

## **Request For Applications (RFA) Power Africa Off-grid Project (PAOP)**

<b>RFA Title:</b>	Catalytic Funding Window - Investment Products, Structures and Transactions for the Off-grid sector
<b>RFA No:</b>	PAOP- RFA-2020-003
<b>Date of Issuance:</b>	February 27, 2020
<b>Closing date for questions:</b>	March 05, 2020  (Questions should be sent via email to <a href="mailto:paopgrants@powerafrica-offgrid.org">paopgrants@powerafrica-offgrid.org</a> )
<b>RFA Live Q&amp;A and Webinar</b>	March 10, 2020
<b>Responses to be published:</b>	March 13, 2020
<b>Closing date for this RFA:</b>	April 30, 2020 at 17h00 SAST (GMT +2)  <b>Late applications will not be considered</b>
<b>Estimated award date:</b>	August 01, 2020
<b>Duration of funding:</b>	Maximum 12 months
<b>Anticipated number of awards</b>	1-4

## Overview of funding opportunity

The Power Africa Off-grid Project (PAOP), a United States Agency for International Development (USAID) funded project through Power Africa and implemented by RTI International, seeks applications to fund one or multiple awards to provide incentives, in the form of grants, to qualified financial institutions<sup>1</sup> to collaborate on the development and deployment of catalytic investment products, structures and transactions tailored to support a continued growth of off-grid companies in sub-Saharan Africa and help them reach financial resiliency. This RFA provides prospective applicants with a fair opportunity to develop and submit competitive applications to PAOP for potential funding.

The grants will be awarded and implemented in accordance with USAID and US Government regulations, and PAOP grant management policies and procedures. Please see the detailed description of the application requirements in “Section III: Application Merit Review Criteria” below.

Grant activities may be conducted in any of the following sub-Saharan Africa focus countries: Cameroon, DRC, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Liberia, Niger, Nigeria, Rwanda, Senegal, Tanzania, and Uganda. PAOP will partner directly with organizations based in these focus countries.

Soft copies of this document are available from the RTI International website: [www.rti.org/rfp](http://www.rti.org/rfp).

To ensure uniform disclosure to all potential applicants, applicants should submit clarification questions by email to [paopgrants@powerafrica-offgrid.org](mailto:paopgrants@powerafrica-offgrid.org) by March 05, 2020 at 17h00 South African Standard Time (GMT+2). PAOP will not respond to telephone inquiries. Answers will be posted on the RTI website ([www.rti.org/rfp](http://www.rti.org/rfp)) on March 13, 2020.

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Issuance of this RFA does not constitute an award commitment on the part of the PAOP or USAID nor does it commit PAOP to pay for costs incurred in the preparation and submission of an application. Further, PAOP reserves the right to reject any or all applications received. Similarly, an invitation to clarify your application is not a commitment to fund that application, nor reimburse

<sup>1</sup> A financial institution is a company, organization or consortium, whose purpose is the deployment of capital into off-grid companies (see off-grid definition below) whether via debt (hard currency and local currency), guarantees, equity and mezzanine investments.



any costs incurred during the preparation of the application.

The PAOP grant review and approval process eliminates the possibility of any unilateral decision on any given application. PAOP staff will not ask for, and applicants are prohibited from offering, any money, fee, commission, credit, gift, gratuity, thing of value, or compensation to obtain or reward improper favorable treatment regarding this solicitation. Any improper request from a project employee should be reported to [ethics@rti.org](mailto:ethics@rti.org).

Sincerely

**Miguel Franco**

Chief of Party, Power Africa Off-grid Project  
Power Africa Contractor

## SECTION I. OBJECTIVES AND SCOPE

### a. Program Background

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 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 household systems (SHS) and micro-grids, with the goal of facilitating 6 million new electricity connections by 2022 and a sub-goal of helping to facilitate deployment of new capital into off-grid Africa.

PAOP is seeking to collaborate with financial institutions on the development and deployment of catalytic investment products, structures and transactions tailored to support the continued growth of off-grid companies in sub-Saharan Africa and help them reach financial resiliency. The off-grid<sup>2</sup> sector is capital-intensive in nature, with companies constantly raising both debt and equity to grow their businesses and customer base. Over the last few years the off-grid sector has grown in size and importance in helping Africa to achieve universal electrification targets. Consequently, we have seen a growing trend in off-grid companies requiring more complex and structured financial transactions (asset-backed securitizations and off-balance sheet financings, local currency financings, and blended financings to name a few), as well as a broader range of financial instruments and structures to meet companies' growing capital raising needs (mezzanine instruments, convertible instruments, impact-linked financings, longer tenor and flexible repayment schedules for mini grids, again to name a few). Lack of sufficient equity capital and large working capital financing needs from off-grid companies is putting pressure on investors to find replicable and scalable financing solutions as their clients' needs expand. Due in part to a lack of funding resources, standard investment vehicles and instruments have generally been the norm in the sector but don't cater to the more sophisticated needs of companies that require a higher degree of structuring, which could further catalyze more capital from a variety of sources into the sector. The aim of this grant funding call is to support investors in meeting the evolving needs of their off-grid clients, and further support the sector as it moves toward more financial complexity—and ultimately, sustainability.

This grant funding call is geographically focused in sub-Saharan Africa only. Under this funding opportunity financial institutions and intermediaries can apply for funding to design catalytic products and structures, and to support transaction costs for complex deals targeting the off-grid sector. All solutions targeting the entire capital structure will be considered. Applicants are encouraged, but not required, to contribute matching funds. They should at a minimum, be

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<sup>2</sup> Off-grid company is a private sector company delivering off-grid energy services, including SHS companies (including SHS distributors), micro-grid developers, and productive use equipment and appliance distributors.

operational in their target country(ies) and prove ability to meet milestones related to the deployment of the grant.

## **b. Program Description**

Off-grid companies<sup>3</sup> require consistent access to financing due to the capital-intensive nature of their businesses. Under this grant window PAOP is hoping to further accelerate the deployment of capital into off-grid companies operating in sub-Sahara Africa in ways that are tailored to their unique business needs and capital requirements.

Despite rapid growth in investments in recent years, the off-grid sector in sub-Saharan Africa as a whole remains underfunded across the capital structure. Off-grid investment capital remains limited, while companies' financing needs are evolving towards larger and often more complex structures and facilities, including off-balance sheet structures, special purpose vehicles (SPVs), subordinated structures, and local currency lending facilities. The sector is also in need of specific funding instruments for mini grid developers, growth capital for companies entering new markets, structures that leverage blended financing. The transaction costs involved in the structuring, de-risking as well as the scaling up of such facilities is large and it is PAOP's expectation that grant awards under this window will partially or fully close the transaction cost gap associated with the development and deployment of these investment products, structures and facilities. It is further expected that successful organizations under this window will replicate their transactions (or investment products or structures, as the case may be) several times over and highlight the impact of their success, thereby creating a positive leverage effect for the off-grid industry and much-needed knowledge-sharing.

It is critical to note that grant awards under this window cannot be used as investment capital of any kind, for first loss or subordinated tranches or partial guarantees. It is PAOP's expectation that the awards will be used solely in the development and roll out of financial products and structures, or in supporting transaction costs for complex deals. Specific examples of how the grant can be used include but are not limited to: financial and legal structuring costs, product/structure development, legal feasibility and enforceability, SPV establishment and structuring, equity and debt documentation with off-grid companies, investors' technical due diligence costs (third parties or internal), tax and accounting costs and travel.

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<sup>3</sup> Off-grid company is a private sector company delivering off-grid energy services, including SHS companies (including SHS distributors), micro-grid developers, and productive use equipment and appliance distributors.

## SECTION II. APPLICATION AND SUBMISSION INFORMATION

### a. Instructions to Applicants

Applicants must propose strategies for the implementation of the program scope described above, introducing innovations that are appropriate to their enterprise strengths.

### b. Questions and Further Assistance

PAOP will be hosting a webinar regarding this opportunity on Tuesday March 10, 2020 at 15h00 SAST (GMT+2). Below are details to join the meeting

- i. Meeting URL: <https://rtiorg.zoom.us/j/647057422>
- ii. Phone: +16699006833, or +19292056099
  - a. Meeting ID: 647057422

Questions concerning this RFA must be submitted in writing via email to [paopgrants@powerafrica-offgrid.org](mailto:paopgrants@powerafrica-offgrid.org) (with RFA number PAOP-RFA-2020-003 in the email subject line as a reference) on or before the deadline for receipt of question(s) stated on the cover letter of this RFA. Questions will not be accepted by any other means. If it is determined that the answers to any questions are of sufficient importance to warrant a response, a Questions and Answers document and/or an amendment to the RFA will be issued and posted to [www.rti.org/rfp](http://www.rti.org/rfp) on March 13, 2020. It is the responsibility of the organization to monitor this website for any amendments that may be posted later. Please read the RFA in its entirety and ensure that your response addresses all the items listed in the Technical Application Instructions and in the Evaluation Criteria.

### c. Submission Information

Technical applications (together with documents listed below) shall be submitted in the format provided in **Annex A – Technical Application Form** and completed in English and may not be more than ten (10) pages (excluding cover page, executive summary and annexes). For an application to be considered all documents listed below should be submitted in electronic copy to [paopgrants@powerafrica-offgrid.org](mailto:paopgrants@powerafrica-offgrid.org) (with RFA number **PAOP-RFA-2020-003** in email subject line as a reference).

1. Annex A: Technical Application Form
2. Annex B: Grant Application MEL Template
3. Annex C: Implementation Plan Template
4. Annex D: Detailed Budget (in excel) and Budget Justification (in word)
5. Annex E: Required Certifications (signed and dated)
6. A copy of the Applicant's valid legal registration in all countries proposed to work in the application,
7. A copy of tax compliance certificate or equivalent; and
8. Organizational diagram showing underlying sources of capital and investment structure.

Application documents (listed above) should be submitted in a zipped folder. The zipped folder

file size should not exceed 33 Megabytes (33MB)

PAOP Submission email: [paopgrants@powerafrica-offgrid.org](mailto:paopgrants@powerafrica-offgrid.org) (with RFA number **PAOP-RFA-2020-003** in email subject line as a reference). Only applications submitted to this email will be counted as official submission. **The submission deadline is April 30, 2020 at 17h00 SAST (GMT +2). Late applications will not be considered.** All interested applicants are encouraged to submit their application as early as possible.

**d. Technical Application**

Applicants are expected to develop their proposals based on their understanding of needs, their prior institutional experience and their determination of the approaches that would be feasible and successful within the context provided above. In all cases, applicants shall clearly explain the rationale for the proposed **investment product, structure, transaction and approaches chosen**. Technical applications shall be submitted in the format provided in Annex A – Technical Application Form.

**e. Cost application**

Applicants are required to submit a detailed budget (in Microsoft Excel) with budget justification notes (in Word) detailing how you will allocate the grant funds during the grant term, including proposed level of effort of staff who will work on the project. Grant funds may be used for the following types of costs:

- Operational costs related to the provision of the proposed activities, including salaries of personnel, relevant financial administration, and other costs directly related to implementing the project.
- Operational costs for activities related to the delivery of proposed activities, including service provision (tax, legal, financial), trainings, and communication initiatives.
- Materials development, production and distribution.

PAOP is not responsible for any costs associated with the development of applications in response to this RFA. All costs incurred in the preparation and submission of applications will be for the account of the applicant and will not be reimbursed. All grant activity costs must be within the normal operating practices of the applicant and in accordance with its written policies and procedures. In addition, costs must be compliant with 2 CFR 200 Subpart E, Cost Principles (<https://ecfr.io/Title-02/sp2.1.200.e>). The budget may include direct costs that will be incurred by the applicant to provide identifiable administrative and management costs that can be directly attributable to supporting the grant objective. The application form must be signed by a senior representative authorized to make commitments on behalf of the applicant.

### SECTION III. APPLICATION MERIT REVIEW CRITERIA

Full applications will be evaluated against the merit review criteria as shown below and should not be more than ten (10) pages

Merit Review and Category	Points
Relevancy of investment product/structure to off-grid market and demonstration of market demand for said product/structure	35
Ability and likelihood of scalability and replicability of investment product/structure	15
Innovative approach to solving critical investment barriers in the off-grid sector	10
Extent of contribution to PAOP objectives including gender considerations related to facilitating the deployment of more capital into off-grid companies	10
Management track record and investment expertise	15
Cost efficient use of grant funds	15
Overall Rating (out of 100 points)	

These merit review criteria elements are described more fully below.

- A. Relevancy of investment product/structure, to off-grid market and demonstration of market demand for said product, including names the off-grid companies you have engaged with who have expressed a need for this product, and detailing those companies specific needs for said product, and any market data that supports why this new financial product is a relevant fit for the sector. (35 points)
- B. Ability and likelihood of scalability and replicability of investment product/structure. The extent to which the funded activity can result in replicable transactions across multiple companies and countries contributing to building and strengthening the selected energy access sector as a whole. (15 points)
- C. Innovative approach to solving critical investment barriers in the off-grid sector. The level of critical thinking applied to the investment product/structure to off-grid markets in meeting financing needs for off-grid companies. (10 points)
- D. Extent of contribution to PAOP objectives including gender considerations. The extent to which the proposed activity contributes to the stated PAOP objectives and desired outcomes. (10 points)
- E. Management track record and investment expertise. The amount of capital the financial institution and or its team have deployed in the off-grid sector to date. The application should include any relevant qualifications of the management and investment team and investors/limited partners as appropriate. The evaluation will be based on the background, qualifications, reputation, appropriateness, and skills of its personnel; and the “track record,” reputation, and deployed capital in the off-grid sector. (15 points)

- F. Cost efficiency. The degree to which budgeting is clear and reasonable and reflects best use of enterprise and grant resources and demonstrates a clear commitment to real investment by the applicant. (15 points)

Additionally, PAOP will ensure environmental soundness and compliance in design and implementation as required by [22 CFR 216 Agency Environmental Procedures](#).

## **SECTION IV. AWARD AND ADMINISTRATION INFORMATION**

### **a. Catalyzing Off-grid Investment (COIN) Fund**

The overall purpose of the PAOP's COIN Fund is to issue grants to project developers, projects, and private sector companies/actors that directly contribute to PAOP's goals through their own activities. The COIN Fund is structured to encourage leveraged funding as parallel funding of similar activities that help achieve common goals and accelerate results. Successful applicants are encouraged to demonstrate this specific aspect of generating other funding from non-PAOP sources to be applied to the program.

### **b. Award Information**

#### ***i. Program Duration***

The duration of programs funded under this RFA will be for a maximum period of 12 months from the date of award. PAOP reserves the right to incrementally fund activities over the duration of the program, if necessary, depending on program length, performance against approved program indicators and availability of funds.

#### ***ii. Anticipated Funding Availability***

Final funding levels will depend on content and quality number of applications received, needs, availability of funding, and competing priorities. Individual grants awarded as a result of this RFA and submission of a final application are intended to be within the range of USD100,000 to USD250,000.

All grants will be negotiated, denominated and funded in local currency of host country. All costs funded by the grant must be allowable, allocable and reasonable. Grant applications must be supported by a detailed and realistic budget.

#### ***iii. Type of Award***

Grants awarded under this RFA may either be fixed amount award grants (FAA), or cost reimbursable grants. PAOP / USAID shall retain the right to terminate the grant activities unilaterally in extraordinary circumstances.

For FAAs, PAOP will make payments based on submission and acceptance of specific verifiable milestones. Once an award is issued, it will include a fixed price payment schedule with milestones and deliverables negotiated during the final application and award process.

For cost-reimbursable grants, disbursement will be done only submission of a claim (invoice) to PAOP and after verification of expenditures incurred, and found reasonable, allocable and allowable. Cost reimbursable grants will be primarily used for larger interventions. Reimbursement will be scheduled on frequencies not more than monthly, and upon review

and acceptance of financial reports.

Both types of grants require detailed budgets that indicate the intended use of the funds as this detail helps define reasonable, allocable and allowable expenditures.

### **c. Applicant Eligibility**

- Applicants must be a registered financial institution. All Applicants should:
  - Be legal persons;
  - Be formally constituted at the time of grant award;
  - Be compliant to government of Host Country regulations (submit tax compliance certificate or equivalent);
  - Organizations that already have a presence or are currently working in some of the mentioned geographical areas will be considered. For startup funds the relevance of the management team and investors' track record will be considered.
  
- Grant award(s) resulting from this solicitation will be required to provide a Data Universal Numbering System (DUNS) number at the time of award. If the applicant already has a DUNS number, it should be included in their application. Otherwise, applicants will be expected to obtain a DUNS number before an award is made. PAOP will assist successful applicants with this process. DUNS numbers may be obtained online at <http://fedgov.dnb.com/webform/pages/CCRSearch.jsp>
  
- Applicants must display sound management in the form of financial, administrative, and technical policies and procedures and present a system of internal controls that safeguard assets; protect against fraud, waste, and abuse; and support the achievement of program goals and objectives. PAOP will assess this capability prior to awarding a grant. Any falsification of proposal information may result in rejection/cancellation of the award.

### **d. Environmental Compliance**

The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID funded activities on the environment be considered and that environmental sustainability be considered in designing and carrying out development programs. The environmental impacts of USAID-financed activities must be identified prior to a final decision to proceed and appropriate environmental safeguards are adopted for all activities.

As part of its application/proposal, the recipient, in collaboration with the PAOP technical staff shall review all planned activities under the grant to determine if any environmental action and/or documentation must be completed prior to implementation.

**e. Authority /Governing Regulations**

PAOP COIN Fund awards are issued in the form of grants under contract and made under the authority of the U.S. Foreign Affairs Act and USAID’s Advanced Directive System (ADS) 303. Grantees are expected to comply with the provisions of these guidelines and regulations, as applicable. USAID ADS 303 can be accessed at <http://www.usaid.gov/ads/policy/300/303>

2 CFR 200 is not directly applicable to non-U.S. organizations; however, USAID applies some of these regulations to non-U.S. organizations through ADS 303 and the Standard provisions (USAID ADS 303.3.1). 2 CFR 200 can be accessed at <http://www.ecfr.gov/cgi-bin/text-idx?SID=12ac87ccfe859ca4c02abc695baa6227&mc=true&node=pt2.1.200&rgn=div5>

**f. False Statements in Applications**

Applicants must provide full, accurate and complete information as required by this solicitation and its attachments.

**g. Conflict of Interest Clause**

Applicants must provide disclosure of any past, present or future relationships with any parties associated with the issuance, review or management of this solicitation and anticipated award. Failure to provide full and open disclosure may result in PAOP having to re-evaluate selection of a potential applicant.

**h. Prohibited goods and services**

Under no circumstances shall the recipient procure any of the following under this award, as these items are excluded by the Foreign Assistance Act and other legislation which govern USAID funding. Programs which are found to transact in any of these shall be disqualified:

- a. Military equipment
- b. Surveillance equipment
- c. Commodities and services for support of police or other law enforcement activities
- d. Abortion equipment and services
- e. Luxury goods and gambling equipment
- f. Weather modification equipment

**i. Restricted goods**

The following costs are restricted by USAID and require prior written approval from PAOP and USAID to be allowable costs:

- a. Agricultural commodities
- b. Motor vehicles
- c. Pharmaceuticals
- d. Pesticides
- e. Fertilizer
- f. Contraceptives
- g. Used equipment
- h. Immovable property

**j. Disclaimers:**

- PAOP may cancel solicitation and not award.
- PAOP reserve the right to accept or reject any or all applications received.
- Issuance of solicitation does not constitute award commitment by PAOP.
- PAOP reserves the right to disqualify any application based on applicant failure to follow solicitation instructions.
- PAOP will not compensate applicants for response to solicitation.
- PAOP reserves the right to issue award based on initial evaluation of applications without further discussion.
- PAOP may choose to award only part of the activities in the solicitation, or issue multiple awards based on the solicitation activities.
- PAOP reserve the right to ask for further clarifications from the applicants or negotiate for adjustments on the nature, scope or scale of the investment prior to award determination to promote competition.
- PAOP will be contacting all applicants to confirm contact person, address and that the bid was submitted for this solicitation.

The following Annexures are included with this RFA:

- ANNEX A:** Technical Application Form
- ANNEX B:** Grant Application MEL Template
- ANNEX C:** Implementation Plan Template
- ANNEX D:** Detailed Budget and Budget Justification
- ANNEX E:** Required Certifications