

REQUEST FOR PROPOSALS

USADF OFF-GRID ENERGY CHALLENGE

OPEN FROM DECEMBER 19, 2022 – FEBRUARY 12, 2023

BACKGROUND ON THE OFF-GRID ENERGY CHALLENGE

The Off-Grid Energy Challenge is an initiative of the United States African Development Foundation (USADF) designed to achieve the following results:

- To increase electric power generation to unserved and underserved African communities through sustainable business model solutions
- To increase or/and expand energy access through off-grid solutions such as home systems and micro-or mini-grids
- To increase access to electricity for household and productive uses - while this may include power to meet household consumer needs, emphasis is given to the delivery of power to productive commercial and industrial activities including agricultural production and processing, commercial enterprises, industrial enterprises, healthcare facilities and others
- To increase women participation in the energy sector by supporting women owned and managed energy enterprises

The 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 MW 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.

INTRODUCTION

USADF is excited to request proposals for the USADF Off-Grid Energy Challenge. Proposals of up to US\$250,000 in grant funds per award will be considered.

To be considered for the Challenge, applicants must be African owned and managed private companies or organizations (*including non-profit and not-for-profit*) registered and operating in Africa.

Projects are to be focused on increasing sustainable energy access, specifically off-grid solutions, and extending the delivery of electrification to unserved and underserved communities in Africa. The type of clean energy technologies to be proposed may include but are not limited to, solar power, hydropower, wind power, biomass, biogas, gas, energy storage, and hybrid systems. Productive use applications in cross-sector areas like agriculture and agri-business, healthcare, education, ICT, and other commercial and industrial activities are highly encouraged.

Winning applicants will receive:

- Grant capital up to US\$250,000 from USADF
- Access to intensive local technical assistance and governance support

ELIGIBILITY CRITERIA

USADF will consider proposals from African owned and managed companies or organizations (**including non-profit and not-for-profit**). **Passports or other government-issued IDs of all owners and senior managers must be submitted with the applications.** If the applying entity is owned wholly or in part by another entity, passports or other government-issued IDs of its owners must also be provided. The applying entity must not be government owned, operated, or affiliated 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 Africa 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 Africa
- Benefit marginalized, low-income rural, urban, or peri-urban populations currently underserved by utility companies, ideally with a focus on benefits to women and girls
- Demonstrate financial sustainability or the potential for financial sustainability and independence over time and beyond its implementation lifetime. The proposed investment period must include at least three months of revenue from sales of energy/electricity generated
- 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\$250,000. Proposals with budgets greater than US\$250,000 must bring leveraged resources from one or more other 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, as well as the potential for future replication. A “new connection” is defined as a new mini-grid connection or home system installed
- Proposals leveraging wind, hydro, biomass, and gas as the energy source are greatly encouraged
- Productive use applications in the agriculture and agri-business, commercial, and industrial sectors are highly encouraged
- Women owned or managed business are encouraged
- Proposals from the following countries are highly encouraged and will be given priority consideration: *Burkina Faso, Burundi, Côte d’Ivoire, Democratic Republic of the Congo, Liberia, Malawi, Mauritania, Niger, Senegal, Somalia, South Sudan, Zambia*

Applications will only be considered if they:

- Are African owned and passports or other government-issued IDs showing citizenship are submitted
 - All shareholders, members of the board and senior management must be citizens of a sub-Saharan African country
- Express clearly how they will benefit marginalized, grassroots people in Africa, including showing demonstrable positive impacts for female beneficiaries
- Express clearly how they will achieve profitability and sustainable growth
- Are fully and legally registered in Africa and the registration is submitted
- Document adequate expertise in the field they are proposing or document how they will acquire the necessary expertise

- Clearly document how they will use USADF grant capital to carry out their concept

PROPOSALS

Winning proposals will have the following characteristics:

- 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 stated in the application, including an explanation on why grid connection is not feasible is necessary, and an estimate of the cost to connect the site to the grid. The best estimate of how long it will take for the area to connect to the grid should be stated. If the proposal is for an urban area or area with grid connections, justification for selecting such site should be included
- Focus on reaching unserved, underserved or marginalized populations
- Clearly identify any female ownership/management
- Explain all tangible improvements to the lives of women and girls, including whether and how the entity targets women for capacity building/employment
- Clearly identify specific innovations of the technology or business model and the energy source, type of application, and usage.
- Clearly state whether and how many new connections will be added. A “new connection” is defined as a new mini-grid connection or home system installed
- Project includes power for economic (income generating) activities. For example, in small-scale value-added agriculture processing, the actual or potential business impact of the project should be addressed in the proposal
- Demonstrate the potential for financial sustainability and profitability. Attach a comprehensive five-year financial model projecting expected financial return on investment and anticipated payback period in an Excel format. The application must demonstrate the potential to operate as a commercially viable business
- Demand Driven; the proposal should address a clearly established and unmet demand
- Preference is given to proposals that leverage finance from other sources in addition to Challenge funds
- Entity is African owned and managed, registered, and operating within Africa

Project categories that will be considered:

- **Agriculture – Energy Nexus:**
 - Off-grid energy solutions for mechanization of Agriculture value chain 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 the 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.
- **Healthcare – Energy Nexus:**
 - Off-grid energy solutions focused on improvements of healthcare service and delivery like healthcare facilities electrification (HFE), vaccine storage and distribution, etc. Off-grid energy solutions for process and activities related to Water, Sanitation and Hygiene (WASH) will also be considered.
- **Women-in-Energy:**
 - This category is open to women entrepreneurs and innovators with projects 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, with a particular focus on un-served and underserved women. In addition, women led, or managed companies focused on developing clean energy solutions, capacity building or skills education

will also be considered. Entities in this category must have majority female ownership AND the top manager(s) must be female, and/or majority of the intended beneficiaries must be female.

- **Other Energy Nexus:**
 - Off-grid energy solutions for cross-sector areas like education, ICT, construction, manufacturing mining, etc, will also be considered
- **Mini- and micro-grids:**
 - Small-scale power generation systems for electrification that provide an alternative to, or an enhancement of, national/regional grid-connected electric transmission.
- **Productive use:**
 - Off-grid energy solutions for commercial and industrial activities and/or process including the utilization of energy in machinery, factories, or in any activity that enhances productivity outcomes and increases income generation for the beneficiaries.
- **Stand-alone and Home systems:**
 - Off-grid energy systems installed directly in the homes and/or businesses of unserved or underserved consumers, which supply energy directly to communities currently (and in the foreseeable future) lacking access to energy.
 - Focus must be on distribution systems that are cost-effective, scalable, replicable, and affordable.
- **Innovations:**
 - This category is open to the applicants to identify innovative technologies that will advance the increase in energy access. Proposals need not necessarily be for power generation only, they may also include the provision of innovative metering, payment systems, or other enabling technology. If it is an innovation, then a simple and clear explanation must be provided to convey why the innovation is important and what it will do for the sector or the population.

Applications will be reviewed in two phases.

Phase I applications will be reviewed and evaluated by an expert panel of judges. Only shortlisted applicants will be contacted to begin Phase II of the application process. Applicants that are not shortlisted in Phase I will not be contacted.

PHASE 1 PROPOSAL TEMPLATE (FOR SUBMISSION BY FEBRUARY 12, 2023):

Applicant Background Information

- Name and Ownership details. Passport Verification of Citizenship
- Business Registration Certificate
- Incorporation Documents, as applicable
- Proof of Regulatory and/or Tax Compliance for the Business Address/Location or Property
- Business Tax Clearance or Compliance Certificate
- Applicant History, Legal Address and Contact Information

Applicant Profile

- Current Activity
- Proof of Past Track Record of Accomplishments on similar proposed projects (applicant year of experience, past performances, and provide a minimum of three years of project references)
- Past Financial performance including three years of audited financial statements (if available)
- 3 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
- Distance of proposed site to the national grid
- Documentation of the right to land for the site selected; land purchased or leased or documented evidence that the applicant is in the process of or will be able to purchase or lease the land by the date the grant is signed. No changes will be allowed 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
 - Clean energy technology type
 - Plans for future replication
 - Brief description of local competition
- Key risks and plans to mitigate
- Environmental, health, safety, social and security compliance
- Qualifications and Team Experience:
 - Provide the list of the senior management and technical team and their background including verification of citizenship, a detailed short description of their experiences and role in the project
 - Provide a detailed description of any subcontractors that will be involved in the implementation of any portions of the scope of the project (installation, operation, maintenance, subscription, and payment fees collection, etc., *if applicable*)
- Ownership and governance
- Relevant expertise
- Proposed timelines/milestones
- **Technical system design & single line diagram;** for mini-grids, the following selection criteria is desired:
 - Proof of Community and Stakeholder engagement
 - Community approval or support from stakeholders in the form Letter of Intent (LOI) or MOU
 - Site specific data:
 - Provide Site details such as coordinates, demographic data, potential connections, customer category, etc.
 - Detailed load profile, generation system, and site-specific design
 - Operations and Maintenance Plan:
 - Provide detail O&M strategy: available and potential resources, annual targets, service level, disposal, or recycling of batteries etc.
- Financial Sustainability
- Financial Estimate
- Estimated return on investment, and payback period
- Total project cost
- Status of other investors/funders, including any prior grants from USADF
- Status of any outstanding liens or loans

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 capacity of battery storage 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.
- 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, three competitive quotes are to be submitted for each item over US\$1,000 and less than US\$3,000. Selected quotations should identify a vendor for items between US\$1,000 and 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 (14) PAGES (with font size no smaller than 10-point font).

Attachments for Phase 1

1. Nationality verification documents of owners and senior management (passports)
2. Business Registration Documents
3. Incorporation Documents, if applicable
4. Proof of Regulatory and/or Tax Compliance for the Business Address/Location or Property
5. Business Tax Clearance or Compliance Certificate
6. Three Reference letters
7. Technical system design including size, storage capacity & single-line diagram
8. Financial model
9. Prior audited financial statements (up to three years where available)
10. CVs of key management and technical personnel
11. Three (3) quotations with contact information for all items over US\$3,000

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	<p>Project Readiness:</p> <ul style="list-style-type: none"> ● Project Readiness: A proposal that has already identified an installation site with a capacity, specific customers, and has already been providing a related service or product or has proven technology, and now needs funds for either expansion or replication elsewhere will receive a higher score. ● Likelihood of successful execution and applicant's capacity to execute, including prior related experience and track record of success, not limited to energy projects 	20%
2	Potential long-term commercial viability and financial sustainability, including the ability to make use of debt and/or equity investments	20%
3	Significance of the problem being addressed, scale of potential economic and social impact, and unserved or underserved population targeted	15%
4	Innovation of proposed solution particularly use of clean energy sources other than solar, and potential for future replication	15%

5	Applicant is a women-owned/managed organization and/or is aimed at improving the lives of women and girls	10%
6	Leveraging additional financial resources including debt or equity	10%
7	Solution enhances productive and economic activities including agriculture, commercial and industrial uses, or enhances healthcare service delivery	10%

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 should describe 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 made available? Will access, affordability and/or reliability increase?
3. **Brief description of proposed activities:** Provide a specific description of the activities intended to be implemented and what are the outcomes and benefits?
4. **Catalytic Impact:** After the investment period ends, how will the enterprise continue to scale and replicate? What will be needed to increase the number of connections?
5. **Main Differentiators:** How is the applicant's business model or team differentiated from others?
6. **Project Viability and Sustainability:** How will the enterprise demonstrate profitability and growth, including at a minimum revenue covering operating costs before the investment period ends?
7. **Risk Assessment:** What are the key risks facing the successful development, implementation, and sustainability of this concept? What are the mitigation measures to address these key risks? 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:

8. **Private Sector Leverage:** How does the enterprise utilize private sector investment and participation? What are funding commitments from other private and donor partners?

APPLICATION PROCESS

All applicants must submit a completed proposal template in English or French. All applicants are required to use the linked application template (provided on the USADF website: www.usadf.gov/apply). The completed application template along with the required documentation should be submitted by email on or before **February 12, 2023**, to the following email addresses respectively:

Email	Country
OffGridChallengeBEN@usadf.gov	Benin
OffGridChallengeBFA@usadf.gov	Burkina Faso
OffGridChallengeBDI@usadf.gov	Burundi
OffGridChallengeCIV@usadf.gov	Côte d'Ivoire
OffGridChallengeDRC@usadf.gov	Democratic Republic of Congo
OffGridChallengeKEN@usadf.gov	Kenya
OffGridChallengeLBR@usadf.gov	Liberia

OffGridChallengeMWI@usadf.gov	Malawi
OffGridChallengeMRT@usadf.gov	Mauritania
OffGridChallengeNER@usadf.gov	Niger
OffGridChallengeNGA@usadf.gov	Nigeria
OffGridChallengeRWA@usadf.gov	Rwanda
OffGridChallengeSEN@usadf.gov	Senegal
OffGridChallengeSOM@usadf.gov	Somalia
OffGridChallengeSSD@usadf.gov	South Sudan
OffGridChallengeTZA@usadf.gov	Tanzania
OffGridChallengeUGA@usadf.gov	Uganda
OffGridChallengeZMB@usadf.gov	Zambia

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

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

TIMELINE

Applications will be accepted from **December 19, 2022, to February 12, 2023**. Proposals received after the closing date will not be accepted. Applications are on a **first come, first served** basis, so it is advised that applications are submitted well ahead of the window close.

Applicants who continue to the Phase II process will be contacted by April 2023 for due diligence purposes and for clarification of the project concept and details. Applications that are not shortlisted will not be contacted.

ABOUT USADF

USADF IS THE U.S. GOVERNMENT'S INDEPENDENT AFRICAN ENTERPRISE DEVELOPMENT AGENCY. THE AGENCY INVESTS IN AFRICAN GRASSROOTS AND SMALL- AND MEDIUM-SIZED BUSINESSES; PROMOTES LOCAL ECONOMIC DEVELOPMENT; AND CREATES PATHWAYS TO PROSPERITY FOR UNDERSERVED COMMUNITIES. UTILIZING A COMMUNITY-LED DEVELOPMENT APPROACH, USADF PROVIDES SEED CAPITAL AND LOCAL PROJECT MANAGEMENT ASSISTANCE TO EARLY-STAGE AFRICAN ENTERPRISES AND ENTREPRENEURS ADDRESSING AFRICA'S BIGGEST CHALLENGES AROUND FOOD INSECURITY, INSUFFICIENT ENERGY ACCESS, AND UNEMPLOYMENT, PARTICULARLY AMONG WOMEN AND YOUTH. ANNUALLY, USADF'S GRANT ASSISTANCE GENERATES APPROXIMATELY \$100 MILLION IN NEW ECONOMIC ACTIVITY THROUGHOUT 20 AFRICAN COUNTRIES. LEARN MORE AT WWW.USADF.GOV.

ABOUT POWER AFRICA

POWER AFRICA IS A U.S. GOVERNMENT-LED PARTNERSHIP, COORDINATED BY USAID, THAT BRINGS TOGETHER THE COLLECTIVE RESOURCES OF OVER 200 PUBLIC AND PRIVATE SECTOR PARTNERS TO DOUBLE ACCESS TO ELECTRICITY IN SUB-SAHARAN AFRICA. SINCE 2013, POWER AFRICA HAS HELPED DELIVER FIRST-TIME ELECTRICITY TO MORE THAN 165 MILLION PEOPLE ACROSS SUB-SAHARAN AFRICA. POWER AFRICA-SUPPORTED PROJECTS ARE GENERATING MORE THAN 6,500 MW OF NEW, CLEANER AND MORE RELIABLE ELECTRICITY, HELPING TO MITIGATE CLIMATE CHANGE AND END ENERGY POVERTY. LEARN MORE AT WWW.USAIID.GOV/POWERAFRICA.