



PFAN

Accelerating Investment
for Climate and Clean Energy

Project Development and Financing Initiative Sub-Saharan Africa

Open Request for Proposals



Funding Partners



Norwegian Ministry
of Foreign Affairs



Australian Government
Department of Foreign Affairs and Trade

About PFAN

PFAN is hosted by the United Nations Industrial Development Organization (UNIDO) in collaboration with the Renewable Energy and Energy Efficiency Partnership (REEEP).



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1 Introduction

The PFAN Project Development and Financing Initiative (PDFI) Sub-Saharan Africa is implemented by the Private Financing Advisory Network (PFAN), hosted by the United Nations Industrial Development Organization (UNIDO) and the Renewable Energy and Energy Efficiency Partnership (REEEP). PFAN seeks to nurture entrepreneurs, start-ups and existing companies, project teams and consortia with environmentally beneficial business proposals with the aim of linking them with investment and finance and seeing through the implementation of these projects.

Once a project is selected, it will receive coaching from professional experts to create a financially, socially and environmentally viable business plan. This business plan is the project's key to unlocking investment. After the initial coaching process, selected high performing projects will receive further mentoring and financing facilitation assistance. Particularly promising projects will have the opportunity to present their business plans at a Financing Forum. Less mature projects will be inducted into the PFAN development pipeline and groomed for longer term development and future Financing Fora or other financing facilitation opportunities including a new portfolio approach, which will bundle projects for wholesale capital market investment.

At a Financing Forum, selected projects will have the opportunity to present their business plans to invited investors to source the financing that they require. In addition, a panel of judges, made up of investors, industry specialists and business executives who have a keen interest in enabling cleaner and greener projects will select the best projects for the PFAN Awards. Through this process it is our aim to facilitate links between entrepreneurs, their ideas and projects and investment.

2 Background

The primary obstacles to large-scale deployment of low carbon, climate resilient technologies are access to finance and a limited pipeline of bankable projects.

The Private Financing Advisory Network (PFAN) aims to bridge the gap between investors and entrepreneurs. PFAN is one of few actors in the climate finance space addressing the barriers for Small and Medium Enterprises (SME) in developing countries and emerging economies – shortage of bankable projects on the demand side and ability to assess risk and conservative lending culture on the supply side.

PFAN originates projects and funding from the private sector; screens business plans for investment readiness and financeability; selects projects that are economically viable, as well as environmentally and socially beneficial; provides technical assistance to support project development and facilitate finance; builds the capacity of project developers and financiers; and provides access to clean energy businesses and financial institutions through the PFAN network. PFAN also provides feedback to policy makers on constraints encountered and opportunities with respect to the enabling environment.

3 Application Guidelines

Eligibility

The eligible countries for this request for proposals can be found in Annex 1.

Focus of the Request for Proposal

The project / business must promote or use clean energy and / or climate technologies, products or services, including, but not limited to the following technology areas:

- Biomass
- Biogas
- Bio-fuels
- Solar
- Wind
- Hydropower
- Tidal / Ocean
- Energy Products from Forestry
- Rural Electrification & Energy Access
- Ecosystem Services
- Urban & Peri-Urban Development
- Distributed & Off-grid Generation
- Energy Storage & Conservation
- Energy Efficiency and Demand Reduction
- Waste to Energy
- Emissions Reduction
- Clean Transport
- Climate Change Adaptation
- Agriculture and agribusinesses
- Productive use of Clean Energy
- Tourism
- Water & Sanitation

Investment Amount

In principle, applicants should be seeking total investment in excess of US\$1 million, and up to US\$50 million.

However, in case of energy access / rural electrification (e.g. clean cook stoves, Solar Home Systems, mini-grids) and climate change adaptation projects, the investment sought can be less, starting at US\$500,000.

While the investment may be requested or offered in tranches of less than \$1 million (\$500,000 for adaptation projects), the total amount should be in excess of \$1 million (\$500,000 for adaptation projects).

The investment amount is not an absolute selection criterion, but will be taken into consideration in the context of the perceived investment attractiveness as well as the development aspects of the project.

Acceptable Proposals

Proposals eligible for the initiative, may include, but are not limited to:

- Projects and businesses which deploy clean and renewable energy and / or climate change technologies for productive uses;
- Greenfield & brownfield utility projects, independent power producer and distributed generation projects (for both thermal and electrical energy);
- Existing projects which are operating at low or pilot scale and which are ready for scale-up;
- Projects which increase access to energy for remote communities including rural electrification, off-grid and mini-grid projects, thermal energy and clean cooking solutions;
- New or expanding business ventures in clean energy and related technologies, including downstream projects

(focused on deployment of existing technologies) and upstream projects (focused on development and commercialization of a new clean technology);

- ◆ Merger, acquisition or joint venture, which will add value to an existing / current clean energy / technology business.

Proposals must demonstrate that the project is commercially and technically viable with zero or only minimal grant funding required.

We advise applicants to structure their proposals taking into consideration the selection and scoring criteria as provided in Section 3, as well as following the Project Proposal Guidelines for Sub-Saharan Africa PDFI as provided in the separate document to assist entrepreneurs in structuring an eligible proposal in terms of content.

Proprietary Information and Confidentiality

The organizers respect the confidentiality of all participants' business concepts and plans. Business concepts, overviews and plans will not be copied for any purposes other than use in the Initiative. The evaluators and judges also recognize the sensitivity of the materials being presented and undertake that they are bound by the same considerations of confidentiality.

Companies may choose to include the following optional disclaimer on the cover sheet of their submissions, recognizing that it is not a legally binding agreement:

“This business plan is confidential and is presented solely for the purpose of evaluation in the PFAN Initiative on Climate and Clean Energy Financing for Sub-Saharan Africa. This plan may not be reproduced or redistributed in whole or in part. By accepting a copy of this plan, the recipient agrees not to reproduce or disclose the

contents of this plan to third parties without the prior written consent of its authors. “

While the organizers appreciate concerns around confidentiality, as a matter of convention and practicality, confidentiality agreements cannot be signed as part of the Initiative / in the name of PFAN. Once accepted into the programme, project developers may request confidentiality agreements to be signed with their assigned PFAN Coach to facilitate communication and the development work.

Submission of Applications and Supporting Material

All submissions are to be made online through PFAN's Climate-Invest Management System. Applications sent via Email are not eligible.

In order to be considered, applicants must complete the following 3 steps:

1. Registration through the online PFAN Climate-Invest Management System
2. Completion of the online Application Form in the PFAN Climate-Invest Management System
3. Submission of a Project Proposal and supporting documents through the online PFAN Climate-Invest Management System.

These 3 steps are described in more detail in the following sections.

Online Registration

To initiate the submission process, applicants are required to access the Climate-Invest registration page as linked below, fill out

necessary information and activate their user account. User accounts must be authorized by PFAN before applications can be submitted and this can take up to 2 working days (but is usually quicker). Once registration is confirmed users can submit applications. This user account remains active and can be used for future calls.

Registration: https://climate-invest.fluxx.io/apply/pfan_registration

Online Application

The online application form provides important summary details about your project, which is used to confirm eligibility, for an initial evaluation of the project as well as for collecting useful indicator data on the project's impact. **Please note that the data on impact are not assessment criteria and do not affect your project's chance of selection.** The data are however important for PFAN's own reporting and monitoring. Accordingly, the form should be filled in as carefully and accurately as possible; please do not inflate figures as lack of internal consistency may only serve to undermine your project's credibility.

Many of the fields are compulsory and blank returns are not accepted by the system. Please provide estimates where hard data is not available. There will be opportunity to update and corroborate these data during the programme.

The application form can be saved and updated / modified until it is ready for submission. Applicants can continue to create applications in the system and submit at any time up to the deadline. However, an application can only be submitted after the registration has been accepted by PFAN – this can take up to two working days (see above).

To avoid pressure on the system and connection bandwidth, we advise applicants to not leave submission until the last minute.

Project Proposal

The Project Proposal is a free form text introduction and description of the project and the financing request, which is uploaded to the Climate-Invest Management System. The Proposal should provide enough detail to form a clear idea of the project rationale, project structure and management, investment ask and returns, risks as well as the climate benefits and any developmental, social and gender impacts. This is the most important document of the application and will be the basis of the evaluation, assuming the project is eligible.

PFAN Project Proposal Guidelines for preparation of the initial project proposal can be downloaded from the following:

http://pfan.net/resource_document/checklist-for-preparation-of-project-proposals-business-plans/

Applicants are advised to pay careful attention to the evaluation criteria outlined in Section 3 below.

Please note the Project Proposal document to be uploaded should be in **MS Word format**, and should not exceed 20 pages including the cover page, contents, charts, and tables. **Shorter documents are preferable to longer ones.** Page setup, spacing, font size and typeface are at your discretion but the document should be reader friendly.

A **maximum of 3 annexes** may be used to provide additional information, provided that these do not exceed a further 10 pages of information or the combined data volume limit. One of these

annexes should be a cash flow model to be provided in MS Excel Format.

The total data volume of all files submitted to PFAN should not exceed 20 MB. PFAN reserves the right to not evaluate any proposals which exceed the data limit or the page limit.

The submission of applications can be made at any time via <https://climate-invest.fluxx.io/>

Information from the proposal document must be in line with the application form.

Participants selected to advance into the next round will be notified in due course depending on the evaluation cycle, ranging from 3 to 6 months. Immediately following this notification, organizers will work with the selected participants to arrange the agreed coaching support for the next stage of the Initiative.

PFAN will maintain this request for proposals open for submission of projects throughout the year but we encourage applicants to submit their proposals at the earliest time possible to increase the chance to be showcased in the next Financing Forum.

For additional questions regarding registration and applications, please approach application@pfan.net.

Disclaimer: PFAN is using Climate-Invest, a grant management portal to manage the PFAN project pipeline. However, PFAN does not provide any form of grant and offers technical assistance only.

4 Evaluation Criteria

Evaluation of Project Proposals

All project applications will be screened against a set of criteria that are designed to estimate the quality and commercial / economic maturity of the business proposal, as well as its environmental and social impact. The strongest contenders will be inducted to PFAN's development pipeline for receiving PFAN support and advice to further refine, structure, and design their business plans and investment proposals and facilitate investment (see sections 5 & 6 below). The initial assessment evaluates proposals based on their overall potential and likelihood of successfully raising finance, while factors related to readiness play a lesser role at this stage. Particular attention will be paid to identifying proposals that exhibit strong management teams, technical feasibility, and a proven business model.

Project Proposal evaluators adhere to the following evaluation criteria and weighting while reviewing each proposal submitted.

Table 1: Evaluation Criteria for Project Submission (full details in Annex 2)

No.	Assessment Criteria	Weighting
1	Value Proposition & Business Model	15%
2	Market Understanding and Analysis	15%
3	Management Team	20%
4	Operations & Implementation Plan	10%
5	Financials	10%
6	Risk Mitigation	10%
7	Gender Benefits, Environmental & Social Benefits	10%
8	Professionalism and Presentation of the Proposal	5%
9	Maturity	5%

	Total	100%
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The evaluation's primary focus is the business model and team's ability to deliver. It is important to note that indicators / baseline data for impact gathered in the application form are used as a reference throughout the coaching cycle to track over time; it is strongly discouraged to inflate numbers as evaluators do not weigh evaluation outcomes based on these numbers alone and lack of internal consistency may only serve to undermine your project's credibility. The detailed evaluation criteria under each section above are highlighted in more detail in Annex 2 below.

5 Project Selection & Streaming – Coaching & Investment Facilitation

Upon evaluation, qualified selected projects will be organised into 4 different streams, according to their perceived maturity and their requirement for support and development:

Stream	Characteristics	Indicative Evaluation Range
Investment Facilitation Stream	Projects with a clear and viable investment structure, which are well developed and documented and mature enough to be introduced to investors almost immediately with only minimal further development and refinement required.	> 75-80
Financing Forum Stream	Projects which are well prepared and structured, but which require further refinement of the investment structure, business model and project documentation, but which have the potential to mature within a 9 – 15 month time frame for showcasing at an upcoming Financing Forum.	55 – 80
Pipeline Stream	Projects which have a strong underlying business model, but which require more comprehensive work on the investment structure and preparation of project documentation and which may take 1 – 2 years of further development work.	45 – 60
Long Term Development Project Stream	Projects at an early stage of development, which have strong project rationales and promising business models, but which require longer term development over more than 2 years.	40 – 55
Not Qualified	Generally, projects which score below 40 - 45 on the PFAN evaluation scale will not be qualified for receiving PFAN support.	< 40

All qualified selected projects will be inducted into the PFAN Development Pipeline and have a coach assigned to them to provide coaching and mentorship on project development and preparation and investment facilitation, according to their specific needs and requirements. They will receive the following PFAN services:

- One-on-one coaching up to an agreed time / monetary value as negotiated between the PFAN Management Unit and the nominated coaches.
- In all cases and all PFAN project streams the overriding objective of the Coaching is to develop and refine an investor ready business plan and related supporting documentation.
- Coaching will be provided by industry experts, consultants, advisors, as well as other members of the PFAN Network. The nominated coaches have extensive experience in providing advisory services to clean energy businesses across the globe.
- Coaching input will be provided by e-mail, telephone exchange between the parties and also in some instances through face to face meetings and attendance at project development and financing workshops.
- This support will be provided at no cost to the project teams.

Coaching Process for Pipeline & Long-Term Development Projects

Participants inducted to PFAN Pipeline & Long Term Development Projects Coaching streams will receive one-on-one coaching support from the assigned PFAN Coaches in preparing an investor ready business plan. The Scope of Work for the PFAN support will be discussed and agreed among the project team, the assigned coach, and PFAN Management Unit to meet project development requirements in each case. The length of the Pipeline Coaching process will vary depending on the type and maturity of the project, but typically it takes between twelve (12) to twenty four (24) months before a project becomes ready for introduction to potential investors. Long term development projects may require longer.

The PFAN coaching process is dynamic and Coaches may propose for projects to graduate to the Investment Facilitation Stream or the Financing Forum Stream as appropriate and as and when they mature. When a project is considered mature enough to be presented to investors, PFAN will provide investment facilitation services as elaborated below or such projects may be brought into future regional Financing Forum streams for showcasing to investors as also described below.

Regardless to which stream a project is initially assigned, the coaching service is structured to meet project development requirements and all projects will get a chance for investment facilitation when the time is right.

Coaching Process for Financing Forum Projects

Projects selected for the Financing Forum Stream will undergo an intensive programme of coaching and preparation for showcasing

to investors at one of PFAN's regular regional Financing Fora which are organised on a cyclical basis (see section 6). The coaching programme is time constrained and competitive, usually concentrated into a 9 – 12 month period and culminating in a Business Plan Competition at the Financing Forum.

Projects selected for the Financing Forum Stream are also assigned a dedicated personal PFAN Coach and receive similar support to the pipeline projects as well as the following additional services and support:

- Participation in a dedicated Project Development & Financing Workshop to kick-off the coaching work and provide important project development and investment guidance in a peer-group environment
- Participation in a dedicated Preparatory Workshop to prepare the final Investment Pitch
- Showcasing to investors at the Financing Forum through presentation of the Investment Pitch and through poster sessions
- Participation in a business plan competition to award the PFAN Climate & Clean Energy Financing Awards determined by an independent panel of investors and experts.
- High performing projects with potential for investment will be proposed for graduation to the Investment Facilitation Stream and / or participation in other investment facilitation events of PFAN and its partners.

Investment Facilitation

Projects evaluated as “investor-ready”, either at the initial evaluation or graduating from the Pipeline, may be included in the Investment Facilitation Stream. Selected projects will be assigned to a member of PFAN’s Investment Facilitation Team which consists of specialised investment experts to guide and support the investment facilitation process. Projects graduating from the Pipeline or from the Financing Forum Streams will continue to enjoy the support of their coaches. The Investment Facilitation Team will be available to:

- Provide expert investment facilitation and transaction structuring support to the Coach and / or the project;
- Identify additional potential investors from the PFAN global network and from the investment Facilitation Team’s contact database and make targeted investor introductions;
- Work with the project and the Coach to increase the project’s appeal to investors;
- Make targeted introductions to investors from the global network;
- Support investment negotiations between the project, coach and introduced investors;
- Provide support and input to meeting due diligence and conditions precedent.
- Identify and prepare projects for inclusion in project portfolios for capital market investment.

6 Financing Fora

Financing Fora are PFAN's flagship events for showcasing mature investor ready projects to investors and financiers. Financing Fora are organised on a regional basis; within the framework of the Project Development and Financing Initiative for Sub-Saharan Africa the following fora are planned:

- in Nairobi for East Africa;
- in Johannesburg for Southern Africa
- in Abidjan for West Africa

It is planned to organise yearly Fora in each of the regions.

Projects are prepared for showcasing at a Financing Forum through participation in the Financing Forum Coaching Stream. Projects are selected through project applications and also from the PFAN development pipeline. The selection process for participation at a Forum is competitive and only the best investor ready projects from each Financing Forum Stream are chosen for showcasing.

Each Financing Forum is run as a competitive business plan competition and the selected projects make investment pitch presentations to selected investors (usually 70 – 100) and are judged by an independent panel of expert judges (investors themselves) for the award of the PFAN Climate and Clean Energy Financing Awards. Winners of the awards as well as other participants have the opportunity to progress to Investment Facilitation. Participation in a Financing Forum is proven to improve the chances of financial closure.



In addition to the regional Financing Fora PFAN runs a global Financing Forum, which is used to showcase the very best PFAN projects from the PFAN pipeline to European and International Investors, Donors, DFIs, PFAN Partners and other Stakeholders. The global Financing Forum is held in Vienna on an annual basis. Projects are selected from the PFAN Pipeline and PFAN's dedicated activity streams.

ANNEX 1 – LIST OF ELIGIBLE PROJECT LOCATIONS

- | Angola
- | Benin
- | Botswana
- | Burkina Faso
- | Burundi
- | Cabo Verde
- | Cameroon
- | Côte D'Ivoire
- | Democratic Republic of the Congo
- | Equatorial Guinea
- | Eritrea
- | Ethiopia
- | The Gambia
- | Ghana
- | Guinea
- | Guinea Bissau
- | Kenya
- | Lesotho
- | Liberia
- | Malawi
- | Mali
- | Mozambique
- | Namibia
- | Niger
- | Nigeria
- | Rwanda
- | Senegal
- | Sierra Leone
- | Somalia
- | South Africa
- | South Sudan
- | Sudan
- | Swaziland
- | Tanzania
- | Togo
- | Uganda
- | Zambia
- | Zimbabwe

ANNEX 2 – EVALUATION CRITERIA

Evaluation Criteria for Project Submission

No.	Assessment Criteria	Weighting
1	<p>Value Proposition & Business Model:</p> <ul style="list-style-type: none"> ● Is the underlying project / business rationale clearly stated? ● Is the investment proposition clearly stated? ● Is the project / business commercially feasible & profitable? ● Is the business / project / business model clearly described? ● Is the proposition attractive to investors? ● Is the business model scalable? To what extent? ● Is the competitive advantage clear? ● Is this a new or expanding business venture in clean energy and related technologies, including downstream projects (focused on deployment of existing technologies) and upstream projects (focused on development and commercialization of new clean technology); ● Is this a merger, acquisition or joint venture, which will add value to an existing / current clean energy / technology business? ● Does the value proposition benefit or consider the needs of women and girls? 	15%
2	<p>Market Understanding and Analysis:</p> <ul style="list-style-type: none"> ● Identification of core customers; consideration of consumer needs ● Identification of competitors and potential substitutes; ● Analysis and knowledge of the market size, trends, barriers and prospects; 	15%

	<ul style="list-style-type: none"> ● Description of the project's competitive strategy, strengths and weaknesses. 	
3	<p>Management Team:</p> <ul style="list-style-type: none"> ● Experience and track record of the team with other operations or track record of other projects longevity and maturity (financing base, procurement policy or other substantive aspects); ● Delivery capability of management team relevant to the project: experience and track record for this type of project; management structure; skills balance and quality; ● Partnerships quality (incl. quality, relevance, sustainability, local context) ● Awareness of skills gaps and plans to fill them; training and personnel development. 	20%
4	<p>Operations & Implementation Plan:</p> <ul style="list-style-type: none"> ● Compelling and credible plan for implementation; ● Level to which operating procedures are standardized and formalized (Standard Operating Procedures (SOPs)); ● Analysis of key implementation milestones and approach; ● Analysis of the activities necessary to transform the inputs / activities into the final project / product / service; ● Credibility of monitoring and reporting systems, methodologies and indicators. 	10%

5	<p>Financials:</p> <ul style="list-style-type: none"> ● Overview of capital expenditures, revenues and cost structure; ● Explanation of assumptions; ● Proposed financing structure clear; ● Financing structure: does the proposal demonstrate project is commercially and technically viable with zero or minimal grant funding required? ● Does the company have appropriate amount of own equity contribution as well as over and above the amount of funding requested from the PFAN process? ● Financial projections and sensitivity analysis; ● Defined exit opportunities for investors; ● Do the financials mirror the verbal projections of the plan? ● Funding requirements, potential sources of funds and attractiveness of such an investment to those funds; ● Appropriateness of funding request and planned use of funds (is it enough to achieve roll out plan as outlined, does the investment ask meet or exceed 1 million USD / 500K for adaptation projects?); ● The evaluator does not see any red flags concerning fraud or corruption in the business plan, financial structure or cash flow information submitted in the proposal. 	10%
6	<p>Risk Mitigation:</p> <ul style="list-style-type: none"> ● Are the principal risks and appropriate mitigation strategies identified? ● Environmental and social risks identified and mitigation plans in place to monitor to ensure 	10%

	<p>proposed solution does not have any irreversible negative environmental or social risks.</p>	
<p>7</p>	<p>Environmental & Social Benefits:</p> <ul style="list-style-type: none"> ● Potential for reduction in Greenhouse Gas (GHG) emissions and for other accruing environmental, health, education and job creation benefits; ● The proposed solution is likely to have minimal or no adverse social and/or environmental impacts; or sufficient environmental and social review has already been conducted and environmental and social management recommendations have been incorporated into the project (for example, in cases where national systems for environmental and social safeguards have been applied); ● Project potential to increase access to energy via new modern clean energy for remote communities including rural electrification, off-grid and mini-grid projects, thermal energy and clean cooking solutions; ● Potential of proposed solution to reduce individuals vulnerability to climate change; ● Beneficiaries: Does the project / business proposal provide solutions to increase women's empowerment and to ensure gender equality? ● Significant benefits to women in economic, social and climate terms outlined in the proposal; ● Energy Access: Does the project / business contribute to providing women and girls with increased access to sustainable modern energy services and opportunities for improved livelihoods? ● Other environmental & social benefits (job creation, health etc.). ● Quality of Gender Impact Assessment (GIA) <p>- Appropriateness of remedial measures</p>	<p>10%</p>

	<ul style="list-style-type: none"> ● Quality of Environmental Impact Assessment (EIA) ● Appropriateness of remedial measures 	
8	<p>Professionalism and Presentation of the Proposal:</p> <ul style="list-style-type: none"> ● Compelling logic backed by hard (referenced and reliable) data; ● Internal data consistency; ● Consistent and high quality organisation of data, concise text, and ease of comprehension. 	5%
9	<p>Maturity</p> <ul style="list-style-type: none"> ● How mature is the project/business? ● How soon can it be implemented? ● How close is it to investor ready? 	5%
	Total	100%