

## CALL FOR EXPRESSION OF INTEREST (EOI)

### FREQUENTLY ASKED QUESTIONS (FAQ)

DEADLINE FOR SUBMISSION OF EOI(s):

12<sup>TH</sup> DECEMBER 2017 (TUESDAY), 17:00 EAST AFRICA TIME

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## EOI KEY FACTS

### Some key do's and don'ts

- **DO** focus on innovation and market moving ideas for the solar PV sector in Uganda;
- **DO NOT** seek support for expanding or strengthening core business activities – The proposed business idea should go beyond business as usual;
- **DO** show a level of cost sharing of at least **40%, 50% or 60%** depending on the requested grant amount, with no more than half of that amount as in-kind contribution (See cost-sharing section below for more details);
- **DO** provide a realistic cost-sharing percentage.  
*The proposed cost-sharing percentage must remain consistent throughout the application process – Companies should not promise a high cost-sharing element to then reduce that number later on. This would give them an unfair advantage during the selection process, as they would score additional points. 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.*
- **DO** provide ambitious but realistic sales and outreach projections.  
*All the numbers provided in the EOI will be verified for consistency with available market intelligence, the applicant's sales history and other indicators. Shortlisted applicants will be asked to submit a full application with additional details at the next stage – The numbers cited in the full application will be expected to match those in the EOI and will be subject to a greater level of scrutiny. Any inconsistencies in such figures (especially inflated or unrealistic projections) will be scored very severely.*
- **DO** complete the [online EOI form](https://uncdf.forms.fm/renewable-energy-challenge-fund-recf-solar-window), answer all questions and submit it on time together with all the required documents: <https://uncdf.forms.fm/renewable-energy-challenge-fund-recf-solar-window>

## ELIGIBILITY

### The Technology

#### What type of solar PV solutions will the RECF support?

The *RECF Solar Window* aims to support the deployment of decentralised solar energy solutions, which include both **stand-alone off-grid solar PV systems of various sizes** and **solar mini-grids**.

The RECF will support projects using a broad range of solar PV technologies, for a variety of applications (e.g. residential, institutional, commercial, community, industrial, agricultural) and uses (e.g. lighting, phone charging, solar irrigation, productive uses such as haircutting, refrigeration or entertainment, etc.). Acceptable solutions include:

Decentralised Solar Energy Solutions						
Stand-alone Off-Grid Solar PV Systems			Mini-grids (Isolated Grids) Including Hybrid Systems			
Pico PV Systems	Small Solar Home Systems	Larger SHS and Single facility Systems	Pico-Grid	Nano-Grid	Micro-Grid	Mini-Grid
DC		AC or DC				
Module Capacity	10Wp	100Wp	500Wp	1kWp	5kWp	100kWp 1MWp+

SOURCE: Adapted from IRENA (2015); IEA (2017); Africa Progress Panel (2017)<sup>i</sup>

#### Additional considerations:

- The RECF is interested in projects that have a measurable impact in terms of energy access, hence it will mainly consider the number of installed systems in use (or additional connections); or the number of people (or households, businesses, institutions) with increased or improved access to energy services (for domestic, community or productive uses); rather than the sale of individual system components (e.g. panels, inverters, batteries, etc.) as a measure of success<sup>1</sup>;
- For mini-grids<sup>2</sup>, the RECF will only support the service provision and operational aspects of the business, as only a small fraction of the RECF funds (up to 10%) can be used to purchase capital goods;<sup>3</sup>
- The RECF will only consider existing mini-grids or mini-grid projects that are in an advanced stage of development, with all the necessary licenses and permits in place (at the time of the application), and that will be commissioned by **Q3 2018**;
- Hybrid systems with a strong solar PV component will be considered but other renewable energy solutions (e.g. hydroelectric power, wind power, biogas, etc.) or solar thermal solutions are not included in this call.

*Please submit product specifications, brochures and/or pictures together with your application.*

<sup>1</sup> Note: The RECF will use the ESMAP "Multi-Tier Framework" for energy access as a reference to describe the level of access provided by the different types of solutions sold by its investees. In other words, solar lanterns and large solar home systems will be accounted for differently.

<sup>2</sup> Note: This refers primarily to isolated grids and excludes large grid connected solar plants.

<sup>3</sup> Please refer to the FUNDING section of this document for more details on the purchase capital goods.

## **Are products required to comply with specific standards or guidelines in terms of quality and performance?**

All products sold with support from the RECF must have undergone a Pre-export Verification of Conformity (PVoC).<sup>4</sup>

The RECF 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. UNBS, Lighting Global<sup>ii</sup>, IEC<sup>iii</sup>, ISO, etc.) will be preferred.

*Please let us know in your application whether your products have been tested (by an independent body) and if they comply with specific quality and performance standards or guidelines.*

## **Furthermore, in order to ensure high quality system installations and the durability of installed systems:**

- Companies selling systems of over 50Wp (or any system that requires installation by a trained technician) should have at least one technician with a Class Z certification from the Electricity Regulatory Authority (ERA) on their roster. Companies are in general encouraged to provide training to their technicians and sales staff;
- All products and systems installed with RECF support must come with a warranty of at least 1 year. Companies must also demonstrate that they provide after-sales, maintenance and repair services to their customers.

## **The Applicant**

### **What types of entities are eligible to apply?**

The RECF targets exclusively for-profit private companies or consortia led by eligible private companies.

#### ➤ **Can individuals apply?**

**No.** If you are an individual with a great idea, we suggest you partner up with a company that fulfils the eligibility criteria.

#### ➤ **Can social enterprises apply?**

**Yes.** However, they should be registered as a business in Uganda and operate on a for-profit basis. Non-profit social enterprises can apply as a 'partner organisation' where a for-profit company is the lead applicant.

#### ➤ **Can Start-ups apply?**

**Yes.** As long as they fulfil the eligibility criteria and can demonstrate they have sufficient experience, all the required business processes in place, and the capacity to implement the proposed project within the given timeframe.

#### ➤ **Can a non-for-profit organisation (e.g. NGOs, CBOs, etc.) apply as lead applicant?**

**No.** However, they can apply as part of a consortium led by an eligible private company. For-profit arms of non-for-profit organisations can also apply as long as they fulfil the eligibility criteria.

#### ➤ **Can government-owned or government-operated organisations apply?**

**No.** The RECF will support exclusively private sector companies.

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<sup>4</sup> PVoC is an inspection and verification programme carried out on goods by appointed inspection agents in the country of export. The objective of PVoC is to minimize the risk of unsafe and substandard goods entering Uganda and protect consumers against dangerous, shoddy and substandard imported products. [https://www.unbs.go.ug/content.php?src=pre-export-verification-of-conformity-\(pvoc\)&content](https://www.unbs.go.ug/content.php?src=pre-export-verification-of-conformity-(pvoc)&content)

### **Are current UNCDF partners or grantees from other UNCDF challenge funds allowed to apply?**

**Yes.** The proposed business idea must be distinct<sup>5</sup> from the project(s) currently being supported by UNCDF. The applicant must also demonstrate the additionality of the requested RECF grant funding.

### **Does my company need to be registered and already operating in Uganda to apply?**

**Yes.** The lead applicant must be legally registered as a business and operating in Uganda since at least 2 years as of January 2018. **There are two exemptions to this rule:**

- 1) UNCDF will also accept applications from companies that are registered in Uganda since less than 2 years if they are the **subsidiary of a foreign company** that has been operational since at least 2 years (as of Jan 2018) and has a proven track record in the solar PV sector;
- 2) **International companies (with at least 2 years of operation) that wish to expand their business to Uganda** are welcome to apply as lead applicants, as long as they are registered as a business and operational in Uganda by **May 2018**.

In both cases, the lead applicant must already be active in Uganda at the time of the signature of the contract with UNCDF (**May 2018**) either directly or through a well-established local partner(s).

Companies that do not have sufficient experience operating in Uganda are encouraged to partner with a relevant local company that satisfies the 2-year registration requirement.

### **Does my company need to have an office in Uganda to receive funding from RECF?**

**Yes.** To receive RECF funding, all investees will be required to have a physical presence in Uganda and to hire local staff. The number of local jobs created by a given project will be a key factor in the investment committee's funding decision.

### **My company's core business isn't solar PV. Can I still apply?**

- **The RECF targets primarily companies whose core business is solar PV:** The lead applicant must have a proven track record and adequate expertise in the field of solar PV<sup>6</sup> either in-house or through partnerships. A parent company's track record can also be considered;
- **The RECF will also accept applications from other relevant companies** such last-mile distributors, agribusinesses, regulated financial institutions (e.g. Banks, MFIs) or digital financial service providers, as long as the proposed project is in line with the objectives of this call;
- Applicants that do not have sufficient expertise in the field of solar PV are encouraged to apply as part of a consortium with a relevant partner that can bring solar PV experience.

### **My company does not currently hold a membership to a national industry association in Uganda. Can I still apply?**

**Yes.** However, in case your application is successful, you will be required to become a member of a relevant national industry association such as the Uganda Solar Energy Association (USEA) by **May 2018**.

Applicants are also encouraged to join a relevant international industry association such as the Global Off-Grid Lighting Association (GOGLA) or the Alliance for Rural Electrification (ARE).

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<sup>5</sup> For a business idea to be considered 'distinct' from a project currently supported by UNCDF, it must go beyond that project in terms of the product/service (new or significantly improved version), the business model (new or significantly improved version), and/or the target market and reach (e.g. expanding the business model to a new and underserved region of Uganda).

<sup>6</sup> This refers not only to technical expertise but also to experience in the distribution or financing of solar PV.

### **Other requirements for applicants:**

- Applicants must have the necessary internal capacity to launch the proposed project in **June 2018**, generate new sales through the project by **Q3 2018**, and successfully execute the project within the agreed timeframe;
- Applicants must be **financially solvent and have the necessary financial systems in place** to be able to report to UNCDF<sup>7</sup> on a regular basis and ensure transparent management of the grant;
- The lead applicant should have audited financial statements for the last **2 years** (2015 and 2016). These are not required at the EOI stage, however, shortlisted candidates will be asked to submit these statements together with their full proposals in **January 2018**.

## **CONSORTIA**

### **What is a 'lead' applicant?**

The 'lead' applicant is the organisation through which the grant would be channelled, who will be accountable for all the funds, and who will operate as the main point of contact with UNCDF for the duration of the project. The lead applicant must meet the eligibility criteria.

### **Can I have partner organisations?**

**Yes.** Consortiums are allowed, but with only one lead applicant who will be accountable for the project. We expect all members of the consortium to have a clearly defined role and responsibilities, and be able to show the value they add to the group.

### **Does a consortium have to show a history of working together?**

**No.** But you must be able to show what each member of the consortium will bring to the table and what it will gain by entering into a partnership. The lead applicant must also demonstrate its ability to effectively coordinate all consortium members.

### **Do I need to have formal partnership agreements in place with partner organisations before submitting the EOI?**

**No.** However, later on, shortlisted applicants must submit a formal partnership agreement (e.g. MOU) that details each member's role, responsibilities and financial contribution to the project together with their full proposal.

### **Can my organisation be part of two different consortium EOIs?**

**Yes.** Organisations named in multiple EOIs acknowledge that they are making commitments to each submission and to undertake all proposed activities, irrespective of any decision on any other EOI.

### **Can my organisation submit an individual EOI, and be the lead applicant or a member of a consortium for another? Yes.**

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<sup>7</sup> Investees are required to submit audited financial reports annually to UNCDF.

## FUNDING

### What are the key features of the RECF funding?

- Cost-sharing grant, paid upon achievement of milestones;
- Grant Size: US\$100,000 up to US\$500,000<sup>8</sup>
- RECF reimburses its corresponding portion of the project costs when the respective milestones are satisfactorily achieved and disbursement conditions are met;
- Project duration: 24 months starting in June 2018.<sup>9</sup>
- RECF offers co-funding of up to 40%, 50% or 60% of the total project costs, depending on the requested grant amount.
- Conversely, businesses must contribute 60%, 50% or 40% of the total project costs, with at least half of that in cash and the remainder in-kind (See Cost-Sharing section for more details);

### How many companies will the RECF fund? Will all companies receive the amount requested in their EOIs?

The number and the size of the individual grants will be at the discretion of the Investment Committee and will depend on the available funds and the quality of the applications received.

The funding amount will be commensurate with the implementation capacity of the applicant (e.g. track record, number of years in operation). Some applicants may be asked to revise the amount of grant funding requested in their EOI.

### How many business ideas can I submit?

You can submit multiple business ideas (one per EOI) but these must be distinct ideas not just variations of the same business idea (i.e. you should not submit the same concept twice with minor changes). Applicants should only submit business ideas that are of strategic importance to their business and they must be committed to implementing all the ideas they submit.

### Can a company receive funding for more than one business idea?

**Yes.** Each submitted EOI will be considered as a separate application and will be evaluated individually. So it is possible for a company to get more than one of its EOIs shortlisted. This being said, the investment committee is unlikely to allocate a large portion of the available REFC funds to the same applicant. In other words, the IC is unlikely to give two large grants (of over US\$250,000 each) to a single company. Applicants should take this into consideration when submitting multiple EOIs.

In case multiple proposals from the same company make it through the selection process, the investment committee will also take into consideration the company's capacity to implement multiple business ideas in parallel prior to making a final decision.

### What can the grant be used for?

The main purpose of the grant is to support the implementation of the business idea with a focus on sales and distribution and the provision of services to the end-user. Therefore the grant funding can be used for expenses related to the implementation of your business idea such as process building; new staff positions; innovative marketing costs; setting up new distribution channels; etc. Specific activities and budget items to be funded will be determined jointly during proposal development and contract negotiations.

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<sup>8</sup> Note: For large grant applications (greater or equal to US\$250,000), the RECF team will ask additional questions on the EOI and full application forms and require additional documents during the due diligence process.

<sup>9</sup> UNCDF may require investees to continue reporting on certain indicators for a period longer than 24 months.

## Are there any restrictions in terms of the use of the RECF grant?

### → The grant **CANNOT** be used for on-lending:

The RECF funds cannot be used as lending capital for loans or micro-loans. Applicants that want to provide loans to companies or individuals must come up with their own source of lending capital.

### → The grant **CANNOT** be used for hardware R&D:

Projects should not focus on the development of new technology but rather the deployment of existing/proven technologies. Applicants may own the technology or may be acquiring/licensing technology developed by others. Any further developments to the technology must be funded by the company itself.

### → The grant **CANNOT** be used to purchase inventory or raw materials.

### → Up to 10% of the grant can be used to purchase capital goods:

UNCDF will allow companies to spend **up to a 10%** of the total grant amount committed to purchase capital goods (e.g. equipment, computers, motorbikes, machinery, tools) in case it is proven to be necessary for the implementation of the project and the company is unable to cover the full costs of such goods.

However, **no more than 50%** of the value of the purchased asset(s) can come from the grant amount the remainder must be paid by the company. Invoices of purchased assets will be required to receive a reimbursement from UNCDF.

***Example:** A company is approved for a \$150,000 grant. It requested funding for two laptops to provide to field agents. The two laptops cost \$2000. RECF funds can cover \$1,000 (50%) of the \$2,000 cost even though 10% of the grant amount is \$15,000. The company must have funding available for the balance of \$1,000 to buy the laptops.*

## Can a portion of the grant be used to further develop software or incorporate existing software and/or ICT tools into one's business?

**Yes.** However, such software must be fairly advanced in its development at the time of the application so that it can be quickly integrated and launched by **Q3 2018**. Improvements and further tweaking to existing software can also take place throughout the project term to incorporate lessons learnt during implementation.

## Can the grant be used to leverage funding from financial institutions or investors?

**Yes.** In this case, it will be key to demonstrate increasing leverage over time, while at the same time demonstrating business growth.

## What type of funding agreement will my company sign with UNCDF?

Should your application be successful, you will be asked to sign a Performance Based Financing (Grant) Agreement (PBA) with UNCDF. A copy will be shared with short-listed institutions during the proposal development stage.

## COST-SHARING

### What are the cost-sharing requirements?

Partners must contribute **40%, 50% or 60%** of the total project costs, depending on the requested grant amount, with **at least half of that in cash** and the remainder in-kind, as described in the table below:<sup>10</sup>

Grant Amount Requested [USD]	Minimum Cost-sharing [% of total budget]	Minimum Cash Contribution [% of total budget]	In-kind Contribution [% of total budget]
<b>US\$100,000 &lt; US\$250,000</b>	<b>40%</b>	20%	20%
<b>US\$250,000 &lt; US\$350,000</b>	<b>50%</b>	25%	25%
<b>US\$350,000 - US\$500,000</b>	<b>60%</b>	30%	30%

### Examples:

Grant Amount Requested [USD]	Minimum Cost-sharing [USD]	Total Budget [USD]
<b>US\$120,000 (60%)</b>	<b>US\$80,000 (40%)</b> [US\$40,000 (20%) Cash + US\$40,000 (20%) In-kind]	<b>US\$200,000 (100%)</b>
<b>US\$250,000 (50%)</b>	<b>US\$250,000 (50%)</b> [US\$125,000 (25%) Cash + US\$125,000 (25%) In-kind]	<b>US\$500,000 (100%)</b>
<b>US\$450,000 (40%)</b>	<b>US\$675,000 (60%)</b> [US\$337,500 (30%) Cash + US\$337,500 (30%) In-kind]	<b>US\$1,125,000 (100%)</b>

*Note: In the case of consortium applications, cost-sharing can include resources from partner organisations in addition to the lead applicant's own resources.*

### What is an in-kind contribution?

In-kind contributions are services, facilities, equipment and other items made available by the applicant and its partners to support the project in lieu of a financial contribution to the overall project budget. Admissible in-kind contributions include staff time, use of facilities, vehicles or equipment. The following table provides some examples of in-kind and cash contributions:

Budget Items	Cash Contribution or In-Kind Contribution
Full-time Project Staff	Cash Contribution
Part-time Project Staff	In-kind Contribution
Consultants for the Project	Cash Contribution
New Premises-related Setup Cost	Cash Contribution (if new premises are required by the project)
Premises dedicated to Project	Cash Contribution for office rental cost
Shared Premises	Can be In-kind contribution for associated office rental cost
Equipment	Cash Contribution
Software	Cash Contribution

<sup>10</sup> Use the attached **EOI Financials and Budget Template** to calculate the required cash and in-kind contributions for the requested grant amount.

Marketing	Cash Contribution
Training	Cash Contribution
Travel	Cash Contribution in general. Can be In-kind contribution in some cases (e.g. use of the company vehicle, etc.)
Telephone and Internet	Cash Contribution
Utilities (Power, etc.)	Cash Contribution
Regulatory Approval / Licences / Compliance	Cash Contribution

**Can inventory count as a cash contribution to the project?**

**No.** Inventory purchases are considered a core business expense. Cash contributions must represent incremental expenses the applicant would not normally incur and which are linked to specific project activities.

**Do you require the full cash contribution to be available at the time of the application?**

**No.** We won't expect the company's cash contribution to be available in its entirety up-front. We will allow for the funds to be made available progressively.

However, the viability of the proposed cost-share and the company's ability to provide it will be assessed during the selection and due diligence processes. Companies must thereafter demonstrate the availability of the proposed cost-share progressively throughout the implementation phase, when these funds are required.

*Example: A company is approved for a US\$250,000 grant. It will need to contribute at least US\$250,000 (50%) of which a minimum of US\$125,000 is in cash and the remainder in kind throughout the 24-month project period. The first phase of the project starts in June 2018, for that phase the company has set a budget of US\$20,000. The company is required to come up with the full amount. Once the first set of milestones is successfully completed, UNCDF will reimburse the company its corresponding portion of the project costs US\$10,000 (50%).*

**Do you need proof of the availability of such funds?**

**Yes.** Prior to every disbursement, UNCDF will verify that the required cash and in-kind contributions (including those of partners) have been made available to the project. Companies will be required to submit expense reports and supporting evidence to that effect (e.g. receipts, etc.).

If UNCDF is not convinced about the viability of the proposed cost-share at any point of the selection process or during the project implementation, the proposal review or contract with the partner will be terminated.

**Can project expenses incurred before the start of the contract period be considered?**

**No.**

**Can some of the cost-sharing come from another grant?**

**Yes.** In general, preference will be given to cost-sharing coming from more commercial sources but grants will also be accepted as long as these funds can be directed to the proposed business idea and are not meant to be used on an unrelated project. However, the additionality of the RECF grant must then be clearly demonstrated in the application. Also, to avoid double counting of results, companies must ensure that any results achieved with help from the RECF are not being counted as outcomes of another fund. Lastly, any funds coming from other grants must be secured at the time of the application – i.e. companies cannot simply mention that they will apply to another grant to secure the required cash contribution.

## APPLICATION PROCESS

- Two-stage application process (**1. EOI** and **2. Full Proposal**) with real-time assistance available from UNCDF;
- Shortlisted EOI applicants will be asked to submit a full proposal in consultation with UNCDF;
- An independent Investment Committee (IC) will make decisions on both successful EOIs and proposals through a competitive process;
- Successful applicants will be asked to sign a Performance-Based Financing Agreement (PBA) with UNCDF, which will outline the disbursement schedule and mutually agreed upon milestones.

### Important Dates

- EOI SUBMISSION WINDOW OPENS: **November 8<sup>th</sup> 2017**
- INFORMATION SESSION & NETWORKING: **November 8<sup>th</sup> 2017**
- WEBINAR Q&A: **November 10<sup>th</sup> 2017 (Registration link below)**
- EOI SUBMISSION WINDOW CLOSES: **December 12<sup>th</sup> 2017 (TUE), 17:00 EAST AFRICA TIME**
- SHORTLISTED EOI ANNOUNCEMENT: **Jan 2018**
- FULL PROPOSAL PREPARATION: **Jan-Feb 2018**
- FULL PROPOSAL SUBMISSION: **Early March 2018**
- AWARD DECISION: **April 2018**
- CONTRACTING: **May 2018**
- PROJECT IMPLEMENTATION: **June 2018 - December 2020**

### Does UNCDF provide any guidance in preparing the EOI?<sup>11</sup>

**Yes.** Applicants are invited to schedule a meeting (one 25 min meeting per company) with a member of the RECF Technical Assistance (TA) team in Kampala (or remotely via Skype). During these meetings companies will be able to ask questions and seek advice from UNCDF's experts. Applicants can also share a draft of their EOI prior to the meeting. Schedule a meeting between Nov 8<sup>th</sup> and Dec 5<sup>th</sup> here: <https://doodle.com/poll/kfnqq8wr7a88mawg>

UNCDF will also host a public Information Session on **Nov 8<sup>th</sup> 2017 (Wednesday) 8:30AM-12:00PM EAT** at **Metropole Hotel in Kampala**. A separate virtual session will take place on **Nov 10<sup>th</sup> (Friday) 3:00-5:00PM EAT** for those that cannot attend the Information Session in Kampala. Register here: <https://attendee.gotowebinar.com/register/5476092759922758146>

Those applicants subsequently invited to submit a more detailed proposal after the EOI stage will be provided with additional guidance.

### How do I know that UNCDF received my proposal?

We will acknowledge the receipt of your EOI by email. Late applications will not be considered.

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#### <sup>11</sup> **DISCLAIMER:**

1) *The outcomes of the EOI shortlisting and the full proposal selection process are final and cannot be contested. The number and size of individual grants provided by the RECF will be at the discretion of the Investment Committee and subject to approval from the UNCDF CleanStart board. There is no right of appeal.*

2) *The UNCDF RECF management team will provide assistance and feedback to companies throughout the application process. 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 they 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.*

3) *Receiving UNCDF guidance during the application process does not guarantee that your EOI will be shortlisted or that your full proposal will be selected. UNCDF will provide the same level of support to all companies that sign up for assistance.*

### **How will I know which proposals have been accepted?**

UNCDF will send an email to all applicants, advising them of the decision. A staff member will also contact you directly in case your EOI has been shortlisted.

### **Is there a Right of Appeal for unsuccessful submissions?**

**No.** The Selection Panel's decision is final. There is no right of appeal.

## **CONFIDENTIALITY**

### **Will my proposal be treated confidentially?**

**Yes.** All applications will be treated in the strictest confidence during the application process. All the people involved in running the RECF, including the Investment Committee and UNCDF CleanStart Board, will sign a Code of Conduct that prohibits them from divulging details of the applications to others, and also prohibits them from using the information for personal gain.

***Note:** UNCDF is often approached by other funders interested in supporting innovative business ideas. Applicants can indicate in the EOI Form if they give the RECF team permission to share applicant information with third party funders.*

## **EVALUATION**

### **What aspects should I consider as I prepare the EOI?**

- Understanding the Market: What is the market gap that your business idea is likely to fill? Is the idea in response to market demand (or turning a need into an effective demand)? How does your business idea help build the solar PV market for low-income customers in underserved parts of Uganda?
- Degree of innovation: How does the proposed idea go beyond existing practices? Will it encourage others in the market to follow suit?
- Value to your business: How will the idea strengthen your business or that of your partners? How does the idea fit in with existing business priorities?
- Value to your customers: How will your project idea improve the customer experience? What are the social, economic or environmental benefits, especially for low-income households and entrepreneurs? Can your customers afford your product?
- Potential Opportunity for Women and Youth Employment: Will your project idea result in employment opportunities for women and youth?
- Technical viability: Is the overall proposal cohesive and realistic? Are your targets ambitious yet realistic and achievable considering your starting point? Does your business (and its partners) have the track record to back this?
- Capacity to implement and organizational commitment: What is your institutional capacity to implement the idea? How active is the executive manager sponsoring the business idea? Do you have the right partnerships in place? Do you have the required business processes and systems in place? What elements are you missing?
- Timescales to results: Is your business idea implementable in June 2018? Can it produce measureable results and generate new sales before the end of Q3 2018 and continue to deliver results through the project term? What tangible results will the business idea achieve by 2020?
- Value for money: Are the costs appropriate and commensurate with the implementation strategy and the expected results?
- Sustainability: How will the business idea become a sustainable model and/or generate profitable outcomes for your business and those involved in the implementation? Will the business idea be self-sustained once the RECF grant has been utilised?

- Leverage: Have you already secured external funding for the idea? Can you leverage the RECF funding to access additional financing, and eventually graduate to more commercial sources of capital?
- Risk Management: What are the most important project risks? How will they be managed or mitigated?

### How will my proposal be assessed?

Broadly, the following aspects will be looked at:

1. **Technical merit (55%)** – Proposed project’s potential to meet the RECF’s objective of promoting innovations with wider market significance, including design, relevance, innovation, impact on customers (including women and youth);
2. **Women and Youth Employment (5%) – Project ideas are required to promote women and youth employment.** Business ideas that incorporate this element in an innovative way and demonstrate a strong potential to deliver tangible and sustainable employment opportunities, will receive a higher score;
3. **Organizational capacity (35%)** – Ability of applicant to launch and implement the project idea and deliver the expected outputs and results within the project period. The applicant must also be able to sustain the initiative even after funding ceases;
4. **Cost-sharing (2.5%)** – a higher contribution (than the minimum 40%, 50% or 60%) scores higher.<sup>12</sup>
5. **Additionality (2.5%)** – Applicants must be able to demonstrate that funding for the business idea cannot be secured through mainstream forms of commercial finance or that the project would not take place at the same scale or have the same development impact without support from the RECF.

## DISBURSEMENT OF FUNDS

### Does the fund provide an up-front payment?

**No.** The first disbursement will be contingent on the delivery of the first agreed project milestones and results. Companies are hence expected to have sufficient funds available to cover the initial project costs.

### When will subsequent disbursements take place?

The same principle will also apply to subsequent disbursements: At each project stage, the company will cover all costs associated to that particular stage. Upon satisfactory delivery of the relevant milestones and results, UNCDF will reimburse the company its corresponding portion of the project costs – based on the agreed cost-share percentage.

An estimated disbursement schedule detailing all project milestones and conditions to be met will be included in the PBA.

**Note:** *Disbursement amounts during the project period will generally be aligned with sales/installations target projections.*

### In what currency will the money be released?

The grant will be denominated in US Dollars only.

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<sup>12</sup> Note: The proposed cost-sharing percentage must remain consistent throughout the application process – Companies should not promise a high cost-sharing element to then reduce that number later on. This would give them an unfair advantage during the selection process, as they would score additional points. 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.

## IMPLEMENTATION

### Will UNCDF provide additional technical assistance to support implementation?

**No.** All necessary inputs must be accounted for and built into the business idea budget. This being said, UNCDF may consider providing technical assistance or other forms of support to companies at a later stage if a need is identified during company consultations.

**Note:** *Some grant recipients may be asked to earmark a portion of the project funds to improve business processes and systems deemed necessary to successfully implement the proposed business idea – This may require securing the support from a third party service provider.*

### What will be the reporting requirements for the grant? How often?

Partner companies will provide quarterly and annual progress reports. The reporting package includes the following:

- Narrative report;
- Key Performance Indicator report;
- Project expense report;
- Audited financial statements (annual only).

Partners will also participate in quarterly progress review meetings with the UNCDF team.

**Note:** *Companies operating under a Pay-as-you-go (PAYG) or (DESCO) model (or other related end-user financing models) will be asked to report to RECF using the [PAYG KPI Framework developed by the World Bank and IFC in collaboration with GOGLA](#).*

### Are the monitoring and knowledge management requirements rigorous?

Monitoring activities largely include quarterly and annual progress reporting and progress meetings, and annual on-site monitoring visits.

Knowledge management strategies will be jointly developed and agreed on during contract negotiations. UNCDF considers information and knowledge generated from implementing the business idea as a return on investment and would request partners to collaborate on research projects and knowledge sharing opportunities. Research results and knowledge products will be made as a public good. At the same time, UNCDF will treat proprietary information confidentially and make sure the primary data is not shared, unless otherwise agreed with the primary data owner.

Partners may be asked to participate in UNCDF's corporate evaluation through interviews and data sharing.

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If you have any queries not covered by these FAQs, or require any further clarification please e-mail [recf.uganda@uncdf.org](mailto:recf.uganda@uncdf.org) – **UNCDF will accept inquiries related to the EOI until Dec. 5<sup>th</sup> 2017.**

*UNCDF reserves the right to issue or publish answers to any applicant's enquiries without identifying the applicant that submitted the question.*

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

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

By the end of 2020, RECF aims to support 153,000 low-income Ugandans to transition to renewable energy, and create 1000 new jobs. To this end, the RECF will fund a portfolio of renewable energy SMEs/value chain companies and/or financial institutions.

The RECF is managed by the United Nations Capital Development Fund (UNCDF) and funded by the Embassy of Sweden in Uganda.

The 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;*

The first funding window of the RECF focused on Clean Cooking Solutions and is now closed.

### **About UNCDF CleanStart**

UNCDF's CleanStart programme co-invests in early stage innovations from financial institutions, distributed energy service companies and other providers of wholesale or retail financing for clean energy. The goal is to fill a "missing middle" in energy financing, as well as to facilitate access to additional, more commercial financing for proven business models to scale. CleanStart contributes to achieving SDG 7 on affordable and clean energy for all.

For more information on UNCDF and CleanStart visit: <http://www.uncdf.org/en/cleanstart>

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<sup>i</sup> IRENA Off-Grid Renewable Energy Systems: Status and Methodological Issues  
[https://www.irena.org/DocumentDownloads/Publications/IRENA\\_Off-grid\\_Renewable\\_Systems\\_WP\\_2015.pdf](https://www.irena.org/DocumentDownloads/Publications/IRENA_Off-grid_Renewable_Systems_WP_2015.pdf),  
[http://www.africaprogresspanel.org/wp-content/uploads/2017/04/APP\\_Lights\\_Power\\_Action\\_Web\\_PDF\\_Final.pdf](http://www.africaprogresspanel.org/wp-content/uploads/2017/04/APP_Lights_Power_Action_Web_PDF_Final.pdf)

IEA - Energy Access Outlook 2017, <http://www.iea.org/access2017/>

<sup>ii</sup> <https://www.lightingglobal.org/quality-assurance-program/our-standards/>

<sup>iii</sup> <https://webstore.iec.ch/publication/25275>