



Issue Date: March 12, 2019
Deadline for Questions: March 27, 2019
Closing Date: May 31, 2019
Closing Time: 16:00 hours - Lima, Peru Time

SUBJECT: Global Development Alliance Annual Program Statement (APS)
Number APS-OAA-16-000001 Addendum

PROGRAM TITLE: Green Growth in Peru

Ladies/Gentlemen:


The United States Agency for International Development (USAID) is seeking Concept Papers focused on integrating conservation into sustainable economic development through public-private alliance(s).

Subject to the availability of funds, the Mission anticipates issuing one award as a result of this GDA APS Addendum. USAID reserves the right to fund any or none of the concept papers submitted.

Please send any questions to the point(s) of contact identified in this GDA APS Addendum. Issuance of this GDA APS Addendum does not constitute an award commitment on the part of the Government nor does it commit the Government to pay for any costs incurred in preparation or submission of this concept paper. Concept papers are submitted at the risk of the applicant. All preparation and submission costs are at the applicant's expense.

Thank you for your interest in USAID programs.

Sincerely,



Suzanne H. Johnson
Agreement Officer
USAID/Peru

Encl. a/s

U.S. Agency for International Development
USAID/Perú, Regional Office of Acquisition and Assistance (ROAA)
Avenida La Encalada, cuadra 17
Monterrico – Surco
Lima 33, Perú



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

ANNOUNCEMENT

CALL FOR PARTNERSHIP CONCEPT PAPERS

to

Promote Green Growth in Peru

UNDER EXISTING

GLOBAL DEVELOPMENT ALLIANCE ANNUAL PROGRAM STATEMENT
APS No.: APS-OAA-16-000001

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

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

Through this Addendum to the FY 2016 - 2018 Global Development Alliance (GDA) Annual Program Statement (APS), No. APS-OAA-16-000001 (the GDA APS), USAID/Peru is making a special call for the submission of Concept Papers focused on integrating conservation into sustainable economic development through public-private alliance(s). These alliance(s) should integrate and promote Peru's climate change commitments and economic growth goals, specifically in areas relevant to USAID/Peru's Country Development Cooperation Strategy (CDCS).

Project Objective: To ***advance natural resource-based businesses and financing mechanisms*** committed to a 'green growth' model that reduces emissions from deforestation and land use change.

Sub-Objective 1: To ***scale proven sustainable business models*** and foster the growth of other promising environmentally-friendly sustainable value chains.

Sub-Objective 2: To ***create favorable enabling conditions*** for the growth and emergence of environmentally sustainable businesses.

USAID may allocate **up to** \$10,000,000 to fund one award for a proposed period of performance of five (5) years. USAID envisions one award that includes multiple, embedded private sector partnership that promote various environmentally-friendly investments/interventions/initiatives.

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

I. Background

The Peruvian Amazon comprises more than 64 million hectares of tropical forest, making Peru home to the fourth largest tropical forest in the world, comprising over 10 percent of the Amazon basin's forested area. Peru's landscape helps mitigate global emissions by serving as a major carbon sink, storing nearly 7 billion metric tons of carbon. The value of environmental services provided by these forests -- such as natural control of climate and disease, replenishing nutrient cycles and crop pollination, and carbon sequestration -- is substantial. However, the Peruvian Amazon's rich biodiversity resources and local, regional and globally significant ecosystem services are being degraded and destroyed by unsustainable development, expansion of agricultural frontier and illegal extractive activities.

"Green growth" is the concept of pursuing economic growth that is environmentally sustainable, socially inclusive and compatible with national development goals. Along with diversified productivity and increased competitiveness in the market, a green growth approach can promote improved natural resources management, technological innovations, low carbon economic growth, and increased employment opportunities (including those that favor social and gender equity).

Peru's potential to manage its natural resources and reduce greenhouse gas emissions lies in its ability to harness private sector investments and support sustainable development of its resources leading to increased value of forested lands as outlined in Peru's Nationally Determined Contributions (NDC) (<http://www.minam.gob.pe/cambioclimatico/ndc/>) to reduce greenhouse gas emissions (GHG) by 30% by 2030. Many green investments have emerged over the last decade such as agroforestry systems, carbon market stocks, and others. Consolidating and scaling-up these green investments will help secure Peru's climate commitments while continuing to facilitate economic growth.

Over the past two decades, the National Protected Areas Service (Sernanp) has been outsourcing protected area management through non-governmental organizations. Engagement with the private sector in this management model by developing Reduced Emissions through Deforestation and forest Degradation (REDD+) schemes can contribute to the long-term financial sustainability of the national protected areas system. Sernanp is launching a permanent fund for protected areas called "Peru's Natural Legacy" that will provide the Government of Peru with \$70 million to expand and effectively manage Amazonian protected areas from 2018-2027. This initiative will contribute to closing the financial gap of protected areas management by pumping fresh capital into priority activities like ecotourism, payment for ecosystem services, public works projects for taxes program (obras por impuestos), compensation schemes for extractive industries, and bio-businesses, among others.

Finally, the National Policy on Competitiveness and Productivity was recently released by the Government of Peru, encompassing two major priority objectives oriented towards fostering environmental sustainability for economic activities and generating local or external financial mechanisms to promote green growth. Through the Ministry of Production, the *PROCOMPITE* fund co-finances business plans to stimulate competitive and sustainable development.

USAID strives to support green growth investments and demonstrate the potential for increased investment in the sector. In addition to engaging the private sector, the appropriate enabling conditions within the public sector (specifically regional governments) are needed, including greater government capacity to execute public investments that support sustainable value chains, the resolution of land tenure constraints, and monitoring of deforestation and emissions reduction. A model that can support both private sector engagement and investment as well as foster the right conditions in the public sector is key to long-term success.

II. Solicitation

Through this announcement, USAID/Peru seeks to develop new and innovative alliances with the private sector that advance environmentally-friendly economic development (i.e. green growth) in Peru. While USAID/Peru welcomes the involvement and participation of other types of organizations whose expertise and work will contribute to the success of the alliance, **the award and its core activities must be built around a core working relationship with the private sector** as defined in the GDA APS.

The envisioned activities will facilitate private sector financing and investment in value chains that lead to improved management of natural resources and a reduction of GHG emissions. The working hypothesis is that IF profitable and sustainable businesses flourish in key landscapes, THEN natural resources will be protected and sustainably managed in the long term, leading to increased livelihood opportunities for people and communities, strengthened resilience to natural hazards, protected water resources and biodiversity, and reduced greenhouse gas emissions from deforestation and land use change.

The Mission will prioritize activities that make a direct contribution to our overall development objectives in Peru as described in the USAID/Peru Country Development Cooperation Strategy (<https://www.usaid.gov/sites/default/files/documents/1862/PeruCDCS.pdf>) specifically “Development Objective 3: Natural resources sustainably managed in the Amazon Basin and glacier highlands”, and thereby enable the Mission to leverage its other investments and programs, if possible. Additional information regarding USAID/Peru programs can be found here: <https://www.usaid.gov/peru>.

Areas of particular interest include:

- 1) Increased private sector engagement in environmentally sustainable value chains;
- 2) Agroforestry business models in the buffer zones of protected areas;
- 3) Sustainable fishery models that leverage private sector investment in support of carbon rich ecosystems; and
- 4) Agro-ecological systems with conservation and REDD+ schemes, among others.

This activity will be funded through **Global Climate Change - Sustainable Landscapes earmarked funds**. As a result, all activities, regardless of sector, should support a private sector partnership approach that generates economic value while also promoting sustainable management of land and forests to strengthen resilience of water resources and biodiversity, and must reduce greenhouse gas emissions from deforestation and land use change.

USAID will prioritize innovative, cost-effective, and sustainable private-sector driven

concepts and proposals that include financing (leverage) and bring in new development partners. Any proposed intervention or activity must have an explicit and direct link to the achievement of USAID/Peru's programmatic objectives as defined herein.

Technical Approach

USAID envisions a multi-partner alliance (hereinafter Alliance) that provides flexibility to nurture multiple partnerships that promote environmentally sustainable economic development in the Peruvian Amazon. The successful applicant will identify high potential and mature businesses that can contribute to significant emissions reduction and provide support that enables them to grow. The Alliance will have at least two types of tools at its disposal to support identified firms: a.) **business development services**; and, b.) **financial capital**; however, offerors are encouraged to suggest other forms of support in their concept papers.

a.) The **business development services** might include: technical assistance, facilitating access to markets, catalyzing and fostering connections among firms, facilitating access to credit, training, and other services as needed to advance the growth of the targeted firms.

b.) **Financial capital** brought in through USAID's contribution and that of the private sector partners. The Alliance could potentially provide (or facilitate access to) seed capital, venture capital, guarantees, credits and/or loans. Offerors are encouraged to propose models for facilitating targeted firms' access to capital. The purpose of the capital will be to support the start-up or growth of firms that advance the objectives of the Alliance.

Under this Alliance we expect multiple embedded partnerships. *Illustrative* embedded partnerships might include, but are not limited to:

- Embedded Partnership #1: scaling existing non-timber value chain products.
- Embedded Partnership #2 scaling of agroforestry business models in buffer zones of protected areas.
- Embedded Partnership #3: scale up farmer cooperative models which combine agroforestry systems with conservation and REDD+ schemes.

Such projects are illustrative and USAID/Peru looks forward to innovative ideas and approaches.

Regardless of the specific partnerships, USAID/Peru expects a variety of results.

Expected Results:

- Reduced emissions from land use change and/or deforestation to support Peru in meeting NDC commitments.
- Businesses operating under an integrated model of sustainable natural resource management principles scaled-up.
- Commodity driven deforestation addressed through sustainability commitments in key sectors.
- An improved enabling environment resulting in greater private investment in sustainable business enterprises.
- Broad private sector support and engagement in the scale-up of firms that are committed to sustainable resource management practices.

- Poverty reduced and livelihoods improved in selected geographic areas of biological significance.
- Land use change in high deforestation areas halted, slowed, or reduced.
- Financing and investment models utilized.

With regard to such expected results, USAID/Peru will expect clear indicators. *Illustrative* indicators are provided below.

Illustrative Indicators:

- Number of hectares of biologically important areas preserved (requires baseline)
- Value of private sector leverage.
- Number of new private sector partnerships generated.
- Growth in sales of supported firms.
- Amount of carbon emission decreased overall and in areas of biological importance (requires baseline).
- Deforestation avoided in selected buffer zones.
- Percentage of income increased in communities of intervention.

Leverage and Sustainability:

USAID will invest **up to \$10 million** over five years in the Alliance. It is anticipated that USAID's initial investment may be up to \$5 million in the first year with additional funding available in the out years. The award will allow flexibility for new partnerships and opportunities to be included as the Alliance develops. USAID anticipates multiple partners under the Alliance and invites offerors to propose an innovative model that allows for increased leverage ratios as the Alliance matures to secure sustainability past the life of USAID investment. Every embedded partnership under the Alliance must at a minimum meet the 1:1 leverage requirement as defined in the terms and conditions of the GDA APS (<https://www.usaid.gov/gda/global-development-alliance-annual-program>). USAID will co-create the final structure with the successful offeror.

This increase in leverage ratio will be an indication of the success and effectiveness of the Alliance and also demonstrate progress as it relates to sustainability. Beyond private sector support, including charging for services, the Alliance should also pursue other strategies to ensure sustainability, including attracting public sector investment.

III. Evaluation Criteria

Proposed alliances will be evaluated based on the general criteria set forth in the GDA APS in Section VI: Concept Paper Evaluation Criteria and Considerations. As stated in APS No. APS-OAA-16-000001, the alliances proposed in any Concept Paper should mobilize and leverage private sector resources at a minimum of 1:1. Proposed alliances that do not mobilize and leverage private sector resources at a value that equals or exceeds the level of funding being requested from USAID will not be considered under this announcement.

Proposed alliances should be consistent with USAID legal and policy restrictions, including those set forth in USAID's Automated Directives System (ADS) and in the Foreign Assistance Act of 1961.

IV. Application Instructions and Review Process

USAID/Peru Regional Office of Acquisition and Assistance (ROAA) will be responsible for the review process and management of any awards issued under this addendum. Applicants are required to follow the Concept Paper instructions set forth in the GDA APS and submit Concept Papers using the Concept Paper Template (available at: <https://www.usaid.gov/gda/global-development-alliance-annual-program>). Information provided in Section I.E of that Template should address the objectives and criteria presented above.

In addition, prospective applicants should connect the prospective applicant's private sector partners with USAID prior to submitting a concept paper. Under the GDA APS, USAID can have robust and extensive discussions with prospective private sector partners with regard to potential alliance ideas and activities, though those discussions might be handled differently if the private sector partner is also seeking to receive and manage award funding from USAID. USAID/Peru will determine what scope of discussion is appropriate, but such discussions help foster the co-creation that is core to the Global Development Alliance approach.

The completed Concept Paper Template (including the Concept Paper and required supporting information) should be submitted to limasolicitations@usaid.gov with a copy to gda@usaid.gov, a copy to Mrs. Rosario Saldaña at rsaldana@usaid.gov and a copy to the lead Point of Contact (POC) for receipt of concept papers: Mr. Alvaro Gaillour at agaillour@usaid.gov.

Concept papers will be due on **May 31, 2019 at 16:00 hours, Lima Local Time**. For Concept Paper submission, please indicate in the e-mail subject line "USAID/Peru GDA APS Concept Paper Submission to Promote Green Growth in Peru".

While USAID/Peru will review concept papers on a rolling basis, applicants under the GDA APS may not receive an initial response from USAID until 45 days after the due date. USAID/Peru may respond to some concept papers prior to this date; however, applicants are asked to wait until 45 days after the due date before inquiring about the status of their concept paper.

After a Concept Paper is reviewed by USAID/Peru, the Agency will inform the applicant whether further alliance development discussions are warranted, and, subsequent to those discussions, whether a full application will be requested. Concept Papers must be submitted by the deadline in order to be considered.

V. Questions and Further Assistance

Questions regarding the substance and objectives of **this addendum** should be directed to Mr. Alvaro Gaillour at agaillour@usaid.gov, with a copy to limasolicitations@usaid.gov and Mrs. Rosario Saldaña at rsaldana@usaid.gov, and gda@usaid.gov. Please indicate in the e-mail subject line "USAID/Peru GDA APS Consultation".

Questions regarding the substance and terms of the GDA APS should be directed to Mr. Ken Lee at kenlee@usaid.gov with copy to gda@usaid.gov.

For additional information regarding guidelines and procedures to submit a concept paper, please refer to the GDA APS which can be found at the following website:
<https://www.usaid.gov/gda/global-development-alliance-annual-program>.

[End of APS-OAA-16-000001 Addendum Peru Green Growth]