

REQUEST FOR PROPOSALS

SPARK+ TA/GRANT FACILITY (RFP 18-2)

This Request for Proposals (RFP) is to solicit proposals related to the **Spark+ TA/Grant Facility** (“Spark+” or the “Program”). The ultimate aim of Spark+ is to advance the investment-readiness and growth potential of scalable, financially-viable sector businesses. The Program is soliciting applications from any businesses that manufacture, distribute, or otherwise enable access to biomass, LPG, biofuels, and other stoves/fuels (collectively, “clean cooking businesses”). Winners (“awardees”) may receive specialized advisory support and/or grant funding, depending on requirements and at the discretion of the Alliance.

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

The Alliance is a public-private partnership hosted by the United Nations 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 market development strategy consists of five primary pillars: 1) building the pipeline of investable businesses, 2) mobilizing public and private investment, 3) creating an enabling policy and regulatory environment, 4) enhancing transparency through information and technology standards, and 5) building category-level demand for clean cooking solutions. Its market development activity is complemented by a robust impact measurement and evaluation function focused on health, environment, gender, and livelihoods.

The Spark Program

The Alliance launched the Spark Fund in 2012 to support clean cooking businesses with pre-investment grant capital. It deployed \$4m+ in grants in three annual rounds to 15 enterprises. In 2017, the Alliance launched a modified Spark+ Investment Readiness Program which supported four companies with grants and advisory support related to investment-readiness primarily by engaging technical, strategic, and sales/marketing consultants as well as financial advisors for capital raising engagements.

For this RFP, the Alliance is seeking proposals focused on either investment-readiness support or other types of targeted support, including, not limited to, those specifically outlined below. The Program aims to support companies with proven investment potential insofar as they involve financially viable, commercially-oriented business models being developed by experienced management teams that can reasonably expect to secure meaningful amounts (e.g. \$500,000+) of growth capital from private sector, financial return-seeking investors. Applicants may be early stage or growth stage and should outline, based on their needs, the most critical gaps to be filled – addressable through either grant funding or consulting support.

Spark+ Technical Assistance Facility

Overview

The Alliance is specifically seeking the following types of proposals:

1. **Commercial strategy development:** for companies developing innovative new business models, we may support companies to identify and model various business model options, develop go-to-market strategies, etc.
2. **Financial advisory and capital raising engagements:** for companies seeking to raise capital, we may support companies to hire transaction support providers that are equipped to advise businesses in preparation for capital raising and due diligence, investor materials preparation, investor outreach, and transaction advisory.
3. **Product pilots:** for companies developing new products, we may support them in their prototyping or product design processes, or to pilot such products in market.
4. **Market expansion support:** for companies seeking to expand geographically, we may support them to identify and evaluate new markets, and/or to test such new markets.

If an applicant wishes to propose a use of TA services or grant funding which does not fit into one of the above categories, the Alliance would be happy to review that as well.

Program Terms

The Alliance may support businesses through advisory services and/or grant funding, with individual awards likely ranging from \$10,000 – \$50,000. In the case of grants, they will be disbursed in tranches based on performance milestones. Advisory services will be provided as appropriate, likely over a 6-12 month period.

Your company (including 3rd parties such as co-investors or banks and other lenders) must provide co-financing, and indicate its source and status in the executive summary. This should typically be at least 100% of the funds requested from the Alliance. For example, \$50,000 may be reasonably requested, assuming a \$50,000 own-contribution, for a project/purpose that involves expenditures totaling \$100,000.

Selection Criteria

As the Alliance aims to leverage 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. Seeking to raise investment capital within 12-18 months (this may be a first time raise, or follow-on/growth capital).
 4. A scalable/replicable model with the potential to make a significant contribution to the Alliance's goal of building a sustainable clean cooking industry at scale.
- **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. Stove products may include, but are not limited to, biomass, LPG, ethanol, induction, or gas stoves, and solar cookers. Fuel products may include, but are not limited to, 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. 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. 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, or have a large existing base of investors and lenders.
 - **Focus Geographies:** All qualified businesses, regardless of location, are encouraged to apply. For this RFP, although the Alliance has a preference for partners operating in Bangladesh, Ghana, Guatemala, Kenya, Nigeria, and Uganda, organizations operating in other countries are also encouraged to apply. The most competitive applications will be selected regardless of location, with the countries of preference 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 September 27, 2018 and **applications are due by October 12, 2018 at 6:00pm EDT** by email to investment@cleancookstoves.org. Applicants are asked to submit the following:

- 1) An **executive summary** no longer than 6 pages which includes an overview of the business (business model, technology, management team, growth plan, financing strategy, etc.) as well as a detailed description of the proposed use of technical assistance support/grant funds.
- 2) A completed **financial overview** spreadsheet (template provided).
- 3) The applicant's existing **financial model** in its own format.
- 4) Any other **fundraising/investor documentation** helpful to our evaluation of the prospects of your business, and therefore the potential impact of our support (e.g. pitch decks, business plans).

Based on proposals received, the Alliance will selectively engage with shortlisted applicants to determine next steps, including a possible grant or TA award.

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

Evaluation Criteria

Given the intention of this RFP to identify companies with potential for investment and growth at scale, decisions will be made on the basis of the strength of the business, its management team, technology, financial viability, as well as the proposed use of the grant. *Ceteris paribus*, we will support enterprises with higher-performing technologies to achieve maximum impact. Criteria used to evaluate proposals include:

Category	Criteria	Description
1. Strength of Business Model	<ul style="list-style-type: none"> a) Market opportunity b) Product/technology(ies) c) Strategy/operations d) Strategic partnership(s) 	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.
2. Financial Sustainability and Planning	<ul style="list-style-type: none"> a) Historical performance b) Financial projections c) Financing plan / capitalization d) Financial management 	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 growth capital.
3. Social and Environmental Impacts	<ul style="list-style-type: none"> a) Impact on livelihoods, health, environment, gender b) Commitment to track impact c) Plans to increase impact over time 	Clear, measurable and realistic positive impacts in areas such as technology performance, safety, and quality; emissions and fuel use reduction; women’s empowerment; job creation and livelihoods, etc.
4. Growth Plan and Projections	<ul style="list-style-type: none"> a) Growth strategy b) Assumptions for growth 	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.
5. Management	<ul style="list-style-type: none"> a) Management Team b) Team/track record c) Governance 	Appropriate mix of skillsets, strong industry knowledge, demonstrated experience and track record, appropriate incentivization (or legal/operational structure that allows for this in the future), experienced/committed Board.
6. Proposed project	<ul style="list-style-type: none"> a) Use of technical assistance support or grant funds 	Feasibility of proposed grant/TA use; impact on growth of applicant business and overall sector innovation.

Contracting Information

Grant Agreement or TA contracts

Agreements will be made between the company and the United Nations Foundation, or between the relevant service provider and the United Nations Foundation. Funds and services will be disbursed in tranches based on the achievement of milestones determined in the grants process.

Reporting Requirements

The Alliance will require regular engagement and reporting over the full grant period and participation in Alliance sector data gathering activities thereafter. During the grant period, awardees will be required to engage in regular check-in calls, and submit quarterly written reports on activities and progress, including financial performance and capitalization. The Alliance will provide a general reporting template required of all awardees and customize reporting for each according to specific goals and milestones developed between the Alliance and the awardee during the contracting process. In addition, awardees will be required to report on basic social and environmental impact indicators.

All awardees are required to complete the Alliance's annual data reporting questionnaire during the grant period and are asked to do so thereafter to ensure the Alliance's ability to track business and sector growth even after the grant period. 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 awardee'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/or 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 awardees will inform the sector, as well as advance the adoption of cleaner, more efficient cooking technologies. Awardees will be expected to actively engage with fellow awardees, 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 awardees 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 publicly available in a timely and transparent process, while ensuring the intellectual property rights of investigators, as well as subject and company confidentiality as required.