December 14, 2015

RESPONSES TO QUESTIONS RE: BAA-OAA-PCM-2015, ADDENDUM # 01

1. **May a single organization submit more than one EOI?**
   Yes.

2. **May an EOI propose new research or development ideas that build on previous work performed for innovative finance platforms that USAID already supports?**
   Yes.

3. **As you know, institutional investors are a highly heterogeneous, interconnected ecosystem composed of, among others, GPs, LPs and investment consultants (i.e. Cambridge Associates, Russell, Watson Wyatt, etc.), making up, by some estimates, more than $101 trillion of investible capital. Within this eco-system there are a myriad of firms with exceptionally diverse ultimate goals and risk/reward trade-offs.**

i. **Is USAID targeting one type of investor over another or is figuring out which type of investor to target part of the project? If so which ones?**

USAID is seeking solutions that promote institutional investment in the geographies and sectors in which the Agency works. Within these sectors and geographies, USAID is not prioritizing any class or type of investor over another. Expressions of Interest should, to the extent possible, outline what groups of investors an approach would target. The EOIs with the most promising approaches (regardless of sector, geography, or investor-focus) will be invited to the co-creation event.

The ultimate end-actors, however, that we do want to mobilize are the managers of these large pools of global and local capital. We want solutions that will encourage these players—pension funds, insurance companies—to place their capital, either directly or through intermediaries, into countries and/or asset classes which may be perceived as riskier than those they already target, but which can advance international development and poverty alleviation efforts.

ii. **Is USAID targeting local institutional investors within emerging markets or trying to bring capital from abroad into emerging markets? If the answer is both, which carries a higher priority?**

USAID views mobilizing both local institutional capital and foreign capital as critical to promoting investment in the countries and sectors in which it does business. BAA-Addendum #1 is seeking cost-effective solutions that leverage USAID's convening, facilitating, and brokering power to lower barriers for investors. There is no priority between local or foreign capital, and approaches which link the two groups are also welcomed.

4. **How would USAID define success? Is there a benchmark in terms of amount of capital? This will help determine which group is most appropriate to target (i.e. smaller funds, private equity firms).**

Through this Addendum #1 to the BAA, USAID is looking for pilot approaches that could demonstrate a new way to mobilize institutional capital and could be scaled up in subsequent phases. Therefore short term success would be defined as generating a number of ideas for potential pilot activities to mobilize investment from a large number of institutional investors.

5. **Every country has its own unique set of problems and issues. In some countries investor concern is going to be about macro issues (politics, economics, war, etc.), in others structural issues (exits, bankruptcy, legal and regulatory, what can and can't be done, size of market and opportunity) other will be micro (investment pipeline, debt vs. equity, maturity of market). Is USAID interested most in solving macro, structural or micro problems as part of the solution under this BAA?**

   In Addendum #1 to the BAA, USAID is specifically looking for approaches that have potential to catalyze institutional investment into businesses and projects in emerging economies over the long term, recognizing that each country does have its own set of hurdles. Of the three types of issues referenced in the question above, this specific Addendum is not looking at macro issues (as defined above), but rather, as stated in the Addendum, new approaches, pilot activities, partnering opportunities, etc. to address micro and structural hurdles. Offerors are encouraged to state in their response why the specific constraints addressed are important and will yield the most benefit in capital mobilization.

6. **What is USAID's position regarding how flows to emerging markets investments are increased? For example, is USAID looking, specifically, to promote investment into "illiquids" (private debt, equity and hybrid securities)?**

   USAID is looking to increase flows to viable projects and businesses in emerging markets. USAID is not seeking to prioritize any investment class over another and capital flows to "illiquid" investments are acceptable.

7. **Are there any sectors USAID is targeting (SMEs, financials, infrastructure, tech)? How would USAID view solutions that are sector-specific?**

   Yes, USAID has a number of development priorities and targeted sectors in which it is focused. Sector specific solutions that target one of USAID's priority sectors (global health, agriculture, infrastructure, energy etc.) are encouraged but not mandatory. For more information on USAID's priorities in terms of sectors and geographies, please review the 'Who We Are', 'What We Do,' and 'Where We Work' sections of www.USAID.gov.

8. **What, if any, are target countries or geographies? How would USAID view solutions that are geography specific? How would USAID view solutions that are regional or global in nature?**

   As above, USAID has a specific set of countries in which it works. USAID will consider country or geography specific EOIs as long as they include countries/regions/areas in which we work. We have not prioritized any geography in which we work over others.

9. **Section III. Submission Instructions, includes guidance on what to include in the header and that this information is not included in the page/word count. Yet the fourth sub-bullet states "Contain one optional graphic that fits on an 8.5" x 11" or A4 piece of paper (included in the page limit)." We assume that this optional graphic should not be in the header. Can you please confirm whether or not the optional graphic is included in the page limit of 2 pages.**

   The graphic is not included in the 2 page limit.

10. **Within the two page concept paper, do you want a specific grant request? Do you need a preliminary budget spreadsheet in addition to the 2-pages?**

    No and No.