About the Power Africa Off-grid Project

The Power Africa Off-grid Project (PAOP) is a four-year contract between the United States Agency for International Development (USAID) and RTI International. PAOP intends to accelerate off-grid electrification across sub-Saharan Africa (SSA) 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. PAOP focuses on accelerating off-grid energy access through solar home systems (SHS) and micro-grids, with the goal of facilitating six million new electricity connections by 2022. Please refer to the Project fact sheet available at: www.usaid.gov/sites/default/files/PAOP_Fact_Sheet.pdf.

The Power Africa Off-grid Project provides technical assistance to support the development of sub-Saharan Africa’s off-grid solar home system and mini-grid sectors. Under its Access to Finance work stream, the project team provides tailored financial advisory to over 200 companies and investors in sub-Saharan Africa's off-grid energy sector. The PAOP Access to Finance team also works with a range of leading third-party financial advisors, financial consultants, and boutique advisory firms to provide services to companies such as: legal support, end to end capital raising support, C-Suite executive coaching and is now looking at contracting an advisory firm to provide interim CFO and treasury management services.

Background

The PAOP Access to Finance team frequently receives requests for interim CFO support to strengthen the financial management and reporting function of companies in the sector. The need of such support to companies has only intensified over the last couple of months due to the ongoing COVID 19 pandemic. The ensuing economic upheaval has led to uncertainty for most businesses and an acute threat to the existence of many off grid companies in sub-Sahara Africa. The sudden and severe disruption to businesses in the sector has rendered budgets, forecasting and operating plans obsolete. As a result, companies need to quickly the capability and tools to estimate and navigate the impact of COVID-19 to the 'business-as-usual' financial performance, liquidity and funding usage. Strong finance function support will be critical in stabilizing businesses in the near term as well as position it for recovery in the new normal post COVID-19 world.

Objective

PAOP is seeking to contract a third party advisor to provide short term targeted CFO services to strengthen the overall finance functions of 6 pre-selected off grid companies operating in the sub-Saharan African market. The depth and specific areas of finance support will differ between companies but the overall objective is to strengthen the financial management function of the companies to help them navigate the uncertainties currently facing the sector and prepare for the potential impacts deriving from the COVID crisis. A large part of the support is expected to focus on treasury management, liquidity management and tasks related to securing funding to ensure business continuity over the next 6-9 months and ultimately prepare the business to also thrive when conditions improve.
The profile of the pre-selected companies are early- to growth stage SHS and mini-grid players located in PAOPs focus countries in sub-Sahara Africa*. The companies have typically raised their first round of grants, equity and/or debt and are in active negotiations with one or several equity or debt capital providers. The companies also have an established finance function but with a clear need of an embedded (albeit remotely) financial advisory resource that can dedicate 2.5 days a week over a period of 6 months to each company.

**Specific areas of deliverables**

Assessment and planning phase:

The selected advisor is expected to kick off the assignment with an initial review and assessment of the status of existing financial management and planning capabilities including analytic tools and reporting routines as well as more acute areas of attentions such as status of liquidity position and cash management capabilities. The advisor will develop a proactive response plan addressing the identified gaps and list critical priorities. Any support needs to be carefully coordinated with any other ongoing operational support given to the company.

Implementation phase:

The selected advisor will provide embedded CFO service support to the selected companies based on the developed response plan. Depending on the needs and capacity of the individual company; areas of support may include but is not limited to:

1) **General CFO support services**: Strengthening/upgrading financial management/accounting and reporting routines such as budgeting, forecasting, analytics to make sure it is fit for purpose providing accurate and timely reporting of financial information reflecting the true state of the business and supporting management in effective decision making, capital raising efforts and investor relations.

2) **Treasury Management support**: Includes more intense liquidity management focusing on advanced cash flow projections incorporating a large range of potential scenarios including updated assumptions on sales, portfolio performance and existing and new funding requirements. Assess and monitor implications of the increased volatility in foreign exchange on the business. Liquidity stress testing including the impact on covenants of existing credit agreements.

3) **Investor relationship management** – Help company strategize around the need to seek relief on debt covenants, support in potential re-negotiation/restructuring of debt terms to avoid cross defaults. Map and support the negotiations of new lines of funding including alternative emergency financing. Assess and update the level of communication needed to other stakeholders such as shareholders and the Board of Directors. Support ad-hoc requests (time permitting) related to financially-oriented crisis management tasks.

4) **Internal capacity building** – Part of the support is intended to work with the senior management to build capacity around the above-described functions so that after 6 months the companies will be able to take over the areas of support provided and manage them internally.

Follow up phase:

Compiling a summary report on the support given together with and clear succession plan.

**Timeline**

It is expected that this work would kick off in June 2020 and be completed during Q4 2020-Q1 2021.

**Expected Deliverables**

I. Proactive Response Plan lining out specifics of areas of focus for embedded CFO support
II. Embedded support of CFO services by one analyst per company. Given the part-time nature of the assignment for each company an analyst could split time between 2 companies for 100% of his/her time over 6 months totaling 3 full-time analysts
III. Monthly one-page summary updates and 30 minute monthly check-in calls with the PAOP team to discuss progress and key updates
IV. Handover Summary Report & Recommendations once 6-month secondment is completed
Application Submission: Required Documents

- Short (5-7 pages) background and description of the applicant’s ability to provide the support requested.
- Three examples of past performance and the structure of such support (no more than six pages total).
- Short biographies of key staff who will support this subcontract.
- Detailed budget including estimated level of effort per staff member (including resource level) for each deliverable.
- Any other areas of focus that might bring improve the support of companies and that can be provided within the fixed budget.

Qualifications and Selection Criteria:

To qualify for this assignment, companies need to have at least five years of proven experience providing embedded CFO/financial management and other operational services support to companies. The company needs to be able to place the embedded resources to the 6 companies simultaneously as well as provide active coaching to the embedded staff from senior renewable energy and finance experts at HQ. Embedded support staff also needs to be fluent in French and English since a number of the companies are located in francophone West Africa. Given the current COVID context, the support is expected to be provided remotely and the advisor needs to demonstrate ability to do so in an efficient and productive way.

Selection of consulting companies will be based on (1) 50% technical experience in temporary CFO and treasury management services (description of company’s ability to provide support, examples of past performance, and experience of staff proposed), 2) 30% relevant experience in the off-grid sector, 3) 20% price. Note that the $200,000 cap is a cap and that bids who are able to come under that will be awarded points accordingly.