



## REQUEST FOR PROPOSALS

### SPARK+ INVESTMENT READINESS PROGRAM (RFP 17-3)

The purpose of this Request for Proposals (RFP) is to solicit applications for **Spark+ Year 1: Investment Readiness Program** (“Spark+ Yr 1”) which will prepare companies to raise external debt and/or equity capital in the next 12-18 months. Spark+ is soliciting applications from businesses that manufacture, distribute, or otherwise enable access and adoption of biomass, LPG and other stoves/fuels (“clean cooking businesses”). Grantees will receive support to: prepare for investment, identify investors, and transaction support to negotiate terms and close investments – as well as small amounts of venture grant capital.

#### The Global Alliance for Clean Cookstoves (the “Alliance”)

The Alliance is a public-private partnership hosted by the UN Foundation to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient cooking solutions. Its goal is for 100 million households to adopt clean/efficient technologies and fuels by 2020.

Enabling investment is core to the Alliance’s strategy to strengthen the supply of clean cooking solutions. To that end, it is preparing the market by establishing product standards, building a robust evidence base on impact, advocating for conducive regulatory policies, and building consumer demand. It is also working to raise awareness among impact investors, and has developed funding vehicles including the Pilot Innovation Fund to finance innovation, Catalytic Small Grants to catalyze local entrepreneurship through seed funding, the Women’s Empowerment Fund to spur engagement of women in the value chain, and the Working Capital Fund to provide concessional debt finance.

#### The Spark Program

The Alliance launched the Spark Fund in 2012 to support clean cooking businesses with pre-investment grant capital. It has deployed \$4m+ in grants in three rounds to 14 enterprises that have raised \$15m in follow-on investment and sold >1.2m stoves.

Recognizing the desirable progression from providing small grants to larger amounts of investment capital, the Alliance is now seeking to establish Spark+, a \$5m per year funding program to provide risk-tolerant, patient capital in the form of grants and quasi-equity. Spark+ intends to de-risk investments and crowd-in private capital to scalable businesses with a realistic path to profitability, but limited access to capital given size, maturity, and risk profile. Spark+ builds on the original Spark mission to build an investible pipeline, but does so with a more sustainable, market-based orientation by investing through quasi-equity structures, in addition to providing ‘pioneer gap grants’ and ‘matching grants’ to encourage and leverage private investment.

#### Spark+ Year 1: Investment-Readiness Program

##### Overview

The Spark+ Year 1: Investment Readiness Program builds on the lessons and successes of the Spark Fund, and has been designed to identify and develop a pipeline of commercially robust, potentially investible clean cooking businesses that can scale and unlock additional capital for future growth from Spark+ and other sector investors. It will provide:

1. A customized, pre-investment support package to prepare businesses for investor engagement including: 1) one-on-one consulting support and management training on technical, operational and financial issues, 2) development of a robust growth strategy, and 3) preparation of investor pitch materials, financial model, due diligence (“DD”) data room, etc.
2. Investment-like “bridging capital” via grants, depending on needs identified during due diligence.
3. Based on a subsequent assessment of investment-readiness, businesses may wish to engage Spark+ investment-readiness advisors for full-service capital-raising support, compensated on a success fee basis by investment proceeds.

##### Program Terms

The Alliance will award support through advisory services and grant funding, up to \$150,000 in total. Funding will be disbursed in tranches based on performance milestones, and advisory services provided over a 24-month grant period. This phased approach over 24 months allows businesses to receive support and funding, and demonstrate results of a subsequent capital raising process.

## Selection Criteria

Given the emphasis on leveraging Spark+ funds with private capital, this RFP specifically targets businesses likely to attract investment on the basis of a scalable, differentiated, and commercial business model which delivers a high degree of impact. As such, a business considered for support will be:

1. Market-oriented and commercially viable with unit economics which do not rely on subsidy over the long-term
  2. Post-revenue with a distinctive, proven product; value proposition for its target market; and meaningful impact
  3. ‘Pre-investible’, but seeking to raise traditional/impact investment capital within 12-18 months
  4. A scalable/replicable model with the potential to make a significant contribution to the Alliance’s 100 by ’20 goal
- **Alliance Membership:** Applicants must be current partners of the Global Alliance for Clean Cookstoves, or register prior to submitting an application: <http://community.cleancookstoves.org/become-a-partner>.
  - **Industry/Sector Focus:** Applicants must operate in, or seek to directly support, the clean cooking value chain including those that produce or distribute cooking appliances and associated fuel products. Devices may include biomass, LPG, ethanol, induction, or gas stoves, and solar cookers. Fuel products may include briquettes, pellets, ethanol, and LPG. We may consider applicants involved in fuel production and delivery products such as fuel dispensing systems, pay-as-you-go systems, production technologies, etc. If not currently in the clean cooking value chain, applicants should present a clear narrative as to why this support would directly lead to increased access and adoption of clean cooking solutions.
  - **Organizational Type/Legal Structure:** Spark+ has a strong preference for for-profits given the higher likelihood that they will be structurally and operationally setup to operate without long-term subsidy/donations, and are more likely to attract investment capital. Applicants with non-profit/hybrid structures may wish to apply provided their model may be financially viable from revenues (ex-grants/subsidies), and there is a clear need for and potential to raise investment capital.
  - **Organizational Maturity:** Applicants should be beyond proof-of-concept and post-revenue having developed a product/technology, business model, and generated sales. They should have an established full-time management team and operations, and be able to outline plans for raising investment capital. Applicants are not required to be profitable, but should outline a clear/feasible plan to achieve scale and profitability. Applicants may have raised small amounts of investment capital from founders or others, but should not have a large existing base of investors or lenders, as they may be deemed overly-mature for the support on offer (and that the support would not be sufficiently ‘additional’).
  - **Focus Geographies:** All qualified businesses, regardless of location, are encouraged to apply. Although the Alliance has a preference for Partners operating in its focus countries<sup>1</sup>, as well as Haiti and Nepal, organizations operating in other countries are encouraged to apply. The most competitive applications will be selected regardless of location, with Alliance focus countries being a factor only in the unlikely circumstance of a final selection between applications of equal quality.

## Application Process & Deadlines

The application process will be open from May 26, 2017 to June 19, 2017, and **applications are due by June 19, 2017 at 6:00pm EDT** by email to [investment@cleancookstoves.org](mailto:investment@cleancookstoves.org). Applicants are asked to submit the following:

- 1) An **Executive Summary** of the business (up to 6-pages – a template is provided on the RFP webpage).
- 2) A **Financial Overview spreadsheet** (template provided consists of two sheets: First sheet provides historical and projected revenues, COGS, and operating costs – leading to a calculation of historical and projected EBITDA. Second sheet requests information related to the business’ capitalization, since founding, by investors, lenders and donors).
- 3) The applicant’s existing **financial model** in its own format.
- 4) Optional: any other **up-to-date fundraising/investor documentation** e.g. pitch decks, business plans, as available.

Applicants are asked to ensure the **product descriptions and field testing results of any stove, fuel, or fuel production/delivery products** are in the Clean Cooking Catalog: <http://catalog.cleancookstoves.org/pages/contribute>.

Please only submit the documents indicated in the list above and closely follow the provided guidelines, including length restrictions. **Only one proposal per organization may be submitted.** The Alliance reserves the right to reject late or incomplete applications or those that do not follow stated guidelines.

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<sup>1</sup> Alliance focus countries are: China, Bangladesh, Kenya, Uganda, Ghana, Nigeria, India and Guatemala  
<http://www.cleancookstoves.org/our-work/priorities/enable-markets.html>

The selection process will take place in five stages:

Stage	Description	Dates
<b>Stage 1:</b> Submit Application	To apply, please send requested materials in a single submission email to: <a href="mailto:investment@cleancookstoves.org">investment@cleancookstoves.org</a> . <i>We invite clarifying questions via the same email address, and any additional FAQs will be posted on the website, as applicable, prior to the deadline.</i>	<b>Application Deadline</b> June 19, 2017 at 6:00pm EDT
<b>Stage 2:</b> Application Screening and 1 <sup>st</sup> Round Selection (Finalists)	Applications evaluated using criteria below, and finalists identified, by an Investment Committee of impact investors, the Alliance, and its advisors.	<b>Finalists Announced</b> July 14, 2017
<b>Stage 3:</b> On-Site Due Diligence, Follow-Up Questions and Materials	Finalists provide additional info and undergo field DD. Upon completion of DD, the Alliance and its advisors prepare due diligence reports and proposed investment-readiness support packages.	<b>Due Diligence Complete</b> Aug 28, 2017
<b>Stage 4:</b> 2 <sup>nd</sup> Round Selection	Investment Committee reviews applications, DD reports, and proposed investment-readiness support packages. Additional questions or information requests from IC on a case-by-case basis.	<b>Grantees Announced</b> Sep 18, 2017
<b>Stage 5:</b> Grant Negotiation and Contracting	The Alliance and each winner negotiate terms and conditions of the support package, sign grant agreement, and begin support.	<b>Contracting Complete</b> Oct 16, 2017

## Evaluation Criteria

Given the intention of this RFP to identify companies that can attract investment capital, decisions will be made on the basis of the strength of the business, its management team, technology, financial viability, etc. *Ceteris paribus*, we will support enterprises with higher-performing technologies in order to achieve maximum impact. Criteria used to evaluate proposals will include:

Category	Criteria	Description
<b>1. Strength of Business Model</b>	<ul style="list-style-type: none"> <li>a) Market opportunity</li> <li>b) Product/technology(ies)</li> <li>c) Strategy/operations</li> <li>d) Strategic partnership(s)</li> </ul>	Assess current situation and track record: sales and growth to date, position in market, value chain, strength of product/service and whether it addresses a market gap, production/distribution operations, sales/marketing channels, established partnerships.
<b>2. Financial Sustainability and Planning</b>	<ul style="list-style-type: none"> <li>a) Historical performance</li> <li>b) Financial projections</li> <li>c) Financing plan / capitalization</li> <li>d) Financial management</li> </ul>	Evaluate financial strength/sustainability: historical/projected revenue and cost structures, unit economics – gross and net profit margins, assets and liabilities, funding to date (debt, equity, grants, etc.), financial projections and validity of key growth assumptions, and overall potential to mobilize for-profit growth capital.
<b>3. Social and Environmental Impacts</b>	<ul style="list-style-type: none"> <li>a) Impact on livelihoods, health, environment, women’s empowerment, etc.</li> <li>b) Commitment to track impact</li> <li>c) Plans to increase impact over time</li> </ul>	Assess clear, measurable and realistic positive impacts by evaluating areas such as technology performance, safety, and quality; emissions and fuel use reduction; women’s empowerment; job creation and livelihoods, etc. Applicant should strive for affordability, accessibility, acceptability, and availability of high-performing technologies and fuels that create positive impacts and also consider the long-term sustainability of their value chains.
<b>4. Growth Plan and Projections</b>	<ul style="list-style-type: none"> <li>a) Growth strategy</li> <li>b) Assumptions for growth</li> <li>c) Pre-investment capacity development needs</li> </ul>	Assess strength/feasibility of growth plan: identified opportunities for growth and expansion, appropriate and achievable plan with action items to roll out the growth strategy, feasibility of projections. Assess capacity development needs in relation to achieving the growth plan/raising capital in next 12 months.
<b>5. Management</b>	<ul style="list-style-type: none"> <li>a) Management Team</li> <li>b) Team/track record</li> <li>c) Governance</li> </ul>	Assess management team: appropriate mix of skillsets, strong industry knowledge, demonstrated management experience and track record, appropriate incentivization of management (or legal/operational structure that allows for this in the future), experienced/committed Board.

## **Contracting Information**

### **Grant Agreement**

Agreements will be made between the grantee and the United Nations Foundation. Funds and services will be disbursed in tranches based on the achievement of milestones determined in the grants process. Grantees may be asked to submit or undergo financial audits and test all cookstove technologies, where applicable, at grantees' own cost.

### **Reporting Requirements**

The Alliance will require regular engagement and reporting over the full grant period. Grantees will be required to engage in regular check-in calls, and submit quarterly written reports on activities and progress including financial performance. The Alliance will provide a general reporting template required of all grantees and customize reporting for each according to specific goals and milestones developed between the Alliance and the grantee during the contracting process. In addition, grantees will be required to report on basic social and environmental impact indicators. All data reported will be sex disaggregated. All grantees will be required to complete the Alliance's annual Results Reporting questionnaire. Furthermore, the Alliance, on behalf of the United Nations Foundation will monitor and conduct assessments of operations under the grant, which may include visits from Alliance personnel or designee to observe the grantee's operations, and to review financial records. In addition, the Alliance requires a final narrative report within 30 days of the end of the grant term that describes what was achieved with the services and funds, a line item comparison of budgeted versus actual expenses as they relate specifically to the funding, an explanation of any line item variances to the contract, and a statement certifying that all funds were expended for the purposes of the grant.

### **Communication of Results**

The Alliance is committed to ensuring that results achieved by grantees will inform the sector, as well as advance the adoption of cleaner, more efficient cooking technologies. Grantees will be expected to actively engage with fellow grantees, Alliance staff, and other designated partners as requested by the Alliance. This coordinated engagement could include: participation in meetings, calls, or research being conducted by the initiative, and participation in additional capacity-building activities needed to further those goals – provided that such requests do not constitute a violation of any applicable law or regulation. The Alliance will work with grantees to ensure that their successes are widely disseminated, and profiled at meetings as relevant. Materials, reports, and results of grants may be available for dissemination to the public, e.g. through the Alliance website, newsletters, and webinars. The Alliance has the right to ensure that results are made publically available in a timely and transparent process, while ensuring intellectual property rights of investigators, as well as subject and company confidentiality as required.