REQUEST FOR PROPOSALS
SAHEL-HORN OFF-GRID ENERGY CHALLENGE
OPEN UNTIL NOVEMBER 15, 2019

BACKGROUND ON THE OFF-GRID ENERGY CHALLENGE
The U.S. African Development Foundation (USADF) is an independent U.S. Government agency established by Congress to support and invest in African owned and led enterprises which improve lives and livelihoods in poor and vulnerable communities in Africa. USADF’s off-grid energy portfolio was launched in 2013 to bring affordable and sustainable energy to underserved communities across Africa. Since 2013, over $10 million has been invested in 100+ energy entrepreneurs in 13 countries to provide energy solutions to off-grid communities.

USADF supports African-led development in the off-grid energy sector by scaling up and extending the use of proven technologies for off-grid energy to reach communities not served by existing power grids. USADF and its partners, including Power Africa, deploy seed capital to African energy enterprises across the continent to power households and local economic activities. These enterprises use near-term solutions to power the needs of productive and commercial activities, including agriculture production and processing, off-farm businesses, and commercial enterprises.

BACKGROUND ON THE USADF-POWER AFRICA PARTNERSHIP
USADF’s Off-Grid Energy Challenge is a key element of the Beyond the Grid sub-initiative of Power Africa, a U.S. Government-led partnership launched in 2013 to double access to electricity in sub-Saharan Africa by 2030, by increasing installed power capacity by 30,000 megawatts and creating 60 million new connections. Of these targeted 60 million new connections, as many as 25-30 million are expected to be added through off-grid solutions. In partnership with Power Africa, USADF has launched several programs including the Women in Energy Off-Grid Energy Challenge and the Smart Communities Coalition Off-Grid Energy Challenge, focused on refugee settlements.

INTRODUCTION
USADF and Power Africa are excited to request proposals for the Sahel/Horn Off-Grid Energy Challenge. Proposals up to US$100,000 per award will be considered, and up to twenty awards are anticipated in seven countries.

To be considered for the Challenge, applicants must be:
- Private companies and other business entities;
- 100% African-owned;
- Registered and operating in one of seven countries:
  o Sahel: Burkina Faso, Mali, Mauritania, Niger, Senegal
  o Horn of Africa: Somalia, South Sudan

Projects are to be focused on increasing sustainable energy access – specifically off-grid solutions – extending the delivery of electrification to un-served and underserved communities in the seven countries listed above. The type of clean energy technologies to be proposed may include, but are not limited to, solar, hydro, wind, biomass, biogas, gas, and hybrid systems.

Proposals may incorporate a range of access technology types and business models, including, but not limited to:
- Electricity generation technologies: solar, hydro, wind, biomass, biogas, gas, diesel, and hybrid systems. Note these technologies can be coupled with clean cooking solutions but electricity generation is required.
- Electrification approaches: solar home systems (SHS), micro-grids, stand-alone power systems, hybridization or expansion of existing power systems. Note: solar lanterns are not eligible. Note that SHS products must be Lighting Global certified.
- Business models: pay-as-you go, consumer financing, Power Purchase Agreement off-take, SHS/appliance distribution.
- Promotion of productive use of energy (PUE) and attendant equipment, including the trial and rollout of new PUE equipment.

Winning applicants will receive:
- Capital in the form of grant funds
- Access to local technical assistance and governance support from Power Africa and USADF

ELIGIBILITY CRITERIA

USADF will consider proposals from 100% African-owned companies, which have majority owners and managers from ONE of the seven countries listed above (Burkina Faso, Mali, Mauritania, Niger, Senegal, Somalia, and South Sudan). **Passports or other government-issued IDs of owners and senior managers must be submitted with the applications.** The companies applying must be for-profit enterprises and 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 ONE of the seven countries listed above and demonstrate the capacity to track and manage the project resources and operate in good standing with the local governments in which they operate.

**Winning proposals must:**
- Further develop, scale up or extend use of proven technologies for off-grid energy in ONE of the seven countries (Burkina Faso, Mali, Mauritania, Niger, Senegal, Somalia, and South Sudan).
- Benefit marginalized, or low income rural or urban populations currently underserved by utility companies, ideally with a strong focus on benefits to women and girls.
- Demonstrate financial sustainability or the potential for financial sustainability. The proposed investment period must include approximately three 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. Proposals with budgets greater than US$100,000 must bring leveraged resources from one or more sources that meet the total financing requirements. Leveraged funds from other private sector and donor sources are encouraged.
- Demonstrate clearly whether and how many new connections will be added\(^1\), as well as potential for future replication.

**Applications will only be considered if:**

1. They are 100% African-owned and passports or other form of ID showing citizenship are submitted;
   
   - All shareholders, members of the board and senior management must be citizens of a sub-Saharan African country and must reside in ONE of the seven countries (Burkina Faso, Mali, Mauritania, Niger, Senegal, Somalia, and South Sudan);
2. They are majority locally-owned and -managed (senior managers);
3. They express clearly how they will benefit marginalized, grassroots people in their country, including also ideally showing demonstrable positive impacts for female beneficiaries;
4. They express clearly how they will achieve profitability;
5. They are fully and legally registered in their country of operation and the registration is submitted;
6. They document adequate expertise in the field they are proposing or document how they will acquire the necessary expertise;
7. They plainly document how they will use the USADF grant funds to carry out their concept;
8. They make clear any female ownership/management (note: significant female ownership and management is desirable although not a requirement).

**PROPOSALS**

**Winning proposals will do the following:**

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. Applicants should state their best understanding of how long it will take for the area to connect to the national grid. 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, including whether and how company targets women for capacity building/employment.
5. Make clear any specific innovations of the technology or business model, and what the energy source.
6. Clearly state whether and how many new connections will be added.

\(^1\)“New connection” is defined as new mini-grid connection or home system installed.
7. Include power for economic activities, for example small-scale value-added agriculture processing. The actual or potential business impact is to be addressed in the proposal.
8. Demonstrate the potential for financial sustainability. Some measure of projected financial return on investment and payback period is to be included. The application must demonstrate the potential to operate as a commercially viable business.
9. Be driven by demand: is the proposal meeting a clearly known and unmet demand?
10. (Preferred) Leverage financing from sources in addition to Challenge funds.

The following electrification models will be considered, among others:
- Solar home systems (SHS)
  - “Plug and play” kits serving a single customer’s household or small business needs. No design expertise is required to choose system sizes/components; no electrician’s training is needed to safely and successfully install and operate the system; all electrical connections can be made without the use of tools.
- Mini/micro-grids
  - Small-scale power generation and distribution systems which provide an alternative to, or an enhancement of, national/regional grid-connected electric transmission and which can potentially reduce existing levels of energy poverty (for business outlets) in the settlements.
- Stand-alone power systems
  - An off-grid power system serving a single customer and a single facility, or complex of adjacent facilities. Note that solar lanterns as a standalone product are not eligible.
- Hybridization or expansion of existing power systems
  - Addition of new power generation capacity for an existing power system; either to reduce operating costs or meet unmet demand. Hybrid systems incorporate more than one form of generation technology, such as a solar-diesel system.

The following business models will be considered, among others:
- Pay-as-you-go
  - Customers make ongoing payments for their system rather than paying the full system cost upfront. Payments may be made through sales agents, mobile phones, or through a mobile feature integrated into the device itself. Most applicable to SHS.
- Consumer financing
  - When systems are sold on a pay-as-you-go basis, a line of credit is extended to the customer for the period over which the system is being paid. This credit may be provided by the SHS distributor or another institution specializing in consumer finance.
- SHS/appliance distribution
  - Businesses participating in the SHS and appliance/equipment supply chain, including direct retail outlets, and agent-based sales networks.

APPLICATION TEMPLATE:

Applicant Background Information
- Business name and ownership details. Passport or other form of verification of citizenship.
- Registration details
- Applicant history, legal address and contact information

**Applicant Profile**

- Current activity
- Past track record of accomplishments
- Past financial performance including 3 years of audited financial statements (if available)
- Business references

**Proposal**

- Summary of concept
- Location and target market/population. Document showing legal right to work in site will be required prior to disbursement of funds.
- If any physical structure will be built to implement the proposed grant, documentation that the business is authorized to operate on the site by the date the grant is signed. No changes will be possible with the proposed site.
- Description of the problem the concept addresses
- Description of concept
  - Brief description of proposed activities
  - Goals, objectives and intended impact
  - Intended number of new connections
  - Generation technology type
  - Plans for future replication
- Key risks and plans to mitigate
- Evidence of environmental compliance, as appropriate for the proposed activity
- Senior management and technical team names and background including verification of citizenship
- Ownership and governance
- Relevant expertise
- Proposed timelines/milestones
- Plans to achieve financial sustainability
- Financial estimate
- Estimated return on investment
- Total project cost
- Status of other investors/funders

**Proposed Use of Funds**

- Description/narrative for the use of funds
- Budget line details, including budget categories and budget estimates
- Budget justification (line by line justification of each budget item)
  - A detailed budget justification is to be included. The narrative should describe why the proposed equipment is appropriate in size and scope for this plan. This is to show why each budget item proposed is required and why each budget item is needed at that level. Examples: Why are these sizes of solar panels required? Why is this size of generator required?
  - 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.

- As budget justification for line items that are not equipment or other physical assets, such as training, marketing, or software as a service (SaaS)/digital platform licensing, a detailed description of the activity is required, as well as vendor quotes, or reference costs from similar activities. This is to show why each budget item proposed is required and why each budget item is needed at that level. Examples: Why do sales agents require a two-day training? Why does this vendor offer the best value for money?

- Cost verification of the equipment to be purchased will be an important element for approval. 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, at least one competitive quote is 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. Copies of nationality identification documents (passports), or other IDs issued by government of owners and senior management
2. Proof of business registration (registration certificate)
3. Referral letters
4. CVs of key management and technical personnel
5. Three quotations with contact information for all items over US $3,000

The Application is not to exceed fourteen pages, excluding attachments (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.

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<tr>
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<th>Likelihood of successful execution and applicant’s capacity to execute, including prior related experience and track record of success, including but not limited to energy projects</th>
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<tr>
<td>2</td>
<td>Significance of problem being addressed/scale of potential impact</td>
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<td>3</td>
<td>Potential long-term viability and financial results</td>
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<td>Leveraging additional financial resources</td>
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<td>5</td>
<td>Innovation of proposed solution and potential for replication</td>
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<td>6</td>
<td>Application focused on improving the lives of women</td>
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In order to score well according to the above criteria, successful applicants should make sure to address the following:
Under the applicant profile section:
1. Credibility and organizational soundness: This is to cover the organization that is applying as well as partners and key stakeholders.

Under the concept description section:
2. Primary Impact: How will the power be available? Will access, affordability and/or reliability increase?
3. Catalytic Impact: After the investment period ends, how will the enterprise continue to scale/replicate? What will be needed to increase the number of connections? How is the applicant’s business model or team differentiated from others?
4. Project Viability: How will the enterprise demonstrate profitability, including at a minimum revenues covering operating costs, before the investment period ends?
5. Risk Assessment: What are the key risks facing the successful development, implementation and sustainability of this concept? 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 section:
6. Private Sector Leverage: How does the enterprise utilize private sector investment and participation? What are funding commitments from other private and donor partners?

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 November 15, 2019, to the appropriate email address as follows:
1. Burkina Faso - OffGridChallengeBFA@usadf.gov OR
2. Mali - OffGridChallengeMLI@usadf.gov OR
3. Mauritania - OffGridChallengeMRT@usadf.gov OR
4. Niger - OffGridChallengeNER@usadf.gov OR
5. Senegal - OffGridChallengeSEN@usadf.gov OR
6. Somalia - OffGridChallengeSOM@usadf.gov OR
7. South Sudan - OffGridChallengeSSD@usadf.gov

Proposals will only be accepted at the above email address.

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

**TIMELINE**
Applications will be accepted until November 15, 2019. Proposals received after the closing date 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 early 2020 for due diligence purposes and for clarification of project concept and details. Applicants that are not shortlisted will not be contacted.

Winners are expected to be announced in spring 2020.