Partnering to Accelerate Entrepreneurship: Call for Concept Papers

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Presentation for ANDE Webinar

Tuesday, May 2
We partner to end extreme poverty while promoting inclusive growth, resilient democratic societies and advancing our security and prosperity.
Bridging the Entrepreneurship Pioneer Gap

• Entrepreneurs drive innovation, create new industries, and open new markets that promote job creation.

• Entrepreneurs and Social Enterprises promote market-based approaches to achieving long term development solutions in critical sectors such as agriculture, energy, health, and education via sustainable business models.

Problem:

• Gap exists between early stage enterprises and the growing ranks of investors seeking to identify promising investments.

Solution:

• Supporting an entrepreneurial ecosystem that increases the number of investment-ready enterprises, “Priming the Pump”
Global Development Alliance

USAID’s premier model of public-private partnerships

- Common goals defined for all partners;
- Jointly-defined solution to a social or economic development problem;
- Non-traditional resource partners (companies, foundations, universities, accelerators, investors, etc.);
- Shared resources, risks and results;
- Innovative, sustainable approaches to development; and
- At least 1:1 leverage (cash and in-kind) of USAID resources and private-sector resources.
USAID’s Partnering Approach
The PACE Initiative aims to catalyze private-sector investment into early-stage enterprises and identify innovative models or approaches that help entrepreneurs bridge the pioneer gap.
The PACE Initiative

What We Do:
• Test approaches that enable early-stage enterprises to improve their business models
• Increase private investment into seed-stage enterprises

How We Do It:
• Support potentially financially sustainable incubation models
• Identify blended investment models
• Catalyze the development of entrepreneurial ecosystems
PACE Plan of Action

- Co-invest in partnerships
- Support a research and learning agenda
- Convene stakeholders and disseminate learnings
- Embed successful incubation and investment models into future USAID and other development programs
PACE Initiative: Results to Date

Since launched in 2013 PACE has:

- 17 partnerships
- 40 partners
- Catalyzed $100 million in private funding
- Supported 750 enterprises worldwide
Village Capital finds, trains, and funds entrepreneurs through a unique peer-selected investment approach. With financial support from USAID, Village Capital was able to raise a $15 million fund that leverages the peer selection process to make small, early-stage investments in a cost-effective way.

Enclude, Agora Partnerships, and the Miller Center aims to expand access to finance for small and growing businesses, targeting those women-owned or -led, with a loan product that assesses risk and repayment of loans through variable payments and cash flow, rather than traditional assets.

Open Capital Advisors works with impact investors to provide tailored technical assistance to accelerate growth and investment for early-stage small and growing businesses in East Africa. USAID is partnering with five investors to extend Open Capital's services to earlier-stage enterprises through a tiered, pay-for-success support model.
Additional PACE Grantees:
USAID’s Approach to Entrepreneurship

USAID IS WORKING TO BRIDGE THE PIONEER GAP BY:

- Investing in early-stage enterprises
- Encouraging approaches that combine investment and philanthropy
- Researching and sharing lessons learned
- Testing ways to incubate entrepreneurs and connect them with investors
- Making lending to entrepreneurs less risky through guarantees

Development Innovation Ventures (DIV)
Partnering to Accelerate Entrepreneurship (PACE)
Development Credit Authority
Identify and test innovative investment models that provide private or blended financing to entrepreneurs in the developing world and have the potential to be sustained, replicated, or scaled by the organization submitting the concept paper.

Models will focus on facilitating investments that are typically in the range of $25,000 - $250,000; however, the goal is to address the “missing middle” or SGBs with higher actual or perceived risk profiles in the sector or geographic area the model serves.

USAID is interested in models that invest in both for profit traditional and social enterprises; however, the development impact and additionality of USAID’s funding must be clear.
Significant leverage of USAID funds
Additionality of USAID support
Targeted subsidy and/or blended finance approach
Sustainability, replicability, and/or scalability
Hypothesis, concise model, and commitment to learning
PACE 3.0 is focused on models that have:

Targeted subsidy and/or blended finance approach: USAID is interested in models that identify a clear rationale for utilizing public funds for a specific purpose that, based on evidence or experience, represents a critical barrier to investment that is not able to be covered purely through private capital.

Sustainability, replicability, and/or scalability: Successful applicants will clearly lay out ways in which the applicant will continue, replicate, or scale the model after USAID’s grant ends.

Hypothesis, concise model, and commitment to learning: It is important that applicants have a hypothesis that clearly describes the problem their specific model is solving and why their model may solve this problem.
Proposed alliances must focus on countries where USAID is currently present (i.e. countries in which USAID conducts programs), and applicants are encouraged to thoroughly review the goals and objectives of a particular USAID presence country or region before submitting a concept paper.

**Single-country or multi-country** alliance proposals will be considered; however, USAID will demonstrate a preference for proposals that can identify, test, and accelerate innovations with potential applicability and scalability in other markets, sectors, or geographies.

Finally, USAID is open to proposals that are both sector-specific (e.g. health, energy, agriculture, etc.) or broad-based and multi-sectoral.
Commitment to Monitoring, Evaluation, and Data Collection

USAID prioritizes working with partners that focus on gathering robust data as part of their program design and implementation in order to inform ongoing monitoring, evaluation, and learning.

Preference will be given to partnership proposals that commit to sharing lessons learned, propose needed metrics, and promote data gathering with the wider development, entrepreneurship, and impact investing communities.

USAID will also prioritize applicants that clearly define the information they will be independently gathering and articulate a plan to deliver the data to USAID.
Timeline

**Deadline:** Concept papers must be submitted by 12:00 p.m. (Noon) EDT on July 31, 2017 in order to be considered.

**Feedback:** Concept papers will be evaluated only after the closing date for this Addendum, and will not be evaluated on a rolling basis. It is expected that applicants will receive feedback on the status of their concept paper on/about October 1, 2017. Awards are anticipated **late 2017 or in the first quarter of 2018.**
Broad Agency Announcement: Catalyzing Private Investment

USAID's Office of Private Capital and Microenterprise (PCM) is looking to identify partners that can quickly work with the development community and investors to design, deploy and evaluate blended capital approaches and/or products across the different regions and sectors in which USAID operates. Click here for more details.

Questions: Send to PCMBAAAddendum02@usaid.gov by April 21, 2017, at 12:00 p.m. (noon) EST

Deadline: May 10, 2017, at 12:00 p.m. (noon) EST
Deadline, Resources and Questions

Submit your five-page concept papers to
pace@usaid.gov and gda@usaid.gov
By July 31, 2017 at 12:00 p.m. (noon) EST

Resources:
- GDA APS
- GDA Resources
- FAQs for GDA APS
- FAQs for PACE

Questions:
- pace@usaid.gov
- Submit Questions