

GUIDELINES FOR SOLE-SOURCE PROJECT PROPOSALS SUBMITTED TO USTDA

IMPORTANT – PLEASE NOTE:

- **Please do not submit a sole-source project proposal to USTDA until reviewing the [Eligibility Checklist for Sole-Source USTDA Project Proposals](#).**
- **These guidelines pertain only to proposals submitted by U.S. firms in connection with sole-source USTDA projects.**
- **USTDA strongly recommends that U.S. firms contact a USTDA representative to discuss their project proposal prior to submitting an application package. For more information, please contact 703-875-4357.**

USTDA

The U.S. Trade and Development Agency (USTDA) helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project planning activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries. The objective of USTDA assistance is to build partnerships between U.S. firms and overseas project sponsors in order to bring proven private sector solutions to developmental challenges in emerging markets.

Sole-Source USTDA Grants

Overview

When an overseas project sponsor has already identified and partnered with a U.S. firm that it wishes to perform an activity eligible for USTDA support, the Agency may be able to provide funding in the form of a sole-source grant. USTDA sole-source grants are available for feasibility studies, technical assistance, and pilot projects in priority infrastructure sectors such as transportation, energy, and telecommunications. U.S. firms that are selected by overseas project sponsors to perform work under sole-source USTDA grants are expected to share the cost of the work with USTDA and also typically participate in a success fee program.

Please note that USTDA does not provide funding for project implementation financing, marketing activities, or export sales.

Key Definitions

U.S. Firm: The U.S. firm that is selected by an overseas project sponsor to perform the USTDA-funded work. To be eligible to perform USTDA-funded work, U.S. firms must meet [USTDA's Nationality Requirements](#).

Overseas Project Sponsor: The foreign entity, public or private, responsible for developing an infrastructure-related project in the developing or middle-income country. Typically, the overseas project sponsor is responsible for securing or providing project implementation

financing and for making procurement decisions during that implementation. If applicable, the overseas project sponsor would typically also have the property or concession rights to develop the project.

Please note that both the U.S. firm and the overseas project sponsor must successfully complete USTDA's due diligence review, and one of the following due diligence forms: [U.S. Firm Form](#) | [Private Sector Grantee Form](#) | [Parastatal Grantee Form](#).

Cost-Sharing and Success Fees

U.S. firms interested in partnering with an overseas project sponsor on a sole-source USTDA project are expected to share the cost of the work with the Agency and also typically participate in a success fee program.

Cost-Sharing demonstrates the U.S. firm's commitment to the work and interest in project implementation following the completion of the USTDA-funded activity. USTDA, furthermore, is required by law to seek contributions from participating U.S. firms to the maximum extent practicable. The level of the U.S. firm's cost share contribution varies based on several factors, including the amount of funding requested from USTDA and the potential commercial benefits to the U.S. firm following the work. **Please note that no fee or profit is allowed as part of the USTDA-funded activity.**

Success Fees are intended to recoup USTDA's grant funding in instances where the U.S. firm commercially benefits from the USTDA-funded activity. Potential commercial benefits include project investment, return on financing, and revenue generation from the sale of goods and services. The requirement to pay the success fee is triggered if the U.S. firm receives commercial benefits related to project implementation.

Key Documents

A "Success Fee and Cost Share Agreement" is an agreement that sets forth the cost share contribution from the U.S. firm and the success fee arrangement. The Success Fee and Cost Share Agreement is signed by USTDA and the U.S. firm, and must be signed before the Grant Agreement is finalized. Please review our model [Success Fee and Cost Share Agreement](#) for your reference.

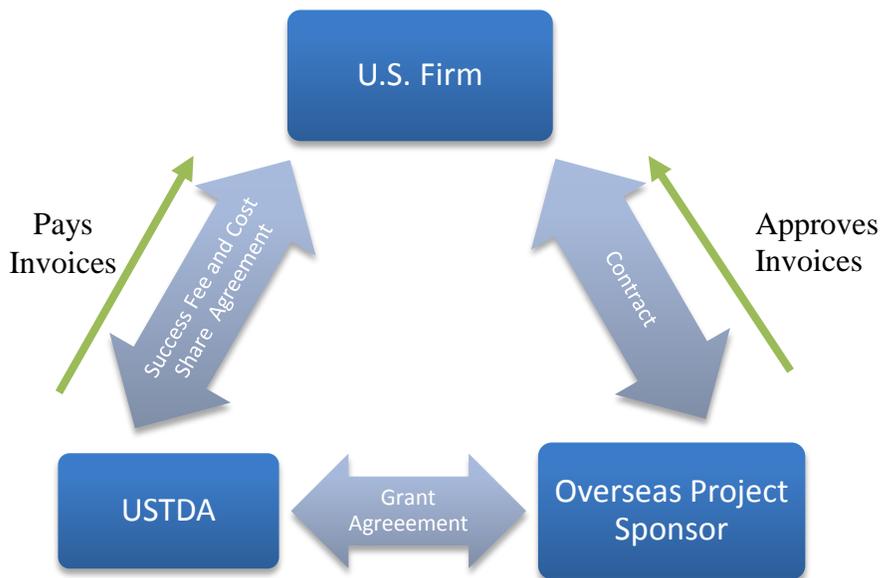
A "Grant Agreement" is the primary agreement for the USTDA-funded activity and contains the Terms of Reference and the USTDA Mandatory Contract Clauses. The Grant Agreement is signed by USTDA and the overseas project sponsor. Please review our model [Grant Agreement](#) for your reference.

A "Contract" is the secondary agreement for USTDA-funded activity and contains the identical Terms of Reference and USTDA Mandatory Contract Clauses from the Grant Agreement, as well as the payment milestones and other provisions. The Contract is signed by the overseas project sponsor and the U.S. firm, and USTDA must review and approve the Contract before the USTDA-funded work can proceed. Please review our model [Contract](#) for your reference.

Invoicing Process

The U.S. firm submits invoices to the overseas project sponsor for approval in accordance with the payment milestones established in the Contract. After the invoice is approved by the overseas project sponsor, it is submitted to USTDA, and USTDA disburses the grant funds to the U.S. firm directly.

The following graphic outlines the relationship of the entities involved in a sole-source USTDA project, the key documents, and the invoicing process:



Key Steps in the Process: From Proposal to Commencement of the Work

- 1) **Proposal Submission** – USTDA receives a project proposal from the U.S. firm and the proposal is reviewed by USTDA’s regional staff. USTDA will preserve the confidentiality of any privileged or confidential commercial or financial information, which is clearly designated as such in the proposal, in accordance with applicable law.
- 2) **Technical Review** – USTDA conducts a technical review of the proposal. USTDA may also hire a technical/industry expert (a “Desk Study” or “Definitional Mission” consultant) to evaluate the proposal and recommend whether USTDA should provide a sole-source grant.
- 3) **Due Diligence** – USTDA conducts a due diligence review of the proposed overseas project sponsor and the U.S. firm (including its parent companies and, if the U.S. firm is a private firm, its principal officers, directors, shareholders, and subcontractors) to ensure that USTDA would be working with reputable and solvent entities.
- 4) **Grant Funding Review** – Upon receipt of the recommendations from the technical review (Desk Study or Definitional Mission) and completion of the due diligence review, USTDA will formally consider the activity for grant funding. If approved, USTDA authorizes grant funding and informs the overseas project sponsor and the U.S. firm.
- 5) **Success Fee/Cost Share Agreement** – USTDA and the U.S. firm reach agreement on the terms of the Success Fee and Cost Share Agreement and sign the Agreement.
- 6) **Grant Agreement** – Once the Success Fee and Cost Share Agreement is signed, USTDA and the overseas project sponsor reach agreement on the terms of the Grant Agreement and sign the Grant Agreement.
- 7) **Contract** – Once the Grant Agreement is signed, the overseas project sponsor and the U.S. firm submit the contract to USTDA for review and approval prior to signature. Once approved, USTDA informs the overseas project sponsor and the U.S. firm, and the parties sign the Contract.
- 8) **Commencement of the Work** – Once the Contract is approved by USTDA, the U.S. firm begins performing the USTDA-funded work under the terms of the Contract.



Outline for Sole-Source Proposals Submitted to USTDA

- **Executive Summary** – An overview of the proposed USTDA-funded activity covering the key areas of the proposal, such as project description, overseas project sponsor, U.S. firm, implementation financing, and U.S. export potential.

- Project Description – Detailed description and background of the proposed project, covering the following key areas (as applicable to the particular project):
 - Project location;
 - Economic fundamentals, such as estimated capital costs, operational costs, life-cycle costs, and anticipated revenues;
 - Equipment and technology requirements;
 - Legal and regulatory considerations, such as permits and licenses;
 - Explanation of how the requested USTDA funding would support project development and implementation; and
 - Any other key areas that the U.S. firm considers to be a critical part of the proposed project.

- Overseas Project Sponsor’s Capabilities and Commitment – Describe the overseas project sponsor’s demonstrated commitment and ability to implement the project. Describe the overseas project sponsor’s business experience or government authority, as well as the overseas project sponsor’s track record on implementing similar projects.

- U.S. Company’s Capabilities and Commitment – Describe the U.S. firm’s demonstrated commitment and ability to carry out the proposed USTDA-funded activity. Describe the U.S. firm’s technical experience, business experience, and track record on implementing similar activities and projects. Describe the U.S. firm’s business development efforts to date on this project.

- Implementation Financing – Discuss the financing options for project implementation, including:
 - Overall project cost estimate, proposed ownership, and financing structure;
 - Implementation schedule and procurement plan for the project following the USTDA-funded activity; and
 - Provide evidence that financing is available or likely to be available for the project, including a description of discussions with representatives of potential lenders and other financing entities.

- U.S. Export Potential – Provide a best estimate of the potential procurement of U.S. goods and services for project implementation. The estimate should be broken-down by category and should include the dollar value of the goods and services likely to be made in the United States and exported to the foreign country during project implementation. Provide a list of potential U.S. suppliers of the goods and services likely to be sourced from the United States, and describe the anticipated competition from foreign suppliers. Describe how procurements are typically conducted in the foreign country or by the overseas project sponsor.

- Evaluation Strategy – Provide a recommendation on how to monitor and evaluate the effectiveness and the results of the USTDA-funded activity, including recommended benchmarks to measure project implementation. Describe the anticipated project implementation timeline, how the project would likely be developed (EPC, turnkey, BOT, BOO, etc.), and the potential difficulties that the overseas project sponsor might encounter during project implementation and how these difficulties may be mitigated. If applicable,

note what regulations should be in place before the project can be implemented and what other entities are involved in authorizing or approving project implementation.

- Terms of Reference for the Activity – Detailed description of the tasks that the U.S. firm will undertake to carry out and complete the USTDA-funded activity, including objectives, deliverables, reports, and timeline. For further information, please review our [Terms of Reference Guidance](#).
- Estimated Activity Budget – Provide a detailed line-item budget (see [Budget Format](#)), task breakdown, and budget narrative. All costs in the estimated budget should be reasonable and allocable to the work being performed to complete the Terms of Reference. The budget should provide sufficient detail to enable USTDA to understand the budgeted amounts and the methodology that justifies the budget amounts. Please note that the labor rates for the U.S. firm may not include fees or profit. **USTDA’s funds cannot cover the cost of equipment or equipment shipping to the host country. In addition, no more than 20% of the USTDA grant amount may be used to pay for work performed by host country subcontractors. Subcontractors from countries other than the United States or the host country may not be used.**
- Additional Documents – Provide the following documents as part of your proposal:
 - Letter of support from the overseas project sponsor requesting USTDA’s funding for the activity and indicating their wish to select the U.S. firm to perform the activity; and
 - A completed due diligence form: [U.S. Firm Form](#) | [Private Sector Grantee Form](#) | [Parastatal Grantee Form](#).

USTDA Contact Information

U.S. firms are strongly encouraged to contact the appropriate USTDA regional team to discuss specific project concepts prior to proceeding with a formal proposal. Inquiries and proposals should be sent via e-mail to the USTDA regional staff that is responsible for managing Agency-funded activities in the foreign country where the project is located, as follows:

- East Asia: East_Asia@ustda.gov
- Latin America and the Caribbean: LAC@ustda.gov
- Middle East, North Africa, Europe and Eurasia: MENAE@ustda.gov
- South and Southeast Asia: South_Southeast_Asia@ustda.gov
- Sub-Saharan Africa: Africa@ustda.gov