



REQUEST FOR PROPOSALS

USADF-ALL ON NIGERIA OFF-GRID ENERGY CHALLENGE

OPEN FROM JANUARY 15 – FEBRUARY 29, 2020

BACKGROUND ON THE OFF-GRID ENERGY CHALLENGE

The Nigeria Off-Grid Energy Challenge is a joint initiative of the United States African Development Foundation (USADF) and All On and 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 - while this may include power to meet household consumer needs, emphasis is also given to the delivery of power to productive or commercial activities including agricultural production and processing, commercial enterprises, and others.

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.

BACKGROUND ON THE USADF-ALL ON PARTNERSHIP

All On is an impact investing company established to stimulate the development of collaborative partnerships for innovative solutions that facilitate increased access to affordable, reliable and sustainable energy sources in Nigeria. All On seeks both financial returns and social impact to provide or improve energy access for millions of households and small and medium enterprises. In December 2017, USADF and All On signed a Statement of Intent to combine their respective and complementary strengths and areas of expertise to fund companies with a combination of grant dollars and loans and/or equity investments. Support has also been provided by the Rockefeller Foundation for the 2020 edition.

INTRODUCTION



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Energy innovations.
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USADF and All On are excited to request proposals for the USADF-All On Nigeria Off-Grid Energy Challenge. Proposals of up to US\$100,000 in 50/50 blended financing (grant/ debt or equity) per award will be considered, with approximately twenty (20) awards anticipated.

To be considered for the Challenge, applicants must be 100% African-owned, majority Nigerian-owned and -managed private companies registered in Nigeria and must be operating in Nigeria.

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 Nigeria. 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.

Winning applicants will receive:

- An investment in the form of a convertible loan at an affordable interest rate and/or an equity investment
- Seed capital in the form of grant funds
- Access to intensive local technical assistance and governance support

ELIGIBILITY CRITERIA

USADF and All On will consider proposals from 100% African-owned and majority Nigerian-owned and Nigerian-managed companies. **Passports or other government-issued IDs of owners and senior managers must be submitted with the applications.** The applying companies 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 Nigeria 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 Nigeria.
- Benefit marginalized, or low-income rural or urban populations currently underserved by utility companies, ideally with a focus on benefits to women and girls and communities in the Niger Delta.
- 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 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 added¹, as well as potential for future replication.
- Applications for projects/ businesses leveraging wind, hydro, biomass, and gas as the energy source are greatly encouraged.

Applications will only be considered if:

¹ "New connection" is defined as new mini-grid connection or home system installed.



1. They are 100% African-owned and passports showing citizenship are submitted;
 - o All shareholders, members of the board and senior management must be citizens of a sub-Saharan African country and must reside in Nigeria;
2. They are majority Nigerian-owned and -managed (senior managers);
3. They express clearly how they will benefit marginalized, grassroots people in Nigeria, including also ideally showing demonstrable positive impacts for female beneficiaries and people living in the Niger Delta;
4. They express clearly how they will achieve profitability;
5. They are fully and legally registered in Nigeria 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/All On investment funds to carry out their concept.

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. 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 unserved, underserved or marginalized populations.
3. Clearly identify any female ownership/management.
4. Explain all tangible improvements to the lives of women and girls, including whether and how the company targets women for capacity building/employment.
5. Clearly show any current or planned operations in the Niger Delta.
6. Clearly identify specific innovations of the technology or business model and the energy source.
7. Clearly state whether and how many new connections will be added.
8. Include power for economic activities. For example, in small-scale value-added agriculture processing, the actual or potential business impact is to be addressed in the proposal.
9. Demonstrate the potential for financial sustainability and profitability. Some measure of projected financial return on investment and payback period is to be included in an attached comprehensive five-year financial model in Excel format. The application must demonstrate the potential to operate as a commercially viable business.
10. Be driven by demand: is the proposal meeting a clearly known and unmet demand?
11. (Preferred) Leverage financing from sources in addition to Challenge funds.
12. Operate within Nigeria.

The following technologies will 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:



- Small-scale power generation systems which provide an alternative to, or an enhancement of, national/regional grid connected electric transmission.
- Products/home systems:
 - Products or systems installed directly in the homes or businesses of off-grid or underserved communities, which supply energy directly to marginalized populations currently (and in the foreseeable future) lacking access to energy.
 - Focus must be on distribution systems which are scalable and can be replicated, in addition to being affordable.
- Innovations:
 - Proposals need 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 Nigeria. If it is an innovation, then a simple and clear explanation is needed of why the innovation is important and what it will do for the sector or the population.

Application review will be done in two stages. Outlined below is the list of information required in the first stage of the review process:

PHASE 1 APPLICATION PROPOSAL TEMPLATE (FOR SUBMISSION BY FEBRUARY 29, 2020):

Applicant Background Information

- Name and ownership details. Passport verification of citizenship.
- Business Certificate of Incorporation
- Certified Copies of Corporate Affairs Commission (CAC) Forms 2 and 7
- Certificate of Occupancy for Business Address
- Tax Clearance Certificate
- 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)
- 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 national grid
- 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 proposed site.
- Description of the problem the concept addresses
- Description of concept
 - i. Brief description of proposed activities
 - ii. Goals, objectives and intended impact
 - iii. Intended number of new connections
 - iv. Clean energy technology type
 - v. Plans for future replication
- Key risks and plans to mitigate
- Environmental, health, safety and security compliance



- Senior management and technical team and background including verification of citizenship
- Ownership and governance
- Relevant expertise
- Proposed timelines/milestones
- Technical system design & single line diagram
- 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)
 - i. 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?
 - 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.
- 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 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. Certified Copies of Corporate Affairs Commission (CAC) Forms 2 and 7
3. Certificate of Occupancy for Business Address
4. Tax Clearance Certificate (2020)
5. Referral letters
6. Technical system design & single line diagram
7. Financial model
8. Prior audited financial statements (up to three years where available)
9. CVs of key management and technical personnel
10. 3 quotations with contact information for all items over US\$3,000

PHASE 2 APPLICATION (FOR SUBMISSION BY THOSE COMPANIES THAT ARE INFORMED THEY HAVE MADE THE INITIAL CUT IN MARCH 2020):



The main purpose of this phase is further demonstrating the commercial viability of the company and project. Support and guidance will be provided to the shortlisted applicants to deliver a pitch document and a detailed financial model for the company.

Attachments for Phase 2

- Business pitch document (maximum 10 slides): Document to include graphs, timelines and analysis
 - Business description/ Background of the company and project;
 - Business model: description of products, payment and collection process,
 - Project deployment plan; power distribution model roadmap
 - Technical system design & single line diagram
 - Financial analysis including current cost of power and cost savings to the customers because of the project deployment
 - Impact of the business on the community (number of connections, direct and indirect impact).
 - Brief competitor analysis
 - Use of funds (this should be in line with the information provided in phase 1);
 - Business expansion strategy
 - Team information (this should be in line with the information provided in phase 1);
- Detailed financial model: Applicants will be required to provide a minimum of 5 years company-wide projected financials incorporating:
 - Balance sheet
 - Income statement and
 - Cash Flow statement.

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 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 results, including ability to make use of debt and/or equity investments	20%
3	Significance of problem being addressed/scale of potential impact/marginalized population reached	15%
4	Innovation of proposed solution and potential for replication including use of clean energy sources other than solar	15%
5	Applicant is a women-owned/managed organization and/or is aimed at improving the lives of women and girls	10%
6	Leveraging of additional financial resources	10%
7	Focus on Niger Delta communities	10%

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?



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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 revenue 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?

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 **February 29, 2020**, to the following email address: OffGridChallengeNigeria@usadf.gov

Proposals will only be accepted at the above email address.

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

TIMELINE

Applications will be accepted from **January 15, 2020 to February 29, 2020**. Proposals received after the closing date will not be accepted. Applications are on a **first come, first serve** basis, so it is advised that applications are submitted long before the window close.

Applications will be reviewed and evaluated by a panel of judges with expertise in the field. Shortlisted applications will be contacted in February and March to begin the Phase II application process. Those that scale through the Phase II process 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.

Winners are expected to be announced by October 2020.

ABOUT USADF

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. FOR MORE INFORMATION, GO TO WWW.USADF.GOV.

ABOUT ALL ON

ALL ON IS AN IMPACT INVESTING COMPANY ESTABLISHED TO STIMULATE THE DEVELOPMENT OF COLLABORATIVE PARTNERSHIPS FOR INNOVATIVE SOLUTIONS THAT FACILITATE INCREASED ACCESS TO AFFORDABLE, RELIABLE AND SUSTAINABLE ENERGY SOURCES IN NIGERIA. ALL ON SEEKS BOTH FINANCIAL RETURNS AND SOCIAL IMPACT TO PROVIDE OR IMPROVE ACCESS-TO-ENERGY FOR MILLIONS OF HOUSEHOLDS



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AND SMALL AND MEDIUM ENTERPRISES. ALL ON INVESTS IN OFF-GRID ENERGY SOLUTIONS SPANNING SOLAR, WIND, HYDRO, BIOMASS AND GAS TECHNOLOGIES DEPLOYED BY BOTH FOREIGN AND LOCAL ACCESS-TO-ENERGY COMPANIES THAT COMPLEMENT AVAILABLE GRID POWER ACROSS NIGERIA AND HELP BRIDGE THE SIGNIFICANT ENERGY GAP. FOR MORE INFORMATION, GO TO WWW.ALL-ON.COM