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# REQUEST FOR PROPOSALS

## POWER AFRICA OFF-GRID ENERGY CHALLENGE

### CLOSING JUNE 20, 2014

#### HISTORY OF POWER AFRICA AND THE OFF-GRID ENERGY CHALLENGE

Power Africa is a new US government, interagency, presidential initiative to accelerate and diversify the economic growth in Sub-Saharan Africa through increased power generation and distribution of reliable, affordable and sustainable power and helping to ensure responsible, transparent and effective management of energy resources.

**Among the goals of Power Africa are to:**

- Extend access to electricity;
- Increase power generation;
- Catalyze investment in the power sector;
- When possible, stimulate renewable power generation and lower use of diesel, charcoal and wood fuel.

**The Off-Grid Energy Challenge initiative is designed to achieve the following results to:**

- Increase electrical generation;
- Expand electricity access – delivered through off-grid or micro-grid solutions;
- Extend individual and business access to electrical power;
- Special focus of the Power Africa Off-Grid Energy Challenge will be given to off-grid solutions that employ renewable resources and power economic activities. While this may include power to meet household consumer needs, emphasis will be given to the delivery of power to productive or commercial activities including agricultural production and processing, off-farm businesses, commercial enterprises, etc...

#### INTRODUCTION

The United States African Development Foundation (USADF) is pleased to partner with General Electric Africa (GE) and the United State Agency for International Development (USAID) in requesting proposals for the Power Africa Off-Grid Energy Challenge Round Two. In Round One, the Challenge awarded grants of up to US \$100,000 to six winners in Kenya and Nigeria. In 2014, proposals of up to US \$100,000 per award will be considered and approximately eighteen awards are anticipated.

**For 2014 applications, applicants must be located and have their projects implemented in one of the following countries:**

- Kenya
- Nigeria
- Tanzania
- Ghana
- Ethiopia
- Liberia

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 this second round of competition, eighteen 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. 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. Projects are not to exceed 12 months in duration.

### **Winning projects 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.
- Have a proven track record of experience or project sponsors or partners with a proven track record of related experience.
- Proposals are to be limited to a maximum of US\$100,000. Leveraged funds from other sources are encouraged. These other sources of funds must be adequately documented to be considered.
- Project must be located within the country of application.

### **APPLICATIONS WILL NOT BE CONSIDERED IF:**

1. They are not 100% African owned and are not 100% African managed.
  - All owners, members of the Board of Directors and senior management must be from and reside in the country where the project will be located.
2. They do not express clearly how they will benefit marginalized, grassroots people in their country.
3. They are not fully and legally registered in the country in which they are proposing to operate.
4. They do not meet the 12 month timeline required.
5. They do not document adequate expertise in the field they are proposing or document how they will acquire the expertise to carry out the project.
6. If it is not plainly documented how the concept is feasible to be carried out.

# PROPOSALS

## PROJECT DESIGN

### Projects may include, but are not limited to:

1. Provide off-grid energy to rural or urban areas and populations currently lacking energy access.
2. Include power for economic activities and demonstrate the potential for financial sustainability.
  - 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.
  - Some measure of financial return on investment, such as payback period, internal rate of return or other is to be included.
3. Respond to demand: Is the project meeting a clearly known and unmet demand?
4. Demonstrate potential to operate as a commercially viable business.
5. Leverage financing from sources in addition to Challenge funds.
6. In the case of a private company developing energy enabling technology, funds may be used for business plans, studies to expand markets, test innovations or leverage financing with the goal of increasing service delivery of off-grid energy to marginalized populations.
7. Introduce innovative metering, payment, collection systems or other enabling technology that can extend the reach of service delivery to marginalized populations.
8. Operate within only one country.
9. Utilize one or more of the following technologies:
  - Solar, biogas, biomass, hydro, wind, direct use geothermal and hybrid systems.
10. Be implemented by a Community based organization: This could include acquiring a technology or service to benefit the underserved community.
11. Small Scale Projects
  - Small scale power generation systems that offer a stand-alone solution or provide an alternative to, or an enhancement of, national/regional grid connected electric transmission.
  - Systems may involve captive generation, isolated distribution and/or grid connected (e.g. micro- or mini-grids).
  - Ideally they can be replicated, are scalable and are affordable.
  - Projects may not necessarily be for power generation only. They may include or even be limited to payment solutions including metering and payment systems, especially if they are an innovation in the country where they are proposed.
12. Management/Ownership models
  - Small and Medium Enterprises.
  - Community based organizations, cooperatives, NGOs.
  - Hybrid organizations as long as they do not include government ownership.

## APPLICATION PROPOSAL TEMPLATE:

### Applicant Background Information

- a. Name and ownership details
- 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 population
- j. Description of the problem the project addresses
- k. Project description
  - i. Brief description of project
  - ii. Goals, objectives and intended impact
  - iii. Target market
  - iv. Renewable energy technology type
- l. Key risks and plans to mitigate
- m. Environmental compliance
- n. Management and technical team
- o. Project ownership and governance
- p. Project timelines/milestones
- q. Financial Sustainability
- r. Financial Estimate
- s. Estimated return on investment
- t. Total project cost
- u. Status of other investors/funders

### Proposed Use of Grant Funds

- v. Description/narrative of the use of grant funds
- w. Budget line details
  - i. A detailed budget justification is to be included. 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?
- x. Cost verification will not be required in the proposal submission. However, during the due diligence phase for shortlisted applicants, three competitive quotes are to be submitted for each item over US \$3,000. Also during the due diligence phase, shortlisted applicants will need to identify a source for items under US \$3,000 with contact information as well as an explanation of why the item's cost is reasonable.

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.

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|--|-----|
| 1. Likelihood of successful execution (potential viability of proposed concept) and capacity to execute. | 20% |
| 2. Significance of problem being addressed/Scale of potential impact/marginalized population reached.    | 20% |
| 3. Potential long term viability and financial results (including return on investment).                 | 20% |
| 4. Leveraging of financial resources.  | 10% |
| 5. Applicant's prior related experience on energy projects.  | 15% |
| 6. Innovation of the proposed solution and possibility of replication.                                   | 15% |

### WINNING APPLICATIONS WILL FULLY ADDRESS THE FOLLOWING:

IN THE PROJECT APPLICATION, PLEASE MAKE SURE THE FOLLOWING ISSUES ARE ADDRESSED:

#### **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: Does the project have potential for scalability, replicability or demonstration impact? How is the applicant's business model or team differentiated from others?
4. Project Viability: Is the project viable in terms of technical merit, bankability, affordability, return on investment, environmental impact, social impact and timeline? What are the anticipated ongoing maintenance costs and how will they be addressed?
5. Risk Assessment: What are the key risks facing the successful development, implementation and sustainability of the project?

#### **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?
7. Indication of funding commitments.

## APPLICATION PROCESS

All applicants are required to use the attached business proposal template. The completed proposal template along with the required documentation should be submitted by email on or before June 20, 2014 to the appropriate email address for the applicant's country:

1. [OffGridChallengeKenya@usadf.gov](mailto:OffGridChallengeKenya@usadf.gov)
2. [OffGridChallengeNigeria@usadf.gov](mailto:OffGridChallengeNigeria@usadf.gov)
3. [OffGridChallengeTanzania@usadf.gov](mailto:OffGridChallengeTanzania@usadf.gov)
4. [OffGridChallengeGhana@usadf.gov](mailto:OffGridChallengeGhana@usadf.gov)
5. [OffGridChallengeEthiopia@usadf.gov](mailto:OffGridChallengeEthiopia@usadf.gov)
6. [OffGridChallengeLiberia@usadf.gov](mailto:OffGridChallengeLiberia@usadf.gov)

Proposals will only be accepted at these email address.

General inquiries can be directed to [OffGridChallenge@usadf.gov](mailto:OffGridChallenge@usadf.gov) and will not be accepted at the other email addresses.

## TIMELINE

The open period for submission of applications will run from May 7<sup>th</sup> to June 20<sup>th</sup>, 2014. Proposals received after the closing date of June 20<sup>th</sup> will not be accepted. Winners are expected to be announced on or before September 9, 2014.

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

## ABOUT USADF

USADF was established in 1980 to invest in Africans and their ideas. As defined in its founding legislation, USADF funds African enterprises, cooperatives and associations with a maximum grant size of US \$250,000. Each year, USADF awards grants directly to cooperatives, SMEs and community-based organizations to build capacity and expand economic activities. In 16 countries with over 400 project grants, USADF is benefiting over a million and a half Africans. These people are marginalized by location, gender, ethnicity and other factors and underserved by public, financial and other resources including electricity. USADF operates as the only US government agency centered on an African-led grassroots development model to encourage shared prosperity.