



RFP NUMBER: RFP-4-ENG-USADF

REQUEST FOR PROPOSALS

POWER AFRICA OFF-GRID ENERGY CHALLENGE

PHASE TWO – OPEN FEBRUARY 25 – APRIL 3, 2016

BACKGROUND ON POWER AFRICA AND THE OFF-GRID ENERGY CHALLENGE

Power Africa is an initiative launched in 2013 by the U.S. government, African governments, bilateral and multilateral development partners, and the private sector to double access to electricity in sub-Saharan Africa. Power Africa has two main targets to expand access to power across sub-Saharan Africa by 2030:

- Increase installed power capacity by **30,000 MW**; and
- Create **60 million new connections** to double electricity access.

Of these targeted 60 million new connections, as many as 25-30 million are expected to be added through off-grid solutions, including up to 17-20 million connections through household systems and 8-10 million connections through micro-grids. Power Africa launched the Beyond the Grid sub-initiative specifically to drive private investment into these off-grid and small-scale renewable energy solutions.

The Power Africa Off-Grid Energy Challenge is a key element of the Beyond the Grid initiative of Power Africa. The Power Africa Off-Grid Challenge was launched in 2013 by the U.S. African Development Foundation (USADF) and has had the support of GE Africa and the U.S. Agency for International Development. Now in its third year, the Challenge has already awarded \$5.0 million to 50 African-owned and managed energy companies across the continent. **The Challenge is designed to achieve the following results:**

- To increase electrical generation to unserved and underserved communities through sustainable business model solutions;
- To expand electricity access – delivered through off-grid solutions such as home systems or micro-grids;

- To increase access to electricity for productive and/or household use;
- Special focus of the Power Africa Off-Grid Energy Challenge is given to off-grid solutions that employ renewable resources and power economic activities. While this may include power to meet household consumer needs, emphasis is given to the delivery of power to productive or commercial activities including agricultural production and processing, commercial enterprises, and others.

INTRODUCTION

USADF is excited to request proposals for the Power Africa Off-Grid Energy Challenge PHASE TWO. Proposals of up to US\$100,000 per award will be considered and approximately nine awards are anticipated for this phase of the Challenge.

For this phase of the Challenge in 2016, applicants must be located and have their projects implemented in one of the following countries:

- Ghana
- Nigeria
- Tanzania

Projects are to be focused on increasing sustainable energy access – particularly off-grid solutions – extending the delivery of electrification to un-served and underserved communities in the target countries. The type of renewable energy technologies to be proposed may include, but not limited to, solar, biogas, biomass, hydro, wind, direct use geothermal and hybrid systems. In keeping with the Beyond the Grid targets, USADF particularly encourages submissions which feature technologies in either solar home system or solar micro-grid sectors, but other submissions will be fully considered.

In this round of competition, nine or more winning proposals – approximately three per country - will be selected, with the funding of each proposal up to a maximum of US \$100,000.

ELIGIBILITY CRITERIA

USADF will consider proposals from 100% African owned and 100% African managed enterprises, associations or organizations. **Passports of owners and senior managers must be submitted with the applications.** The organizations must not be government owned or operated in any way. Applicants may be developers of their own technology and/or may be acquiring and implementing technology developed elsewhere. Applicants need to be legally registered in the project country, demonstrate the capacity to track and manage the project resources and operate in good standing with their local government. The target project length is 12-18 months in duration. USADF could possibly consider slightly longer timeframes, but they must include a justification showing how they will complete their project in the proposed period of time.

Winning proposals must:

- Further develop, scale up or extend use of proven technologies for off –grid energy.
- Benefit marginalized or low income rural or urban populations currently underserved by utility companies.

- Demonstrate financial sustainability or the potential for financial sustainability. The project implementation must include approximately two months of generation of electricity (or generation of energy) and revenue/cash flow from sales.
- Demonstrate a proven track record of experience or have project sponsors or partners with a proven track record of related experience.
- Propose a budget of no more than US\$100,000. Projects with budgets greater than US\$100,000 must bring leveraged resources from one more sources that meet the total financing requirements. Leveraged funds from other sources are encouraged. Propose projects which are located within the country of application.
- Demonstrate clearly whether and how many new connections will be added¹, as well as potential for future replication.

Categories of Applicants:

1. **African owned and African managed companies providing energy services** that deliver energy to underserved, marginalized communities.
2. **African owned and African managed companies providing/developing new technologies** such as metering, payment collection, systems transmission, etc. which facilitate energy delivery to underserved, marginalized communities.
3. **African Community Associations, Cooperatives and Organizations** that are securing energy for their own community members/stakeholders/constituents.

APPLICATIONS WILL ONLY BE CONSIDERED IF:

1. They are 100% African owned and passports showing citizenship are submitted;
2. They are 100% African managed (senior managers);
 - o All members of the senior management must be from and reside in the country where the project will be located, and all board members must be citizens of a sub-Saharan African country;
3. They express clearly how they will benefit marginalized, grassroots people in the country of application;
4. They express clearly how they will achieve profitability;
5. They are fully and legally registered in the country in which they are proposing to operate and the registration is submitted;
6. The proposed project meets the 12 - 18 month timeline requirement, or proposes a slightly longer timeframe and clearly demonstrate how it will achieve it;
7. They document adequate expertise in the field they are proposing or document how they will acquire the expertise to carry out the project;
8. They plainly document how the concept is feasible to be carried out.

PROPOSALS

PROJECT DESIGN

¹ “New connection” is defined as new mini-grid connection, home system installed, or modern lighting device sold.

Projects' characteristics may include, but are not limited to:

1. Provide off-grid energy to rural or urban areas and populations currently lacking energy access. Distance of the site from the grid is to be included. An explanation on why grid connection is not feasible is necessary, including an estimate of the cost to connect to the grid. Best understanding of how long it will take for the area to connect to the grid to be stated. If the proposal is for an urban area or an area with grid connections, a justification is to be included.
2. Focus on reaching un-served, underserved or marginalized populations.
3. Make clear any female ownership/management.
4. Explain all tangible improvements to lives of women and girls.
5. Make clear whether and how company targets women for capacity building/employment.
6. Clearly state whether and how many new connections will be added.
7. Include power for economic activities and demonstrate the potential for financial sustainability.
 - o For example, economic activities could include value addition through small scale value added processing. The actual or potential business impact is to be addressed in the proposal.
 - o Some measure of financial return on investment, such as payback period, internal rate of return or other is to be included.
8. Driven by demand: Is the project meeting a clearly known and unmet demand?
9. Demonstrate potential to operate as a commercially viable business. This is to be demonstrated in the application.
10. Leverage financing from sources in addition to Challenge funds.
11. Introduce innovative metering, payment, collection systems or other enabling technology that can extend the reach of service delivery to marginalized populations.
12. Operate within only one country. Projects must be located within the country of application.

Types/categories of Projects to be considered:

- Productive use:
 - o Off-grid energy solutions for mechanization of processes such as grain milling, oil expelling, refrigeration, transport, etc. Solutions are to explain clearly how they will be commercially viable. It is expected that use of the power will address a business solution(s) that will generate ongoing revenue and profits to sustain the enterprise. This must be clearly explained in the proposal.
- Mini-/micro-grids
 - o Any project that involves distributed generation (e.g. micro- or mini-grids). USADF/Power Africa places an emphasis on new electrical connections – the number of households or businesses that can be connected through this project or will be connected through growth and replication of the project.
 - o Small-scale power generation systems which provide an alternative to, or an enhancement of, national/regional grid connected electric transmission.
- Products/home systems
 - o Products or systems installed directly in the homes of off-grid households, which supply energy directly to marginalized populations currently (and in the foreseeable future) lacking access to energy.
 - o Focus must be on distribution systems which are scalable and can be replicated, in addition to being affordable.
- Innovations
 - o Projects may not necessarily be for power generation only – they may also include provision of innovative metering, payment systems or other enabling technology, especially if they are an innovation in the country where they are proposed. If it is an innovation, then a clear and simple

explanation is needed of why the innovation is important and what it will do for the sector or the population.

Management/Ownership models:

- Small and Medium Enterprises.
- Other private ownership models.
- Community-based organizations, cooperatives, NGOs. This would include community-based organizations acquiring a technology or service to benefit the underserved community.
- Hybrid organizations as long as they do not include government ownership.

APPLICATION PROPOSAL TEMPLATE:

Applicant Background Information

- a. Name and ownership details. Passport verification of citizenship.
- b. Registration details
- c. Applicant history, legal address and contact information

Applicant Profile

- d. Current Activity
- e. Past Track Record of Accomplishments
- f. Past Financial performance including audited financial statements (if available)
- g. Business References

Proposal

- h. Project Summary
- i. Project location and target market/population
- j. Distance of project site to national grid
- k. Documentation that site is selected, land is purchased or leased, or documented evidence that the applicant will be able to purchase/lease the land by the date the grant is signed. No changes will be possible with the project site.
- l. Description of the problem the project addresses
- m. Project description
 - i. Brief description of project
 - ii. Goals, objectives and intended impact
 - iii. Intended number of new connections
 - iv. Renewable energy technology type
 - v. Plans to replicate beyond period of grant
- n. Key risks and plans to mitigate
- o. Environmental compliance
- p. Senior management and technical team and background including verification of citizenship
- q. Project ownership and governance
- r. Relevant expertise
- s. Project timelines/milestones
- t. Financial Sustainability
- u. Financial Estimate
- v. Estimated return on investment

- w. Total project cost
- x. Status of other investors/funders

Proposed Use of Grant Funds

- y. Description/narrative of the use of grant funds
- z. Budget line details (Budget Category and Budget Estimate)
- aa. Budget Justification (Budget Category and Justification)
 - i. A detailed budget justification is to be included. A narrative describing why the proposed equipment is appropriate in size and scope for this plan. This is to show why each budget item proposed for the project is required to carry out the project and why each budget item is needed at that level. Example: Why are these sizes of solar panels required, why is this size of generator required?
 - ii. Three quotes are to be included for all items over US \$3,000. Contact information for the quotations is to be included. Quotations should provide specifications of items being proposed. For example, size and type of solar panels. During the due diligence phase, all costs for budget items over US \$3,000 will be verified.
- bb. Cost verification of the equipment to be purchased is an important element for the approval of this project. In addition to the three quotes submitted as part of the application for all items over US \$3,000, during the due diligence phase for shortlisted applicants, three competitive quotes are to be submitted for each item over US \$1,000 and less than \$3,000. Selected quotations should identify a vendor for items between US \$1,000 and \$3,000 with contact information as well as an explanation of why the item’s cost is reasonable.

Attachments

1. Nationality verification documents of owners and senior management (passports)
2. Proof of registration (registration document)
3. Referral letters
4. Prior audited financial statements (where available)
5. CV of key management and technical personnel
6. 3 quotations with contact information for all items over US \$3,000

The Application is not to exceed fourteen pages (with font size not be to smaller than 10 points).

PROPOSAL ASSESSMENT AND PRIMARY SCORING CRITERIA

The following criteria will be used to assess and score the proposals. It is important that each criterion be fully addressed and clearly explained in the proposal.

- | | | |
|---|--|-----|
| 1 | Likelihood of successful execution (potential viability of proposed concept) and capacity to execute, including applicant’s prior related experience, not limited to energy projects | 20% |
| 2 | Significance of problem being addressed/scale of potential impact/ marginalized population reached. The number of connections and potential connections should be clear. | 20% |
| 3 | Potential long term viability and financial results (including return on investment) | 20% |
| 4 | Leveraging of financial resources | 10% |
| 5 | Innovation of proposed solution and potential for replication | 15% |
| 6 | Application is supporting a women-owned/managed organization and/or is aimed at improving the lives of women and girls. | 15% |

In order to score well according to the above criteria, successful applicants should make sure to address the following:

Under the Applicant profile:

1. Credibility and organizational soundness. This is to cover the organization that is applying as well as partners and key stakeholders.

Under the Project Description in the template:

2. Primary Impact: How will the power be available? Will the project increase access? Will the project increase efficiency and reliability?
3. Catalytic Impact: How will the project scale/replicate after the grant period ends? What will be needed for the project/business to scale up the number of connections? How is the applicant's business model or team differentiated from others?
4. Project Viability: How will the project demonstrate profitability, including at a minimum revenues covering operating costs, before the period of the grant ends?
5. Risk Assessment: What are the key risks facing the successful development, implementation and sustainability of the project? All environmental issues relating to the project should be fully addressed in this section.

Under the Estimated Investment Requirements and/or the Status of other investors/funders:

6. Private Sector Leverage: How does the project utilize private sector investment and participation? What are funding commitments from other partners

APPLICATION PROCESS

All applicants are required to use the linked business proposal template. The completed proposal template along with the required documentation should be submitted by email on or before **April 3, 2016** in Ghana, Nigeria and Tanzania to the appropriate email address for the applicant's country:

1. OffGridChallengeGhana@usadf.gov
2. OffGridChallengeNigeria@usadf.gov
3. OffGridChallengeTanzania@usadf.gov

Proposals will only be accepted at the above email addresses for each country.

General inquiries can be directed to OffGridChallenge@usadf.gov and will not be accepted at the other email addresses.

TIMELINE

The open period for submission of applications from Ghana, Nigeria and Tanzania will run from **February 25, 2016 to April 3, 2016**. Proposals received from those three countries after the closing date of April 3, 2016 will not be accepted.

Applications will be reviewed and evaluated by a panel of judges with expertise in the field. Shortlisted applications will be contacted in May and June for due diligence purposes and for clarification of project concept and details. Applications that are not shortlisted will not be contacted.

All three countries' winners are expected to be announced in June-July 2016.

ABOUT USADF

The U.S. African Development Foundation (USADF) is an independent agency of the U.S. federal government, funding grassroots development projects to African-owned and led enterprises, cooperatives and community-based organizations. Our objective is to build African communities' capacity, resilience and economic activities at the community level so all Africans can contribute to Africa's growth story. USADF grants (up to \$250,000 each) enable our grantees to address the root causes of poverty, hunger, and lack of infrastructure, including energy poverty in their communities. In 19 countries with over 400 project grants, USADF is benefiting over a million and a half Africans. USADF operates as the only U.S. government agency centered on an African-led grassroots development model to encourage shared prosperity.