments upon the successful completion of milestones and may result in less administrative burden for new partners.

The types of awards are defined in **Section F of the APS**.

[END OF SECTION B]

SECTION C: ELIGIBILITY INFORMATION

C.1. Eligible Applicants

Eligibility is unrestricted. This Addendum is open to all entities that meet the eligibility criteria set forth in **Section C of the APS**.

Important Notes:

- All eligible, interested organizations are restricted to submitting only one Concept Note as the Prime Applicant. If more than one Concept Note is received with the same Prime Applicant, USAID will seek written clarification from the relevant entity regarding which Concept Note should be considered for review. If clarification is not resolved *within five (5) business days*, all Concept Papers submitted by that Applicant may be deemed ineligible.
- Applicants may serve as sub-awardees or supporting partners on multiple Concept Papers.
- Prime applicants must not require exclusivity agreements with proposed alliance members, sub-partners, or key individuals.

C.2. New Partnerships Initiative (NPI) and Localization

The Mission highly supports NPI and welcomes partners that would comply with this Initiative. NPI defines "Implementing Partners" as U.S. and non-U.S. non-governmental organizations that can design and implement assistance activities outside the United States. New Partnerships Initiative Key Definitions | U.S. Agency for International Development (usaid.gov).

The Mission strongly encourages a partnership approach that leverages the required technical expertise of a variety of diverse partners needed to achieve the activity objectives. If any qualified organization is unable to technically respond to the entire activity, then we encourage these organizations to submit a concept paper to achieve an objective of the activity or pursue an alliance with another organization.

What is a "New" Partnership?

A "new" or "underutilized" partner is an organization that has received less than $25 million cumulatively in direct or indirect awards from USAID over the past five (5) years.

What are the basic requirements of an NPI partnership?

In addition to aligning with the specific development objectives and requirements in this Addendum, NPI partnership proposals must reflect one (1) of the following four (4) forms:

1. Direct awards to new and underutilized organizations that are local entities in El Salvador or countries for which the Applicant is applying (if and when regional activities are solicited);
2. Direct awards to new and underutilized organizations that are Locally Established Partners (LEPs) in El Salvador or countries for which the Applicant is applying (if regional activities are authorized);
3. Sub-awards to new or underutilized partners via prime awardees that serve in a limited mentorship role; or,
4. Direct awards to partners to leverage private/non-U.S. government funding.

Please refer to **Section C of the APS** for further information on NPI's forms of engagement. Section C of the APS will also provide information on localization, specifically as it relates to Transition Awards and working with faith-based and community organizations.

C.3. Compliance

C.3.1. Local Laws and Regulations

All Implementing Partners must be legally registered entities under applicable local law, including taxation, and eligible under the relevant laws to receive funding from a foreign source. Individuals, unregistered, or informal organizations are not eligible to be Implementing Partners. USAID advises prospective applicants to consult local counsel on these issues in the Concept Paper phase.

C.3.2. UEI and SAM Registrations

USAID may not make an award to an Applicant until the Applicant has complied with all applicable Unique Entity Identifier ("UEI") and SAM registrations as **detailed in Section H of the APS**; and, if an Applicant has not fully complied with the requirements by the time USAID is ready to make an award, USAID may determine that the Applicant is not qualified to receive an award and may use that determination as a basis for making an award to another Applicant. USAID reserves the right to make no award under this Addendum at any stage of the process. The registration process may take many weeks to complete. ***Therefore, applicants are encouraged to begin registration early in the process.***

C.4. Cost Sharing or Matching

USAID has established a suggested recipient cost share of at least fifteen percent (15%) of projected award amount for each award. Such funds may be provided directly by the recipient; other multilateral, bilateral, and foundation donors; host governments; and local organizations, communities and private businesses that contribute financially and in-kind to the implementation of activities at the country level. This may include contribution of staff level of effort, office space or other facilities or equipment which may be used for the program, provided by the recipient. For guidance on cost sharing in grants and cooperative agreements see 2 CFR 200.306.

Proposed cost share, if provided, will be reviewed for compliance with the standards set forth in 2 CFR 200.306, 2 CFR 700.10, and the Standard Provision "Cost Sharing (Matching)" for U.S. entities, or the Standard Provision "Cost Share" for non-U.S. entities.

Note: Applicants will not be graded favorably or unfavorably as a result of the cost share provided for in their Concept Paper. The Concept Paper will be graded purely on the merit review criteria specified in **Section C.1 of the APS and Section E of this Addendum**.

C.5. Leverage

The Innovations Addendum invites private sector applicants to consider opportunities for leverage. Leverage is the resources mobilized and contributed by the private sector to significantly advance the proposed impact or progress against outcomes in a development activity, including assets, capabilities, and expertise. To this end, the Mission prefers to mobilize private sector resources, assets, capabilities, and expertise in equal or greater value of resources provided by the USG. Leveraged resources may include grants/awards from non-US Government organizations and other private sector donors.

What counts as leverage?
In practice, leverage is typically a combination of cash and in-kind contributions of non-US Government funding or resources that advance proposed impact and progress against outcomes. Examples of in-kind contributions that USAID might count toward the private sector leverage requirement include:

- Equipment
- Use of training or other purpose-specific facilities necessary to a program's implementation
- Value of time donated by technical consultants, industry and business association members and staff, business owners, and/or company employees whose work, expertise, and experience positions them to be valuable partners in the partnership
- Value of salaries for staff dedicated to the partnership
- Technology, communications and capital assets
- Intellectual property rights
- Licenses
- Cash
- Crypto assets and/or cryptocurrencies such as Bitcoin (BTC) and Ether (ETH)

C.6. Responsibility Determination

The successful applicant(s) will be subject to a responsibility determination assessment and potentially a Pre-award Survey. The Recipient must be a responsible entity. The AO may determine a pre-award survey is required to conduct an examination that will determine whether the prospective recipient has the necessary organization, experience, accounting and operational controls, and technical skills – or ability to obtain them – in order to achieve the objectives of the program and comply with the terms and conditions of the award. Depending on the result of the risk assessment, the AO will decide to execute the award, not execute the award, or award with "specific conditions" (2 CFR 200.208).

Please refer to **Section C of the APS** for additional information on eligibility requirements that apply to this Addendum, including guidance on protecting proprietary data and intellectual property.

C.7. How to Work with USAID

More information on how to work with USAID may be found at https://www.usaid.gov/work-usaid/get-grant-or-contract/trainings-how-work-usaid, as well as https://www.workwithusaid.org. Information is also available in Spanish.

Please refer to **Section C of the APS** for additional information and resources related to working with USAID.

[END OF SECTION C]

SECTION D: APPLICATION AND SUBMISSION INFORMATION

D.1. Agency Point of Contact

For any questions regarding this Innovations Activity Addendum, contact Marielos Arce at mquinonez@usaid.gov.

The Mission will furnish promptly to all prospective Applicants, as an amendment to this Addendum, any information concerning this Addendum given to a particular prospective Applicant, if that information is necessary in submitting Applications, or if the lack of it would be prejudicial to any other prospective Applicant.

If an award is made, the Agreement Officer (AO) will appoint an Agreement Officer's Representative (AOR) at that time to provide technical and administrative oversight of the specific award during implementation.

D.2. Concept Paper Instructions

Applicants are required to submit Concept Papers using the *Concept Paper Template* in Attachment 1 of this Addendum. The *Eligibility Certification Form* in Attachment 2 must also be completed and submitted if applicable.

D.2.1. Content and Format of Concept Paper Submission

Applicants should submit only the information and materials requested, and in the format specified in Attachment 1 of this Addendum. Concept Papers must be submitted electronically via e-mail in Word 2000 or Word 2003 text-accessible.

- Concept Papers shall not exceed five (5) pages, using 1" page margins with Times New Roman 12-point font. USAID will not accept or consider Concept Papers that are more than five (5) pages in length.
- Clarity and specificity are important, as is ensuring that the narrative in the Concept Paper addresses the points outlined in this Addendum used to review the Concept Paper. During the merit-review process, USAID may reject funding for those Concept Papers that are vague or merely restate language found in this Addendum.
- Concept Papers may be submitted in English or Spanish.

The Concept Paper (including any Supporting Information) must be submitted to:

Marielos Arce email: mquinonez@usaid.gov

Please indicate in the e-mail subject line ***"Concept Paper Submission/Innovations Activity Addendum"*** when submitting the Concept Paper.

Concept Papers will be accepted and evaluated on a quarterly basis. Concept papers must be submitted by the quarterly deadline in order to be considered during that round. The applicant may choose to submit under any round; no preference will be given for choosing one round over another.

Questions regarding the substance and objectives of this Addendum must be directed to mquinonez@usaid.gov by the date stipulated in the cover letter of this Addendum.

IMPORTANT NOTE: Any Concept Papers that do not follow the instructions will be disqualified and not reviewed.

[END OF SECTION D]

SECTION E: APPLICATION REVIEW INFORMATION

E.1. Review Process

The purpose of the merit review process is to provide a rational basis for reviewing and selecting applicant(s) for an award. Each concept will be reviewed against the concept paper review criteria stated in this Addendum by a USAID Selection Committee. If an applicant is requested to submit a full application, the application will be reviewed against full application criteria in this Addendum by a USAID Selection Committee.

E.1.1. Concept Paper Review Process

When a concept is received under this Addendum, the Selection Committee will assess the concept based on the criteria outlined in the *Innovations Concept Paper Review Determination Form* provided below in Section **E.1.2 of this Addendum**.

The initial review will address the Concept Eligibility criterion to determine the eligibility of the applicant, based on mandatory compliance with the four critical requirements specified under **Section C.1 of the APS**, using a pass/fail (i.e., "yes" or "no") determination. This initial review will result in one of two outcomes:

1. The concept is eligible and will proceed to review under the Concept Review criterion.

2. The concept is not eligible and will no longer be considered. If a concept paper does not comply with *all four critical requirements*, the concept paper will not be considered eligible for award. As this initial review is an eligibility check, the Mission will not provide a formal debrief.

The secondary review will address the Concept Review criterion and will result in one of five outcomes:

1. The concept does not meet the concept review criterion and will no longer be considered.

2. The concept generally meets the concept review criterion and the applicant is invited for an oral presentation (in person or virtually) in order to more fully describe its technical approach.

3. The concept meets the concept review criterion but will be considered for "evergreening" purposes (e.g., held for when adequate resources or time are available at the Mission to pursue co-creation). Concept papers that are evergreened will remain available for potential consideration for a period of up to one year after the closing date of this Addendum. Please refer to **section B.3 of the APS** for more information on evergreening and the Certification Language for submissions in Concept Papers.

4. The concept meets the concept review criterion and the applicant is requested to submit a full technical and cost application.

5. The concept meets the concept review criterion and the applicant is invited to engage in in-depth and specific co-creation discussions aimed at building a high impact partnership. The subsequent partnership development discussions between USAID and the prospective partner(s) will result in one of two determinations:

    a. <u>The proposed partnership does not warrant further pursuit</u> (if the in-depth and specific partnership development discussions do not result in the identification and development of a partnership and/or specific partnership activities worthy of further pursuit).

    b. <u>The applicant is requested to submit a full technical and cost application</u> (if partnership development discussions are successful).

Upon completion of the Concept Review of eligible concept papers, USAID will provide individual notifications to each applicant within twenty (20) work days following the receipt of the results of the review process.

Please refer to **Section D of the APS** for more detailed information on the Concept Review process and co-creation.

E.1.2. Concept Review Criteria and Considerations

The Mission will use the review criteria set forth in the *Innovations Concept Paper Review Determination Form* below to evaluate a concept in response to this Addendum. Any concept submitted in response to this Addendum should propose an approach that satisfies these criteria and exhibits the characteristics set forth below.

INNOVATIONS CONCEPT PAPER REVIEW DETERMINATION FORM		
<u>CONCEPT ELIGIBILITY</u>		
CRITERION	**CRITERION NAME**	**Yes/No**
Eligibility Criterion 1	1.a. Does the activity address the strategic objectives of the USAID/El Salvador CDCS, forthcoming RDCS, the bilateral USAID strategies in benefitting countries (if and when regional activities are solicited), and/or the RCS and CMMS?	Yes☐ No☐

Eligibility Criterion 2	1.b. Does the proposed activity respond to the technical requirements and/or intended results in Section A of this addendum?	Yes☐ No☐
Eligibility Criterion 3	1.c. Does the activity demonstrate long-term impact and describe how it will be sustainable?	
Eligibility Criterion 4	1.d. Does the activity demonstrate how it expands and diversifies USAID's partner base so that it advances localization and helps to equip and fund more local champions and locally established partners to support country level progress?	Yes☐ No☐
Eligibility Determination	Are <u>all</u> eligibility criteria responses "yes". If so, proceed to concept review.	Yes☐ No☐
<u>CONCEPT REVIEW</u>		
CRITERION	**CRITERION NAME**	**Yes/No**
Review Criterion 1	**Responds to an issued challenge?**	Yes☐ No☐
<u>Instructions to Applicant</u>	The proposed innovation responds to at least one of the Addendum's listed development challenges.	
Review Criterion 2	**Provides strong evidence of impact or proposed plan?**	Yes☐ No☐
<u>Instructions to Applicant</u>	The proposed alliance should yield sustainable market-based and enterprise-led solutions to the development challenges being addressed. The alliance should generate valuable development outcomes and results to a situation in which valuable development results continue to be generated in an ongoing manner over the short, medium and long term. The proposed innovation clearly presents evidence of impact. For piloting stage activities, the proposed innovation must articulate a robust plan for generating early-stage innovation evidence. For scaling activities, the proposed innovation must present strong evidence in support of the innovation's theory of change and impact on development outcomes.	
Review Criterion 3	**Demonstrates cost-effectiveness?**	Yes☐ No☐
<u>Instructions to Applicant</u>	Proposed innovations must maximize the delivery of more development impact per dollar than other solutions or the status quo. This takes into account that cost-effectiveness is	

	a function of both cost and impact and does not mean that an innovation is the cheapest solution.	
Review Criterion 4	**Articulates feasibility of potential for scale and financial sustainability?**	Yes☐ No☐
Instructions to Applicant	The proposed innovation demonstrates an impactful development solution that will scale to reach and address one of the Addnedum's listed development challenges. The proposed innovation must be feasible in the short- and long-term, and as such, must have a potential pathway to scale in the long-run through commercial funding, public-sector or philanthropic funding, or a hybrid of the two.	

E.1.3. Full Application Review Process and Criteria

Once the Selection Committee has determined a concept to meet the concept review criterion and/or successful co-creation has concluded, the Agreement Officer will issue a Request for a Full Application (RFA) to the applicant. Typically, the applicant will be provided at least 30 days to respond. When the full application is submitted, the Selection Committee will assess the full application on the extent to which the applicant meets the considerations and criteria set forth in the RFA.

The Mission will use the following full application review criteria set forth below to evaluate a full technical application in response to this Addendum (in order of weight of importance).

Criterion 1 - Evidence of Impact - Most Important
Criterion 2 - Cost-Effectiveness - Medium Importance
Criterion 3 - Feasibility - Least Important

A. Evidence of Impact

The applicant must submit a clearly articulated evidence of impact that provides the following:

1. Demonstrates what does and does not work to deliver positive development outcomes for beneficiaries or in response to development challenges.
2. States a clear theory of change that draws upon available evidence.
3. Includes clear indicators of impact and rigorous methodologies to evaluate impact.
4. For piloting stage activities, offers a plan to generate evidence of impact and articulates research to test new solutions to development challenges. The more clearly the applicant presents a robust plan for generating early-stage innovation evidence, the stronger the application.

5. For scaling stage activities, identifies and successfully demonstrates impact. The more evidence an applicant presents in support of their innovation's theory of change and impact on development outcomes, the stronger the application.

Evaluation Criterion

- The extent to which the Applicant's proposal clearly presents evidence of impact. For piloting stage activities, proposals must articulate a robust plan for generating early-stage innovation evidence. For scaling activities, proposals must present strong evidence in support of the innovation's theory of change and impact on development outcomes.

B. <u>Cost-effectiveness</u>

The applicant must provide a detailed discussion of cost-effectiveness that achieves the following:

1. Demonstrates how the innovation will deliver more development impact per dollar than other solutions or the status quo.
2. Reveals how the innovation can increase its cost-effectiveness either by reducing its cost or by increasing its impact, not merely develop the cheapest solution.
3. Provides data around current and projected costs to demonstrate how costs of the innovation at scale may be different than costs generated earlier in its development.

Evaluation Criterion

- The extent to which the Applicant's proposed activity maximizes the delivery of more development impact per dollar than other solutions or the status quo. This takes into account that cost-effectiveness is a function of both cost and impact and does not mean that an innovation is the cheapest solution.

C. <u>Feasibility</u>

The applicant must provide the following information regarding discussion of feasibility:

1. Demonstrates its potential to address and overcome the development challenge.
2. Includes a potential pathway to scale in the long-run and identified sources of financial sustainability such as commercial funding, public-sector or philanthropic funding, or a hybrid of the two.
3. Demonstrates how it will be financially sustainable over a period of time that is necessary to achieve development impact and ultimately grow without continued Mission support.
4. Identifies the potential for someone to pay for the innovation at scale.
5. Identifies the types of partners and any actions the partners need to take that are critical for the innovation's success and for future scaling the innovation.
6. Notes the types of partners that will pay for the innovation (e.g., government, manufacturers, other direct service organizations, etc.).
7. If relevant, describes the extent to which relationships with partners have already been built.

Evaluation Criterion

- The extent to which the Applicant's proposal demonstrates an impactful development solution that will scale to reach and address one of the Addnedum's listed development challenges. Proposed solutions must have a potential pathway to scale in the long-run and identified sources of financial sustainability such as commercial funding, public-sector or philanthropic funding, or a hybrid of the two.

The review criterion will have an assigned rating system, such as a pass or fail (yes/no) rating scheme or an adjectival (excellent/good/inadequate) rating scheme. The definition for an adjectival rating scheme will be provided to applicants who proceed to full application through the request for full application.

[END OF SECTION E]

SECTION F: FEDERAL AWARD AND ADMINISTRATION INFORMATION

F.1. Federal Award Notices

The USAID Agreement Officer (AO) is the only individual who may legally commit the U.S. Government to the expenditure of public funds. Applicants are prohibited from charging or incurring costs to the proposed award prior to receipt of either a fully executed award or a specific, written authorization from the AO. USAID will administer awards in accordance with Parts 700 and 200 of Title 2 of the CFR, and Standard Provisions for U.S./non-U.S. organizations.

F.2. Reporting Requirements

Resulting awards under this Addendum will incorporate specific reporting requirements, including Financial and Performance Reporting, and the frequency required.

F.3. Additional Information

- ADS Chapter 205 - Integrating Gender Equality and Female Empowerment in USAID's Program Cycle: https://www.usaid.gov/sites/default/files/documents/205.pdf
- ADS Chapter 303 Standard Provisions for Non-U.S. Non-governmental Organizations:
    - https://www.usaid.gov/sites/default/files/documents/303mab.pdf
- ADS Chapter 303 Standard Provisions for U.S. Non-governmental Organizations: https://www.usaid.gov/sites/default/files/documents/303maa.pdf
- ADS Chapter 318 Intellectual Property Rights: http://www.usaid.gov/ads/policy/300/318
- Grant and Contract Process: https://www.usaid.gov/work-usaid/get-grant-or-contract/grant-and-contract-process
- El Salvador CDCS public version in English:
    - https://www.usaid.gov/sites/default/files/documents/CDCS-El_Salvador-external_version-April30.pdf
- El Salvador CDCS public version in Spanish:
    - https://www.usaid.gov/sites/default/files/documents/CDCS-El_Salvador-Espanol-Actualizado_Abril_23_1_1.pdf

[END OF SECTION F]

SECTION G: FEDERAL AWARDING AGENCY CONTACT(S)

Points of contact (POC) for questions while the funding opportunity is open.

Marielos Arce
Acquisition and Assistance Specialist
Regional Office of Acquisition and Assistance
USAID/El Salvador
Email: mquinonez@usaid.gov

[END OF SECTION G]

SECTION H: OTHER INFORMATION

H.1. Value Added Tax (VAT)

The VAT charged in El Salvador is to be excluded from the price of the Award and is generally not an allowable cost under the Award. Upon award, USAID will provide guidance to the successful applicant in order to obtain the VAT exemption or reimbursement of the VAT. For regional activities the successful applicant will need to coordinate with each USAID/Mission where activities will be implemented to define the VAT exemption process in each of those countries.

Please refer to **Section H of the APS** for additional important information that applies to this Addendum.

[END OF SECTION H]

[END OF ADDENDUM No. 6]

ATTACHMENT 1 - Mandatory Concept Paper Template

1. Proposed Activity Name/Title: ____

2. Certification, with Explanation, of Eligibility Under USAID Priority/ Programmatic Focus Area *(from Section C.1. of the APS)*:

____

3. Proposed Period of Performance *(i.e., start date and end date)*: ____________________

4. Total Program Amount *(in USDs)*: ____

5(a). Total Amount of Funding Requested from USAID________________________________

5(b). Cost share proposed (if applicable)________________________________

5(c). Proposed leverage (if applicable), including from what source(s):______________________

6. Applicant Organization Name: ____

7. Applicant Contact Person *(name, phone, e-mail):* ________________________________

8. Full Address for Applicant Organization: __________________________________

9. Type of Organization *(e.g., U.S., non-U.S., multilateral, private, for-profit, non-profit) date of incorporation, etc.)*: ____

10. **(If Applicable) Name(s) of Partner(s) Organization(s)** *Applicants that are applying as Mentors will name local Subpartners here:* ____________

B. Concept Introduction *(approximately ½ page)*: *Identify the problem you will address, link it to one or more of the focus areas of the Addendum and briefly describe your work for tackling this problem. Describe why there is a need for your concept, how it differs from alternatives, and any relevant partner-specific considerations for the problem or solution. Explain how the program advances the sustainable development of the country.*

C. Beneficiaries *(approximately ½ page): Clearly and concisely describe the types of benefits your work will produce and the types and range of people who will benefit from this work. Was the concept designed with input from beneficiaries? Has it been, or can it be, adapted to reach target beneficiaries, in accordance with the CDCS geographic focus, i.e migration hubs?*

D. Geographic Location *(approximately ½ page)*: *In what location(s) are you proposing to operate? Describe key elements of, and actors in, the geographic location(s) in which you* *propose to work. What are the biggest challenges and opportunities? Please provide a brief description of previous work experience in the migration hubs, per CDCS geographic focus*

E. Intervention approach *(approximately one [1] page)*: *Describe clearly and concisely how this intervention will produce the desired impact in the focus area(s) identified. Briefly describe critical barrier(s) or problem(s) related to your focus area(s) that your concept addresses. Be sure to include information to describe why the approach is creative or innovative, how it is potentially scalable, and evidence to support it as a tested solution or as an intervention likely to have a significant development impact, and how it will be sustained. Include discussion of the resiliency of this idea to conflict, the potential for this idea to create and/or resolve conflicts, and how the idea and partners can adapt to these circumstances.*

E.1 Adaptive and Flexible Technical Approach *(approximately ½ page): Include discussion of how the proposed activity demonstrates an adaptive and flexible technical approach in a likely evolving country context.*

F. Intervention Results (*approximately one [1] page)***:** *As specifically as possible, describe the anticipated results and/or impact of your activity. What are the key, quantifiable metrics related to your project's performance or expected performance? What is the scale needed to achieve results sufficient to address the problem? What are the baselines you will measure before the project begins?*

G. (If applicable) Roles of Partners & Localization efforts *(approximately ½ page): Describe and define the role of other entities in the partnership, how it plans shifting more leadership, ownership, decision making, and implementation to the local people and institutions. This must include a description of the leveraged funding, if necessary, or sub-partners if submitting a mentorship program proposal. If your organization is not proposing any partners, this section can be empty.*

H. Capacity of the Applicant(s) (*approximately ½ page).***:** *Describe your organization's technical, financial, and managerial capacity to carry out the proposed work and that of any partners. Describe if you have previously done similar work, or worked in the same location(s)?*

I. Construction activities, if any *(approximately ½ page): Provide the following information: identification of the proposed type of construction work, quantity, scope and location of construction activities, including identification of the sites it expects to implement construction activities, the estimated cost per site, and the contracting modality to acquire the construction services. Briefly describe the experience of your organization managing construction activities.*

[Signature of individual with authority to legally bind the organization]

[END OF ATTACHMENT 1]

ATTACHMENT 2 - Eligibility Certification Form

(Applicants should identify the NPI modality, if applicable. The list below provides a summary of the potential scenarios, per **Section C.2. of the APS**)

- ❏ We certify that we meet the criteria at Section C.2.a. **Direct awards to new and underutilized organizations that are local entities in the host country or countries for which the Applicant is applying.** New and underutilized partners may apply for direct funding via specific Addenda issued under this APS. Applicants are eligible if they have received less than $25 million cumulatively in direct or indirect awards from USAID over the past five (5) years.

- ❏ We certify that we meet the criteria at Section C.2.b. **Direct awards to new and underutilized organizations that are locally established partners (LEPs) in the host country or countries for which the Applicant is applying.** LEPs are organizations that generate significant private development assistance and support effective program models through locally-led operations that strengthen partner country capacity and commitment for sustainable development. U.S.-based or international partners are eligible if they have (1) received less than $25 million cumulatively in USAID funding over the previous five (5) years; and (2) currently have additional, non-U.S. Government funding streams that exceed total funding received worldwide from USAID. (e.g., if an applicant has implemented $5 million in USAID funding, it must demonstrate at least $5 million in funds worldwide from sources other than the U.S. Government).

- ❏ We certify that we meet the criteria at Section C.2.c. **Sub-awards to new or underutilized partners via prime awardees that serve in a limited mentorship role.** NPI recognizes the important role and capacity that "established partners" (defined as those that already have a financial relationship with USAID above the NPI thresholds established in the APS) bring to local organizations around the world. NPI acknowledges that many local partners lack the capacity, or desire, to comply with the stringent requirements associated with awards from the U.S. Government. This modality will allow established partners to build the capacity of local partners to meet the requirements to become a USAID direct awardee or provide them the support they need to implement programs on behalf of USAID that have measurable impact. Established partners will play a support role to build the capacity of new and underutilized partners (e.g., through technical oversight, compliance support, and mentoring). The prime will not directly assist project beneficiaries. NPI envisions two modalities of support under this approach:

- ❑ We certify that we meet the criteria at Section C.2.c Modality 3a. **Local Entity Sub-Awardees That Move to Direct Awards:** Prime awardees must pass a minimum of 50 percent of the total funding of their awards to local sub-awardees, with a goal of moving them to qualify for direct awards. In appropriate cases, USAID might pursue prime or mentor awards with a provision for transition awards to some local entities during the life of the award.

- ❑ We certify that we meet the criteria at Section C.2.c Modality 3b. **Local and Locally Established Partner Sub-Awardees:** Prime Awardees must pass a minimum percentage of the total funding to local partners or LEPs, as determined by USAID is possible for each activity and required under each Addendum.

- ❑ We certify that we meet the criteria at Section C. 2.d. **Direct Awards to Partners to Leverage Private/Non-U.S. Government Funding:** NPI also seeks to support partnerships with organizations that can leverage their own private (or non-U.S. Government) funding, in recognition of the important dual-role that many established partners have as both implementers and fundraisers. Organizations of all types (non-profit, private-sector, host governments, etc.) can apply. Awardees must propose additional leveraged funds worth a minimum of 50 percent of the total value of the award they seek from USAID; this cannot include in-kind contributions but can include non-Federal grants and external awards.

  USAID may consider a leverage ratio lower than 1:2 ("1" represents the applicant's leverage, "2" represents USAID's funding) if the applicant proposes a compelling partnership that will appreciably contribute to the CDCS strategy and the lower ratio is due to Covid-19 and the resulting economy. In this case, the applicant will need to propose how it will attempt to increase its leverage amount throughout implementation and as the economy improves. Lower ratios may be considered, depending on the activity proposed.

[END OF ATTACHMENT 2]