



## RENEWABLE ENERGY CHALLENGE FUND (RECF): CLEAN COOKING WINDOW

Attached documents to this Call for EOI [4]

1] EOI General Information; 2] EOI Form; 3] EOI Budget; 4] EOI FAQ

### CALL FOR EXPRESSION OF INTEREST (EOI) GENERAL INFORMATION

#### ***How can modern cooking solutions become widespread across Uganda?***

More could be done to achieve real economies of scale and make clean cooking solutions more affordable and accessible across Uganda.

RECF is looking to co-invest in commercially driven business ideas that can achieve breakthroughs in the uptake of clean, affordable and high-quality cooking solutions by households, businesses and communities.

We are seeking ideas that can lead to a step-change in the adoption of clean cooking solutions in Uganda and have the potential to transform the market.

- *Is your company active in the clean cooking sector in Uganda?*
- *Is your company currently working on an innovative business idea that can hit the ground running in September 2017, and start generating new sales by Q1 2018?*
- *Is your company willing to invest its own money to make this idea happen but is in need of a co-investor to reduce its risk exposure?*

***If so, we are interested in hearing more about your idea.***

*RECF is looking for projects that combine the following characteristics:*

- 1) *Additionality:*** *not easily funded by commercial sources of finance; will resonate with the wider market and make a step change in the way modern energy products and services are offered and consumed by low-income people in Uganda;*
- 2) *Sustainability:*** *commercially-driven business ideas that companies are ready to co-invest in, with a view to graduate to more commercial investments;*
- 3) *Inclusiveness:*** *prioritizing business models with women and youth as active members of the value chain, as consumers, as well as owner/employers and employees/agents;*

#### ***About the Renewable Energy Challenge Fund (RECF)***

*The goal of RECF is to increase access to renewable, efficient energy for domestic, productive and social uses among underserved poor households, especially in rural areas.*

*By end of 2020, RECF aims to support 150,000 low-income customers transition to renewable energy.*

*The **RECF - Clean Cooking Window** is part of a larger fund managed by the United Nations Capital Development Fund (UNCDF) and funded by the Embassy of Sweden in Uganda.*

# 1. Key Characteristics of the Fund

**Target market: Uganda** – with a focus on under-served, low-income customers, especially in rural areas.

**Clean cooking solutions:** The RECF is technology neutral in that it will not favour any particular clean cooking technology above another. As long as the adoption of such solutions leads to improvements in the safety (e.g. reduced risk of burns, poisoning and other injuries) and efficiency of cooking (i.e. lower fuel consumption, expenditure, and faster cooking), reduced emissions (total and indoor) and environmental impact in comparison to the status quo cooking solutions currently used by households, businesses and institutions (e.g. schools) across Uganda. Acceptable solutions include:

- *Improved cookstoves (e.g. charcoal or wood stoves);*
- *Fuels (e.g. briquettes, biomass pellets, LPG, biogas, ethanol);*
- *Solutions for households, businesses, as well as institutional applications;*
- *Or a combination of the above.*

Moreover, UNCDF will pay particular attention to the performance, quality and durability of the proposed solutions. Products that have been tested (both lab and field testing) and/or abide by specific performance and quality standards or guidelines (e.g. ISO/IWA) will be preferred. Please refer to the FAQ Document for more details.

**Type of funding:** Cost-sharing grant, paid upon achievement of milestones.

- Businesses must contribute at least 40 percent of the total project costs, with at least 20 percent in cash and the remainder in-kind;
- UNCDF reimburses its corresponding portion of the project costs at the end of each project stage when the respective milestones are satisfactorily achieved and disbursement conditions are met;
- Companies are hence expected to have sufficient funds available to take on the initial investment required to kick-start their projects.

**Grant size:**

**1) Small Grants: US\$50,000-US\$75,000 over a period of up to 2 years (2017-2019)**

- These grants are primarily intended for small or early-stage businesses. Larger or more established companies can also apply to the small grants category as long as they can justify the need for such funding and its additionality;
- Companies applying to the small grants category must be legally registered and operating in Uganda since at least one year as of September 1<sup>st</sup>, 2017\*;
- Small Grants recipients may be required to earmark a portion of the project funds to making business process/systems improvements.

**2) Large Grants: Up to US\$150,000 over a period of up to 3 years (2017-2020)**

- These grants are intended for businesses that are more mature, with well-established operations in Uganda.
- Companies applying to the large grants category must be legally registered and operating in Uganda since at least 2 years as of September 1<sup>st</sup>, 2017\*;

**3) Top-up grant: Once the initial funding agreement has come to an end, UNCDF may provide top-up grants of US\$25,000 to US\$50,000 to its partners that consistently deliver the expected results and perform according to or beyond UNCDF's expectations. The number and size of these top-up grants**

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\* UNCDF will also accept applications from companies that are registered in Uganda since less than the required number of years if they are the subsidiary of a foreign company that has been operational since at least 2 years and has a proven track record in the clean cooking sector. Furthermore, the applicant must already be active in Uganda at the time of the signature of the contract with UNCDF either directly or through a well-established local partner(s). Companies that do not have sufficient experience operating in Uganda should partner with a relevant local company.

will depend on the available funds and will be to the discretion of UNCDF. These funds will be allocated on a competitive basis – not all partners will receive a top-up grant.

**Number of proposals:** Applicants can submit more than one EOI – **One proposal per EOI form** – but these must be for distinct business ideas. Applicants should only submit business ideas that are of strategic importance to their business. Applicants must be committed to implementing all the ideas they submit.

### **Application Process**

- User-friendly two-stage application process with real time assistance available.
- Contracts with selected partners are planned to be in place by **September 2017**.

## **2. Eligibility Criteria**

For an application to be eligible, both the **lead applicant** and the **proposed business idea** must satisfy their respective eligibility criteria. Companies that do not fully fulfil the criteria and still wish to apply are encouraged to do so as part of a consortium led by an eligible lead applicant. Please refer to the attached **EOI FAQ** document for additional details on the eligibility and evaluation criteria and the application process.

### **Type of entities that are eligible to apply:**

- The *RECF* targets exclusively for-profit private companies, including social enterprises, or consortia led by eligible private companies;
- Other types of entities (e.g. NGOs, CBOs, etc.) can apply as part of a consortium led by an eligible private company (the *Lead Applicant*);
- For-profit arms of non-for-profit organisations can also apply.

### **To be eligible to apply for funding, the *Lead Applicant* must:**

- Be legally registered as a business and already operating in Uganda (*See “Grant Size” section above, for specific requirements for the two grant categories*);
- Have a proven track record in their current line of business as well as adequate expertise in the field of clean cooking either in-house or through partnerships. A parent company’s track record can also be considered;
- Have the necessary internal capacity to launch the proposed project in September 2017, generate new sales through the project by Q1 2018, and successfully execute the project within the agreed timeframe;
- Be **financially solvent and have the necessary financial systems in place** to be able to report to UNCDF on a regular basis and ensure transparent management of the grant;
- Have audited financial statements:
  - *Companies applying to the **Large Grants** are required to submit audited financial statements for the last **2 years**;*
  - *Companies applying to the **Small Grants** are required to submit their audited financial statements for **at least 1 year**;*
  - *If audited financial statements are not available at the time of submission of the EOI, the applicant can submit unaudited financial statements but must submit audited financials prior to signing a contract with UNCDF;*
  - *Only the financial statements of the Lead Applicant are required. Subsidiaries of foreign companies may be asked to also submit the financials of their parent company in case they have been operational in Uganda since less than a year.*

- Contribute at least **40 percent of the total project costs with at least 20 percent in cash and the remainder in-kind**, and be able to **demonstrate the availability of the proposed cost-share progressively throughout the project duration**. In the case of consortium applications, cost-sharing can include resources from partner organisations in addition to the lead applicant's own resources.
  - *All cost-share contributions (including those of partners) must be verifiable with supporting invoices/evidence.*
  - *Project expenses before the start of the contract period are not considered.*
  - *If the company cost-share is found to be illegitimate at any point of the selection process or partnership duration, the proposal review or contract will be terminated.*
- Hold a valid membership to at least one of the national industry associations (e.g. UNACC, BEETA, UNBA, ULPGA, etc.) at the time of contract signing with UNCDF.<sup>†</sup>

**To be eligible for funding, the proposed business ideas must satisfy the following criteria:**

- **Increase access to clean, efficient, affordable, high-quality and durable cooking solutions in underserved regions of Uganda;**
- **Products sold with support from the RECF must target primarily rural areas<sup>‡</sup>.** Depending on the proposed clean cooking solution, applicants may also be allowed to target underserved peri-urban<sup>§</sup> or urban areas. Please refer to the table below for details:

Clean Cooking Solution	Underserved Urban Areas	Underserved Peri-Urban Areas	Rural Areas
Improved Cookstoves, Biogas	Not Allowed	May consider if deemed appropriate. No more than 50% of sales.	Yes – Target primarily. At least 50% of sales.
LPG, Briquettes	May consider if deemed appropriate. No more than 50% of sales.	Yes – Target primarily. At least 50% of sales.	

- At its core, seek to have a **positive impact on women and youth** as consumers but also as active participants in the value chain by providing them with employment opportunities;
- **Commercially driven** and demonstrate a strong potential for **commercial viability, scalability and replicability**;
- Innovative in that it addresses gaps or barriers in the clean cooking value chain by either **improving existing business models** or **introducing new but tested business models**;
- Lead to a **step-change in the adoption of clean cooking solutions in the country** and have the **potential to transform the market**;
- **Implementable in September 2017** with new sales being made in **Q1 2018**.

<sup>†</sup> Companies that do not currently hold a membership to at least one of the abovementioned national industry associations can still apply but they must secure a membership prior to signing a contract with UNCDF in September 2017.

<sup>‡</sup> **Rural area:** Any area outside of towns or cities, including geographically isolated communities generally deprived of modern social and economic amenities (such as banks, electricity, clean piped water) that are available in urban or even peri-urban environments.

<sup>§</sup> **Peri-urban areas:** Generally unplanned, built-up areas in the transition zone between rural and urban use. These areas typically do not have serviced roads, water, sanitation or electricity.

***In addition, preference will be given to projects that include some of the following characteristics:***

- **Localizes/expands the product supply chain** (e.g. manufacturing, distribution) to less established regions in Uganda;
- **Bridges the gap between manufacturing and the end market with a focus on last-mile distribution;**
- **Cross-sector, strategic partnerships** between organizations with mutually-beneficial expertise and economies of scale (e.g. distributors of PAYG solar adding cookstoves to their product offering);
- Promotes **locally manufactured products**. Imported products are also allowed but projects using locally manufactured products will receive extra points during the assessment of the EOIs;
- **Supports smaller, local manufacturers (more than one if possible)** e.g. through aggregation of local small manufacturers into a larger supply chain;
- Ideas that can tap into **agricultural value chains** (e.g. dairy farmers, maize or other crop producers, etc.) or work with different types of **community-based organisations or organised groups** (e.g. COOPs, VSLAs, SACCOS);
- **Integrates ICT** to make business processes more efficient.

***Projects that meet these criteria will not be automatically funded; the allocation of funds will be done on a competitive basis following a merit-based selection process. An independent RECF Investment Committee will review and rate the proposals.***

### **3. Application Process: Stages & Key Dates**

<b>STAGE I</b>	<b>Call for Expressions of Interest (EOI) is released</b>	<b>20<sup>th</sup> March 2017 (Mon)</b>
	<p><b>Info Session &amp; Market Place in Kampala</b></p> <p><i>Applicants will be invited to attend a half-day information session on the RECF in Kampala. During the session UNCDF will provide guidelines on the application process and requirements, and answer questions from participants.</i></p> <p><i>Companies are invited to bring their products and/or promotional materials to showcase during the information session.</i></p>	<p><b>Wed. 22<sup>nd</sup> March, 2017</b>  <b>8:30AM - 12:30PM EAT</b>            @ Metropole Hotel            Plot 51/53, Windsor Crescent            Kololo, Kampala, Uganda  <a href="#">View Map</a></p>
	<p><b>Virtual Info Session</b></p> <p><i>UNCDF will also host a 'Virtual Info Session' for applicants that cannot attend the Info Session in Kampala. Register:</i>  <a href="https://attendee.gotowebinar.com/register/4920938338839514113">https://attendee.gotowebinar.com/register/4920938338839514113</a></p>	<p><b>Wed. 29<sup>th</sup> March, 2017</b>  <b>3:00PM EAT (2 hrs.)</b></p>
	<p><b>Preparation of EOI &amp; Company Consultations</b></p> <p><i>Companies will be invited to schedule individual meetings (one 25 minute meeting per company) with members of the UNCDF team in Kampala (or remotely via the telephone or Skype). During these meetings companies will be able to ask questions and seek advice from UNCDF's experts.</i></p> <p><i>Applicants are encouraged to share a draft of their EOI prior to the meeting so that the UNCDF experts can give them feedback verbally during the meeting (No written feedback will be provided). UNCDF will accept EOI drafts until April 7<sup>th</sup> 2017. Only one draft per organization will be reviewed.<sup>i</sup></i></p>	<p><b>March 20<sup>th</sup> to April 7<sup>th</sup>, 2017</b></p>
	<b>Deadline for submission of EOI(s) (4 weeks)</b>	<p><b><u>17<sup>th</sup> April 2017 (Mon) @ 17:00 EAT</u></b></p>
<b>Announcement of shortlisted EOI(s) (4 weeks)</b>	<b>Mid May 2017</b>	

<b>STAGE II</b>	<b>Preparation of detailed proposal, Company Consultations and Due Diligence</b> <i>During this period UNCDF will provide on-going technical support to applicants and conduct due diligence visits to companies' facilities.</i>	<b>5 weeks</b>
	<b>Deadline for submission of Full Proposal</b>	<b>Second half of June 2017</b>
	<b>Announcement of successful candidates</b>	<b>Mid July 2017</b>
<b>Contracting</b>	<b>Negotiation of PBAs with selected partners</b>	<b>3 Weeks</b>
	<b>Signature of PBAs with selected partners</b>	<b>September 2017</b>
<b>Launch of projects</b>		<b>September 2017</b>
<b>First disbursements</b>		<b>Upon achievement of first disbursement milestones</b>

#### 4. Attached documents to this Call for EOI [4]

1] EOI General Information; 2] EOI Form; 3] EOI Budget; 4] EOI FAQ

[All documents can be downloaded [here](#)]

#### 5. Submission Requirements

##### Online Application:

1. Please complete the online **EOI Form**: <https://uncdf.forms.fm/cleanstart-recf-clean-cooking-window>
2. Prior to completing the online form, please download and read carefully the **General Information document**, the **FAQ document**. You can also print the **EOI Form** in PDF format and use it as a reference while filling up the online form;
3. Please download, complete and submit (via the online form) the **EOI Budget** (excel file);
4. Submit (via the online form) a copy of your audited (or unaudited) financial statements (PDF format) for the last 2 years (or 1 year) as explained above;
5. Also submit (via the online form) product specification sheets, photographs and product pricing information;
6. Once the online **EOI Form** is completed and all required documents have been uploaded, please submit your application. [You can also save a draft application and finish it later if necessary]

##### Note:

- If for some reason you are unable to complete and submit an application using the online form or if you face any technical challenges please contact us at: [recf.uganda@uncdf.org](mailto:recf.uganda@uncdf.org)
- Applicants submitting more than one EOI should prepare a separate EOI for each idea they wish to put forth;
- All submissions will be time-stamped. **Submissions received after the listed date and time will not be considered.**

**DEADLINE FOR SUBMISSION OF EOI(s): 17<sup>TH</sup> APRIL 2017 (MONDAY), 17:00 EAST AFRICA TIME.**

If you have any queries or require assistance please e-mail [recf.uganda@uncdf.org](mailto:recf.uganda@uncdf.org). **UNCDF will accept inquiries related to the EOI until April 7<sup>th</sup>.**

For more information on UNCDF and the CleanStart Programme visit:

<http://www.uncdf.org/en/cleanstart>

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<sup>i</sup> **DISCLAIMER:** *The UNCDF RECF management team and experts will not be involved in the EOI shortlisting process, which will be undertaken by an independent investment committee. They will hence be able to provide assistance and feedback to applicants. The main purpose of this assistance is to help applicants submit compliant EOIs. Any feedback or recommendations provided are merely suggestions and it is at the discretion of the applicant as to whether apply them or not.*

*The UNCDF team and its experts assume no responsibility for any consequences related directly or indirectly to any actions (or inactions) taken in reliance on the feedback, advice or recommendations provided, or any decisions based on it.*