

**Frequently Asked Questions for  
Annual Program Statement (APS) Number 383-09-506  
Public-Private Partnerships in Northern and Eastern Sri Lanka (PPP)**

**October 6, 2009**

Q1. Should one Concept Paper focus on only one area of activity (Areas of Focus) or should it cover all or number of areas of focus?

**A1. This is up to the applicant to propose.**

Q2. Would USAID permit small grants for SMEs, contract growers, service providers etc?

**A2. Funds provided under the resultant agreements will be geared towards reducing financial risk to encourage private sector investment. Further, proposed partnerships should include purchase of goods and services which can be supported on an ongoing basis by the venture's cash flow at the end of the development stage. In so far as USAID funds are used for development purposes within this context there would be no need to support concept papers that only provide for the commercial purchase of goods, services and training.**

Q3. What proof or documentation will USAID require that the proposed GDA partners are in fact willing to commit resources (cash and in-kind) to the project?

**A3. Per pg. 22 of the APS:**

**“b. Memorandum of Understanding (MOU)**

**Upon favorable review of the full application, partners will finalize Memoranda of Understanding (MOU), which will be used to clarify roles and responsibilities of each alliance partner.”**

**Further, the following is additional information on establishing MOUs:**

**A public-private partnership (PPP) is a collaboration between a public entity, like USAID, and a private one, like a commercial company or grant-making foundation. The partners agree to work together on a specific activity, often formalized through a Memorandum of Understanding (MOU) or Letter of Intent (LOI). The MOU or LOI describes the roles, responsibilities and contributions of each of the alliance partners. It is a non-obligating and legally non-binding agreement that describes the intentions of the alliance members to proceed with a given course of action to achieve the stated objectives. Such a partnership helps to further development objectives with additional support of private resources; be it through cash, services, or equipment. The relationship between or among partners in a PPP may range from very little interaction where a matching grant may be adopted to a fully collaborative engagement where the parties are involved jointly in every stage from design to implementation to assessment. The**

partners operate in strategic collaboration on all phases of their chosen endeavors. Alliances enable partners - corporations, foundations, and NGOs - to bring their strongest assets to bear to address jointly defined and jointly executed challenges to the long-term economic and social development of the world's poorest countries. Through this multi-stakeholder approach, resources, risks, and responsibilities are shared that address issues and achieve solutions that no single actor could hope to achieve alone.

In all instances, care should be given to the preparation of MOUs to ensure that they accurately reflect the purpose of the alliance, the roles of each party, the understandings that have been reached, and the process for reaching any further agreements contemplated with respect to implementation.

The following clause must be included in all MOUs:

**“The purpose of this MOU is to set forth the understandings and intentions of the parties with regard to these shared goals. The Parties are entering into this MOU while wishing to maintain their own separate and unique missions and mandates, and their own accountabilities. Unless specifically provided otherwise, the cooperation between the parties as outlined in this MOU is not to be considered or construed as a partnership or other type of legal entity or personality. Nothing in this MOU shall be construed as superseding or interfering in any way with other agreements or contracts entered into between two or more of the parties, either prior to or subsequent to the signing of this MOU. The Parties further specifically acknowledge that this MOU is not an obligation of funds, nor does it constitute a legally binding commitment by any party.”**

Q4. Can a concept paper cover multiple areas of focus? e.g. Knowledge-Based Services and Logistics Services?

**A4. Yes, but should be limited to those areas included in the APS.**

Q5. Are proposals supposed to cover ALL outputs or only those that are relevant? And, can proposals select which outputs are most appropriate and then add additional ones?

**A5. The Concept Papers should address only those outputs for which the applicant is requesting funding.**

Q6. What are the specific areas in the Eastern Province or in the Northern Province we should be working in?

**A6. There are no geographic restrictions within the Eastern Province or Northern Province.**

Q7. Any chances of linking the border line provinces in case of a project development?

**A7. Yes, see page 6 of APS – “PPP project seeks to expand economic activity in and around the conflict-affected areas in the Northern Province and the Eastern Province, and in conflict-strategic areas on the border of the conflict, such as the Monaragala district in Uva Province and the Polonnaruwa district in North Central Province”**

Q8. Could we have some copies of those products which USAID will not support in Agriculture?

**A8. Generally, USAID does not support agriculture projects which result in significant negative impact on American agriculture. Given Sri Lanka’s location, products, and market share, such a concern is minimal. Applicants will be advised on a case-by-case basis if a conflict is perceived.**

Q9. What kind of assistance would we receive from the security personnel to implement the project?

**A9. The same as for any other USAID grantee – security briefings, Mission notices and public security notices.**

Q10. Can one organization submit more than one Concept Paper?

**A10. Yes.**

Q11. Cover letter indicates that minimum estimate per award would be \$1,000,000 for logistics services and \$300,000 for all other sectors. What would be the maximum estimate allowed (upper ceiling)?

**A11. \$7.5 million per announcement on <http://srilanka.usaid.gov/>, though it is expected that individual awards will be less than this amount.**

Q12. What is the difference between leveraging and cost share/matches?

**A12. Cost-share is a sub-set of leveraging. However, cost-share becomes a condition of the award when it is made part of the approved award budget. Cost sharing must be verifiable from the recipient’s records, is subject to the requirements of [22 CFR 226.23](#), and can be audited. If the recipient does not meet its cost sharing requirement, it can result in questioned costs. For USAID/Sri Lanka, cost share has been further defined as those contributions provided by the recipient organization itself (either cash or in-kind).**

**Leveraging represents all of the non-USAID resources that are expected to be applied to a program. It includes resources that third-parties (not the recipient organization) will bring to the program without necessarily providing them to the**

recipient. These parties can include the host government, private foundations, businesses or individuals.

While contributions offered as cost share/match are categorized in regulation, resource leveraging is not. Resource leveraging may include financial contributions; third party contributions; the value of donated services and property, including intellectual property; or may be anything of value that can be measured in some form that permits evaluation of the contribution's impact on achieving desired results. For example, resource leveraging may involve one or more partners proposing financial contributions that will be spent in parallel to the USAID funded activity, but not expended by the recipient or its sub-awardees. Alternatively, resource leveraging may come in the form of the entity's fund raising capability to provide their own form of assistance directly to the same end-users. Another instance where a contribution may be categorized as "resource leveraging" is in situations where USAID does not determine it reasonable to designate a contribution as "cost share or match" (for which the partner would be held accountable for shortfalls), because of the nature of the proposed contribution. An example of such a circumstance is where the proposed partner is dependent upon uncertain market demands or conditions to reach the proposed level of contribution.

Though resource leveraging is not subject to the requirements of 22 CFR 226.23, entities must be able to demonstrate whether leveraged contributions have been obtained as proposed in program implementation in order to determine whether the desired impacts from the alliances are being achieved. Although the alliance partners are not subject to the guidelines in 22 CFR 226.23 when "resource leveraging" is used, USAID has the ability to revise or withdraw from the Alliance agreement when contributions are not forthcoming as originally proposed in the agreement.

Q13. What portion of the grant amount counts towards the target leverage ratio?

**A13. USAID's share.**

Q14. Is it the full award or just the non-administration amount that goes directly into technical and programmatic interventions?

**A14. It is expected that the applicant will maximize funds towards programmatic intervention.**

Q15. If the concept paper is approved, what is the anticipated deadline for submitting the full application (technical and cost proposals)?

**A15. It is anticipated that full applications will be requested by late November with a due date in mid-January.**

Q16. If the lead applicant has not been in existence for 3 years can a consortium partner provide the necessary audited financial reports?

**A16. The lead applicant itself must be able to provide the information necessary for the USAID Agreement Officer to make a determination of responsibility in accordance with ADS 303.3.9 at the following website:**

**<http://www.usaid.gov/policy/ads/300/303.pdf>**

Q17. If the lead partner belongs to a Group of companies and has other subsidiaries/associate companies of the Group as partners, should due diligence be done for those partner companies as well?

**A17. Yes, due diligence is needed for those who will be proposed as contributing to the implementation.**

Q18. In what form will the funding from USAID be? Cash or Cash and in-kind contributions?

**A18. Cash.**

Q19. At what intervals and amounts would the fund be disbursed during the course of the project?

**A19. This depends on the method of payment – advance (30 days at a time) or reimbursement.**

Q20. How many partnerships could we suggest for the proposal? Do we need to have International partners for the project?

**A20. This is up to the applicant to propose. International partners are not required. Sri Lankan partners are encouraged.**

Q21. Is it a MUST to collaborate with Government Organization/NGO.?

**A21. No.**

Q22. How much in total could we expect to receive as equipment investment?

**A22. This is up to the applicant to propose.**

Q23. To whom does USAID release money after award? Would it give directly to the lead partner who is a private company?

**A23. Funds will be disbursed directly to the lead partner.**

Q24. When does USAID anticipate awarding the first round of awards?

**A24. February 2010.**

Q25. Which level of match are you requiring? 1:1, 2:1, 3:1 or over? And what percentage of the match must be in cash?

**A25. The higher the leveraged amount proposed the more competitive the application. The percentage in cash is up to the applicant to propose.**

Q26. Can a U.S. University be the lead partner?

**A26. No.**

Q27. Does the 5 page limit for the concept paper include cover page and additional information (e.g. Budget)?

**A27. The 5 page limit is all-inclusive. Any additional pages beyond the first 5 will not be read.**

Q28. Is there a proportionate allocation of budget or budget ceilings (as % of total) for equipment, etc.

**A28. No, this is up to the applicant to propose.**

Q29: Can costs incurred between now and the time of awarding the grant(s) be included in the funding?

**A29: No.**

Q30: Can the continuation of on-going work, such as land issues, be considered for proposed funding?

**A30: Yes, for future work. Consideration should be given to linking land issues with other activities.**

Q31: Should the names of the lead organization's partners be mentioned in the concept paper?

**A31: Yes, per the APS they MUST be mentioned along with proposed contribution.**

Q32: In certain areas in the project document posted in the web, you have stated that a government organization cannot be a lead applicant?

**A32: Government entities are not eligible organizations.**

Q33: If more than one company from a group is involved in a project, should the proposal be sent separately from both companies or can we present one proposal?

**A33: A decision must be made as to who is going to be the lead organization under ONE concept paper.**

Q34: Can one company submit more than one concept paper?

**A34: Yes, for a different activity.**

Q35: With regard to the Eastern province - from USAID's point of view, is there a preference between, Batticaloa, Trincomalee or any other district in the East?

**A35: No.**

Q36: What would the pre-award work done between October and February be taken as?

**A36: Expenses incurred prior to the award of any grant will not be considered against the grant amount and will not be reimbursed.**

Q37: Can pre-award work be considered matching fund?

**A37: No.**

Q38: Will our bank be provided cash as a grant for us to lend out? Or should we partner with somebody on this scheme?

**A38: No. If however, a bank, as part of a consortium, is providing its own capital that amount could be considered as leveraging. Any lending institution or bank that wants to do lending or other financing in agribusiness could consider applying as part of a consortium with a lead partner.**

Q39: With the inputs of a semi-privatized government marketing board as a partner would it be considered as leverage?

**A39: Yes, if a government entity contributes money on a forward looking basis, as a minor partner.**

Q40: Are loans provided by micro-finance institutions considered match or are only grants considered match?

**A40: Such institutions could be partners if they are putting up their capital. That capital will count as matching funds if it is part of the overall implementation.**

Q41: Need clarification on efficient links to markets... one of the focus areas would be the development of communication facilities - Will IT training be considered in these areas?

**A41: USAID has been engaged in development of IT centers and has established 55 to date. A redundant activity would not be competitive. However consideration will be given to, for example, training people in business development skills to link them more effectively to markets.**

Q42: Where can we find the information on the current IT project?

**A42: USAID website <http://srilanka.usaid.gov/> under the Last Mile Initiative.**

Q43: Should the composition of the match be 100% cash or can it be a percentage in cash and a percentage in kind?

**A43: It can be a mix. However, per the APS preference will be given to cash contributions.**

Q44: Will different entities that are not the lead, be allowed to be part of two different awards?

**A44: Yes, as long as they are for different activities. Applicants are cautioned however, when proposing commercial entities, assurance must be provided that they are indeed sustainable.**

Q45: You mentioned that replication of ICT projects will not be funded, but if a project is directly providing job opportunities, which are ICT oriented, will you still fund it?

**A45: If a project is creating jobs, USAID will certainly consider it.**

**Responses to Questions/Clarifications Received by Deadline of October 5, 2009  
for Annual Program Statement (APS) Number 383-09-506  
Public-Private Partnerships in Northern and Eastern Sri Lanka (PPP)**

**October 7, 2009**

Q1. Can we submit a concept paper for an integrated farm, if the farm has some components that are not included in your area of focus?

**A1. The APS stipulates five areas of focus and in addition, page 14 of the APS states that related, stand alone support enterprises of targeted sectors may be considered. However, integrated joint ventures will be given preference. Projects that are discretely in the target sectors and in the related support services will be considered more competitive.**

Q2. We come across that USAID is going to develop micro enterprises too, can you please elaborate something more about the type of micro enterprise that you are going to develop?

**A2. In conjunction with proposed concepts in the focus areas, USAID anticipates that some projects would directly involve the development of microenterprises such as smallholder farmers and individual producers for both farm and off-farm activities.**

Q3. Shall we submit a concept paper for an integrated farm that consist of livestock and other perennial crops that is leveraged from our side or with the funds from other sources?

**A3. The APS stipulates five areas of focus and in addition, page 14 of the APS states that related, stand alone support enterprises of targeted sectors may be considered. However, integrated joint ventures will be given preference. Projects that are discretely in the target sectors and in the related support services will be considered more competitive.**

Q4. Our company provides employment promotion, HR related services, especially enhancing career skills to needy job seekers in the Northern and Eastern Sri Lanka. Will our company be eligible to apply?

**A4. As stated in the APS, PPP seeks to foster innovation, create jobs, and increase incomes from both agricultural and off-farm enterprises. Related, stand alone support enterprises of targeted sectors, involving activities such as employment promotion, referral, and training, may be considered. However, integrated joint ventures will be given preference.**

Q5. As a conglomerate, there are different industry sectors that would be able to contribute to the program. On behalf of the sectors, would it be acceptable if the holding company submits a joint proposal which encompasses more than one project (or areas of focus as per APS)?

**A5. The APS stipulates five areas of focus and in addition, page 14 of the APS states that related, stand alone support enterprises of targeted sectors may be considered. However, integrated joint ventures will be given preference. While the same support services may augment more than one of the target sectors (e.g. ice plant supporting aquaculture and horticulture sectors), applicants are requested to submit concept papers for each discrete target sector.**

**Similarly, while multiple target sectors may be complementary and synergistic (e.g. logistics and aquaculture), applicants are requested to submit concept papers under a primary target sector. Should the situation arise where multiple entities under a single parent or holding company are selected for awards, USAID may negotiate to realign plans and budgets to optimize funding.**

Q6. The document indicates that other projects not identified as the areas of focus may be proposed. Would the leisure sector be considered as one of the other areas as long as it can be demonstrated that the key Expected Results of the APS (page 14) are being met?

**A6. Aside from the targeted sectors in aquaculture, horticulture, knowledge-based services, logistics services, and garments, page 14 of the APS states that related, stand alone support enterprises of targeted sectors may be considered. However, integrated joint ventures will be given preference. As such, other projects not identified as the areas of focus may only be considered if the proposals support the targeted sectors.**

Q7. Is it a correct understanding that the Full Application will only be entertained from parties who are requested by USAID to submit the same after the submission of Concept Papers have been evaluated?

**A7. Yes, applicants should not prepare full applications unless specifically requested by USAID at a later date.**

Q8. Is the "Period of Award" the period that the funding will be granted for? Or could it be in a shorter (or longer) period depending on the project requirement?

**A8. The APS seeks applications for one-time funding in FY2010 for 2 to 3 year agreements. The period of award and performance will be encompassed by the term of the individual PPP agreements. Although USAID anticipates being involved only during the life of the individual agreements, proposals must be sustainable beyond the term of the agreement.**

Q9. Is there a limit to the number of partners that can collaborate together to form an alliance?

**A9. No, the number of partners is only practically limited by the management burden and synergistic value of the alliance.**

Q10. How will the funding by USAID be allocated into a specific/identified project? Would it be an overall funding grant where the funds may be used for the approved activities in the project as per the discretion of the project alliance? Or would the funding be conditional on which areas it can be allocated based on the discretion of USAID?

**A10. Money is fungible, however applications must include a budget that breaks down and describes how USAID funding will be used. As a guideline, USAID seeks applications where the maximum amount possible goes to direct interventions and not to Operating Expenses.**

Prepared 10/07/09

**Responses to Questions/Clarifications Received  
at Pre-Award Conferences on October 8, 2009  
for Annual Program Statement (APS) Number 383-09-506  
Public-Private Partnerships in Northern and Eastern Sri Lanka (PPP)**

**October 13, 2009**

Q1. Will a project that focuses only on training be considered?

**A1. There are five focus areas, which are horticulture, aquaculture, logistics, knowledge-based services and garments, as well as the related support services. Proposals or applications within these areas will be considered more competitive. This means that you need to partner with someone else; your services alone will not be competitive.**

Q2. Will a project involving a retail supermarket and a collection center for agriculture products in the North and East be considered? What about a Salter in the East?

**A2. The first question is related to logistics which is one of the focus areas. However, an integrated project that deals with all phases including contract farming and outreach to farmers rather than just assisting the middleman or buyer would be preferred. A more comprehensive proposal involving the entire chain of producers, processors, and markets, would be more competitive than a proposal that mostly benefits a particular buyer or retailer. For the second question, a Salter concept will not be considered.**

Q3. Should the private sector contribution be in equity form or can it be a combination of equity and some kind of debt?

**A3. It can be a combination of cash and/or in-kind contribution. In-kind examples are as follows: a resource person who is centrally funded but a portion of his/her time is allocated to the project; an existing building that is made available for the project. Note that you may not use the capital cost of the building, but you may use the lease value of the building for the period of the project. For the resource person, you can only count the portion of time allocated to the project.**

Q4. Can the project be for financing of the horticulture sector?

**A4. Finance would be considered as a related support service. An integrated project would be considered more competitive such as a proposal for a packing and processing center that will work with farmers for quality control and provide financing for the farmers. We encourage companies to talk to each other and the best way forward may be a joint venture.**

Q5. What would be the applicable loan rate for finance funding?

**A5. USAID supports market rates.**

Q6. Can we have a model farm for IDP settlers or IDP camps? Should it be assumed that these people will be settled in some part in the North?

**A6. There are no restrictions to the location as long as they are in the Northern and Eastern provinces. As a clarification on the location question, we want job creation and income generating projects in the five districts in the Northern Province and three districts in the Eastern Province. Also, as defined on page 6 of the APS, two additional districts are included – Polonnaruwa district in the North Central Province and Monaragala district in Uva Province. This is because these are neighboring districts and economic activities could spill over to the bordering provincial lines. You can have activities in these districts, but the proposal should have the main activities in one of the three districts in Eastern Province and/or in one of the five districts in Northern Province. You can have a buyer, or you can buy inputs or sell products from outside these target regions. Since this is a business, the products can be sold outside the target regions including international markets.**

Q7. As a BPO service provider, can we collaborate with an international partner?

**A7. The operating entity must be an indigenous Sri Lankan company registered under the Company Act. Any company, group of companies, group of individuals, or group of entities can apply whether they are registered or not. However, at the time of the award, the award can only be made to a company registered under the Company Act of Sri Lanka. We do not specify ownership requirements; therefore any company registered under the Company Act will be eligible. In addition, subcontractors or resource organizations from anywhere can be included as long as the awardee, the primary operating entity, is registered under the Company Act of Sri Lanka.**

Q8. Do you provide assistance for vocational training and employment?

**A8. In terms of training, this could be considered a related support service for one of the five priority areas, however an integrated application would be considered more competitive. Rather than just providing training, tying-up with the private sector and assessing the requirements of the private sector to hire people would be a better approach.**

Q9. Would an ice plant project be considered?

**A9. Ice plant is a related support sector. For example, aquaculture requires ice. Instead of making the ice plant as the primary project, integrating it with activities in aquaculture or horticulture would make the project more competitive.**

Q10. We are an indigenous Sri Lankan insurance service provider in the knowledge-services sector. However, we are not registered under the Company Act, since we are a partnership company and by law we are registered under the Business Registration Ordinance. How will this be treated when considering our application for this project? There will be integrated services but the principal applicant would be a private partnership.

**A10. If it is necessary to extend the definition to a firm that is not registered under the Company Act because of a domestic law, we would need to get a General Counsel opinion on that matter but we do not anticipate an issue with this.**

Q11. Can a group of individuals partner together for a joint proposal?

**A11. Please refer to A7 for the answer.**

Q12. Our concept involves cattle breeding, aquaculture, and horticulture. Compost and manure can be used for natural fertilizer while maize crop can be used for aquaculture feed. Will this proposal be considered?

**A12. This can be considered as an integrated proposal with cattle breeding as a related support service. However, separate proposals should be submitted for each of the focus areas – aquaculture and horticulture. Cattle breeding should not be a separate proposal.**

Q13. Our concept involves prawn and poultry farming where chicken bones can be used as fish food. Will this proposal be considered?

**A13. This can be considered as an integrated proposal with poultry farming as a related support service for aquaculture. Poultry farming should not be a separate proposal.**

Q14. Our company is not registered yet. Will our proposal be considered?

**A14. Please refer to A7 for the answer.**

Q15. Our proposal involves fresh water fish farming with cattle dung being used to stimulate algae growth and increase natural feed. Will our proposal be considered?

**A15. Please refer to A12 and A13 for similar answers.**

Q16. The minimum of \$300,000 funding per award means that the necessary company contribution will be too high for our regional companies. Can there be an exception?

**A16. Page 15 of the APS states that some proposed projects that do not meet the minimum funding requirements may be considered in exceptional circumstances. Additionally, please refer to A3 for examples on counting in-kind contributions.**

Q17. If we apply for PPP, can we still apply for assistance from USAID's CORE program (Connecting Regional Economies)?

**A17. Yes.**

Q18. Would handlooms be considered as part of the garment sector?

**A18. Yes.**

Q19. Can members of a fisheries society submit an aquaculture proposal?

**A19. Yes, the members can submit a proposal as a group. Please also refer to A7 as it relates to applying as a group of individuals.**

Q20. Will a proposal that supports expansion of an existing business be considered?

**A20. Yes, however the proposal should be in one of the priority areas and it should create jobs or increase incomes. A single company with multiple locations under one sector can be considered.**

Q21. Is paddy seed considered as part of horticulture?

**A21. No.**

Q22. Can you give examples of aquaculture?

**A22. Oysters, fresh fish, prawns, and sea greens are some examples. Please refer to page 10 of APS for additional information about aquaculture. Also, note that fishers with boats are not considered as aquaculture.**

Q23. How are seaweed, mushrooms, and fruits considered?

**A23. Seaweed falls under aquaculture. Mushrooms and fruits fall under horticulture.**

Q24. Will research projects such as tissue culture be considered?

**A24. Research projects such as tissue culture can be considered as related support services for horticulture. Projects should apply research for commercial purposes, not just purely be for research. Integrated proposals would be considered more competitive.**

Q25. Will a proposal for an economic center, such as the Dambulla market, for agricultural products be considered?

**A25. A collection and processing center or a market center for fruits and vegetables can be considered within the logistics focus area. However, an integrated approach that involves the entire logistics chain would be considered more competitive.**

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