Pre-qualification of companies/consultants for financing-related technical assistance to increase off-grid energy access in sub-Saharan Africa

BACKGROUND

The Power Africa Off-grid Project is a four-year contract between the United States Agency for International Development (USAID) and RTI International. The project intends to accelerate off-grid electrification across sub-Saharan Africa to support Power Africa’s Beyond the Grid initiative which contributes to the goal of facilitating 60 million new connections by 2030. Power Africa defines access as the direct or actual number of new households and businesses connected to electricity via an on-grid or off-grid solution. The Power Africa Off-grid Project focuses on accelerating off-grid energy access through solar household systems and micro-grids, with the goal of facilitating six million new electricity connections by 2022.

The Power Africa Off-grid Project is looking to expand its pool of resources under its Access to Finance work stream to enhance technical assistance to provide:

- Coaching and support related to capital raising, and equity and debt transactions in the off-grid energy sector
- Efficient, standardized financial management and accounting support to earlier stage companies
- Targeted technical assistance to investors interested in adopting a gender lens investment strategy

Objective of this call:

To pre-qualify companies/consultants to provide support in the areas listed below. Pre-qualified entities will be eligible to submit quotations for specific scopes of work as they are released.

SUBMISSION GUIDELINES

Interested companies/consultants are requested to submit their qualifications by email to paopprocurement@powerafrica-offgrid.org by December 13, 2019.

Required documentation:

In addition to demonstrating the specific requirements set out below under each area of support, interested companies/consultants should provide the following:

1. Three examples of past performance, no more than six pages in total
2. A short (5-7 pages) background and description of the company/consultant’s ability to provide the support requested
3. Short biographies of key staff that will lead the work

SCOPE

Areas of support:

Four main categories of financing-related support have been identified, namely:

1. Capital raising (debt, equity, mezzanine)
2. Financial management & accounting (Chief Financial Officer and Financial Director level duties and support services)
3. Light-touch Chief Executive Officer (CEO) coaching related to equity raising
4. Gender lens investing
Activities: Below are the proposed activities under each area of suggested support. Activities will be carried out from the company/consultant's location. Occasional travel may be required but will be specified in the individual contracts as they are awarded.

1. Capital raising support (debt and mezzanine)

Qualifications: In order to pre-qualify companies/consultants must meet the following criteria:
   a) Demonstrate an established track record in raising capital in Africa;
   b) Be able to resource their support with a sufficient number of senior team members; and
   c) Demonstrate long-term operational capabilities.

Example activities for debt and mezzanine capital raising support:
   - Develop an investor-facing financial model containing financing plans; cash-flow projections; debt repayment schedules; internal rate of return ("IRR") and net present value ("NPV"); earnings before interest; taxes; depreciation; and amortization ("EBITDA"); debt service coverage ratios ("DSCR"); loan life coverage ratio ("LLCR") and weighted average cost of capital ("WACC"); and all lender and investor requirements
   - Provide recommendations on a suitable capital structure of the project – including leverage; debt repayment profile; base and contingent equity; funded/unfunded contingencies; debt service and other reserve accounts; etc. – based on financial modeling
   - Develop a detailed matrix of the likely financing sources for the project (alongside key terms and conditions) and analyze the financing options. The Consultant will then suggest preferred capital providers based on expected all-in cost of financing, execution risk, timelines, etc.
   - Lead the loan application process and provide support through to financial close - including the development of Information Memoranda; development and management of data rooms; negotiation and execution of mandate letters with lenders; negotiation of financing terms sheets, full loan documentation, and security structures.

Example activities for equity capital raising support:
   - Preparation of company business plans and investor-facing financial models supporting target valuation
   - Development and preparation of data rooms
   - Preparation of company teasers and Information Memoranda for investors
   - Development of target investors list and associated outreach, evaluation of incoming proposals, negotiation support on terms and conditions of the investment
   - Overall management of the due diligence process

2. Financial management & accounting (temporary CFO or Financial Director duties or support services)

Qualifications: In order to pre-qualify companies/consultants must meet the following criteria:
   a) Demonstrate an established track record of having previously provided similar services
   b) Demonstrate an understanding in off-grid energy business models
   c) Be proficient in required accounting standards and principles such as IFRS and GAAP

Example activities for financial management & accounting:
   - Working capital management; margin improvement and profitability; development of
systems/staffing/control

- Support financial planning and budgeting processes, monitor the actual use of financial resources against the approved budget; and identify variances
- Create management accounts for the company, measuring performance against established budget objectives, and/or against financial management performance standards
- Evaluate and analyze findings and explore options for corrective action

3. Light-touch CEO coaching related to equity raising:
Qualifications: In order to pre-qualify companies/consultants must meet the following criteria:

   a) Demonstrate an established track record of having previously raised USD 50M or more in equity for a single company in Africa.

Example activities for CEO coaching:

   - Engage with the company’s CEO and senior team to review key elements of company performance; capital raising track record; capabilities; experience with financing; previous engagement with investors; forecast plan and financing expectations going forward
   - Advise the CEO directly on key areas of improvement with a view to increase the certainty of completion of future follow-on funding rounds
   - Prepare a detailed output per company after the initial meeting, and immediate follow-ups which would include specific recommendations on key actions the CEO and senior team should take to maximize the potential for raising additional capital

4. Gender lens investing:
Qualifications: In order to pre-qualify companies/consultants must meet the following criteria:

   a) Demonstrate an established track record of working at the intersection of gender and finance
   b) Be familiar with the myriad of ways investors can apply a gender lens to investments, with a track record of having previously supported investors to deploy capital with a gender lens

Example activities for gender lens investing:

   - Development of long form documentation, such as a gender lens investment road map, including supporting data on the business case for gender inclusion; information on the overall industry and where gender inclusive investing is moving (and has the potential to move)
   - Development of tools/frameworks to apply a gender lens to investment decisions
   - Development of gender-inclusive indicators relevant to energy access investors, supported by a rationale around which indicators should be measured and why
   - Development and support around selecting economically motivated consequences for investee companies for adhering to specific gender-inclusive indicators, such as margin ratchets, additional capital or technical advisory resources
   - Ability to support investee companies with gender baseline assessments and the development of gender action plans that are tailored to their business