

# Distributed Renewable Energy Call for Applications

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April 14, 2021

## U.S. International Development Finance Corporation Distributed Renewable Energy Call for Applications

U.S. International Development Finance Corporation (“DFC”) is launching a Call for Applications (the “Call”) from private sector entities seeking support for distributed renewable energy (DRE)-related investments in DFC-eligible emerging market countries via equity financing, debt financing, political risk insurance, feasibility studies, technical assistance, and related DFC products.

Climate change and lack of reliable energy access both impact economic growth and livelihoods in developing countries around the world, and investments in DRE offer an opportunity to address both pressing problems. The Call is one of the new climate and climate-focused investment initiatives the agency is pursuing to help developing countries reduce emissions, increase renewable energy usage, protect ecosystems, and enhance resilience. This Call also seeks to advance DFC’s recently announced collaborations with the Rockefeller Foundation and the Shell Foundation to de-risk DFC investments in DRE projects.

DFC’s focus in the renewable energy sector is to help **vulnerable populations, particularly those in low-income and middle-income countries, to attain a prosperous future** by developing **robust, sustainable renewable energy and electricity access systems led by private investors**. DFC seeks to finance economically sustainable DRE projects, including but not limited to micro and mini-grids, solar home systems, and distributed power generation. DFC is particularly interested in supporting investments that will advance its [Roadmap for Impact](#) goal of bringing electricity to at least 10 million people by 2025. DFC is participating in Rockefeller’s [Green & Equitable Recovery Call to Action](#), which aims “to promote the development of DRE infrastructure projects that quickly, sustainably and cost-effectively end energy poverty, while at the same time supporting an equitable global recovery that prioritizes economic growth, human development and environmental sustainability.” In addition, DFC is a key agency responsible for advancing Power Africa, the U.S. Government-led effort to double access to electricity in sub-Saharan Africa.

Other participants in the Rockefeller *Call to Action* include the U.S. Government’s Power Africa initiative, the U.S. Agency for International Development, CDC Investment Works, Gridworks, the International Energy Agency, the International Renewable Energy Agency, the Global Off-Grid Lighting Association, African Mini-Grids Development Association, the European Investment Bank, Power for All, the U.N. Development Program, U.N. Sustainable Energy for All, the International Solar Alliance, and the African Development Bank. In addition, DFC is working closely with other parties, including other development finance institutions and multilateral finance institutions, as well as the Shell Foundation, to advance the goals of this Call. Each of these entities and the other participants in the Call to Action offers a potential opportunity to help advance transactions financed under this Call (e.g., technical assistance from Power Africa, policy advocacy from SE4All, etc.).

DFC is the U.S. Government’s development bank and partners with the private sector to support solutions to the most critical challenges facing the developing world today. DFC investments adhere to high standards and respect the environment, human rights, and worker rights. For additional information about DFC, please see [www.dfc.gov](http://www.dfc.gov).

Key Dates	
Call Issued Deadline for Questions Virtual Question and Answer Session Applications Due	April 14, 2021 May 7, 2021 May 19, 2021 June 18, 2021 <sup>1</sup>  Late Applications will not be considered.
Geographic Focus	Investment Types
All DFC-eligible countries, with a special focus on low Income and lower-middle income (as defined by the World Bank). <sup>2</sup>	<ul style="list-style-type: none"> <li>• Equity financing</li> <li>• Debt financing</li> <li>• Political risk insurance (PRI)</li> <li>• Feasibility studies &amp; technical assistance (Note: DFC does not offer stand-alone technical assistance or feasibility study grant funding. Any application for technical assistance or feasibility study support must be for a project that may receive, or has received DFC financing, PRI or equity.)</li> </ul>

## PURPOSE OF THE CALL

DFC seeks to commit up to \$100 million in approximately 3-10 projects in direct U.S. Government financing or other investment support for DRE-related investments in DFC-eligible countries within one year of launching this Call. Investments can be used for business expansion, working capital, and growth capital. Selections will be conducted through a competitive process. DFC has sole discretion in making selections, including policy priorities, market needs, and the ongoing construction of a balanced and diversified portfolio. After the first year, DFC will evaluate its DRE portfolio and determine whether to set subsequent incremental targets for investment support to the sector to achieve the goals set in DFC’s *Roadmap for Impact*.

## INVESTMENT QUALIFICATIONS & CHARACTERISTICS

- Applicants should be seeking DFC support for private sector-led investments that support the DRE sector, including, but not limited to:
  - Mini-grid or micro-grid deployment
  - Grid-connected local generation and storage
  - Renewable power solutions for commercial and industrial use
  - Battery storage and productive use (e.g., battery swapping platforms)
  - Solar home systems
  - Private electricity distribution networks that are powered primarily by renewable energy
  - Power distribution companies (or subsidiaries of power distribution companies) that focus on rural, or last-mile electricity access
  - Debt funds with DRE-focused downstream borrowers

<sup>1</sup> DFC reserves the right to extend the application deadline.

<sup>2</sup> Visit [Where We Work](#) for a full list of DFC-eligible countries.

- Priority will be given to those projects that provide individuals, businesses, or public institutions with the highest levels of electricity access, as defined by the World Bank's [Matrix for Measuring Access to Levels of Electricity](#).
- Priority will be given to projects that provide energy solutions related to the COVID response, such as those projects that will provide needed electricity to healthcare facilities.
- DFC welcomes opportunities to provide financing to locally owned and operated companies.
- Additional consideration will be given to proposed investments that support DFC's development strategy *Roadmap for Impact*, which prioritizes investment in projects in the infrastructure and technology, healthcare, water & sanitation, financial inclusion, and energy sectors. In addition, DFC will look to prioritize projects that advance other USG government priorities, including to enhance two-way trade and investment between the U.S. and Africa as envisioned by the U.S. Government's Prosper Africa initiative; investments that support women through the DFC's *2X Women's Initiative*; investments that support underserved<sup>3</sup> and disadvantaged<sup>4</sup> populations; and investments that complement other U.S. Government global renewable energy programs such as Power Africa.
- Proposed opportunities and target countries should be described in the applicant's submission.
- The investment thesis should reflect the management team's prior experience and track record of impact and financial performance.
- DFC is targeting individual investments of at least \$3 million.
- Applicants must be privately owned and managed entities.
- DFC does not offer stand-alone technical assistance or feasibility study grant funding. Any application for technical assistance or feasibility study support must be for a project that may receive, or has received, DFC financing, equity investment or insurance.

## SELECTION CRITERIA

1. Companies must submit a complete application by the application deadline and the business plan must include the content outlined in the attached "Overview of a DRE Business Plan" document. DFC will evaluate credibility and thoughtfulness of the application and consistency and clarity of the investment thesis and proposed strategies.
2. Eligible companies must: 1) have an experienced, credible and cohesive management team with a demonstrated track record developing, raising financing for, and successfully deploying and operating comparable DRE projects, 2) demonstrate they are profitable or are approaching profitability, and 3) provide at least two years of audited financial statements.
3. Companies must show a compelling business plan that addresses a market opportunity and logistics delivery capacity needed to offer renewable energy solutions.
4. The management team must have experience servicing debt obligations or acting as a fiduciary in managing institutional capital, and meeting reporting requirements.
5. The company must demonstrate the ability to raise equity and, as applicable, to mobilize additional capital within a reasonable time.

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<sup>3</sup> The term "underserved" refers to populations sharing a particular characteristic, as well as geographic communities that have been systematically denied a full opportunity to participate in aspects of economic, social, and civil life, as exemplified in Section 6 of [The Executive Order on Establishment of the White House Gender Policy Council](#).

<sup>4</sup> The disadvantaged or vulnerable status may stem from an individual's or group's race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. Factors such as gender, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources should also be considered. [IFC Performance Standard 1, FN 18](#).

6. The application must demonstrate how the proposed investments may have a sustainable, positive developmental impact on the host country/countries in support of country priorities in areas including, but not limited to electricity access, job creation, infrastructure improvements, social policies, gender lens investing, and corporate social responsibility initiatives, as well as innovation, technology and knowledge transfer.
7. The project must comply with DFC's policies related to environmental and social sustainability as well as respect for human and workers' rights. For further details on DFC policies, please visit [DFC Policies](#).<sup>5,6</sup>
8. The project must be able to specify and meet pertinent metrics, articulate how and why it will produce specific outcomes, and evaluate performance.
9. DFC prefers, but does not require, a "U.S. Connection," which means that the project company must either (i) be a U.S. entity that is at least 25% U.S.-owned or a foreign entity that is majority U.S.-owned, OR (ii) raise investment capital from U.S. investors that is equal to or greater than 25% of the DFC loan or other support.

## SELECTION PROCESS

### Non-Qualifying Applications

Each application will be reviewed utilizing DFC internal policies and procedures, will require appropriate application materials as specified on the DFC website for each product, and against the criteria of the Call. Due to the expected volume of applications, DFC will only contact entities selected for further review. The selection process is very competitive, and DFC may receive applications from many highly qualified applicants. Regrettably, DFC may not have the capability to support all the worthy investment opportunities that apply.

### Selection of Finalists

Each application will be assigned to the relevant business line (loan, equity investment, political risk insurance, feasibility study or technical assistance) and screened to determine which applicants will be selected for further consideration. DFC may elect to share applications under the Call for Applications with other entities, including charitable foundations, non-government organizations and other U.S. government agencies, for evaluation of potential support and for informational purposes. By submitting an application to DFC, applicants consent to such information sharing. A DFC project team will be assigned for those selected for further consideration. The project team may conduct on-site due diligence of finalists. DFC may select candidates for further due diligence based solely on their written applications.

### Recommendations & Approvals

Upon the completion of due diligence, the project team will make its recommendation for selecting one or more investments for consideration for approval which may involve DFC's Investment Committee and Board of Directors, as appropriate. DFC reserves the right to recommend any applications or none of them.

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<sup>5</sup> DFC Policies incorporate the International Finance Corporation [Performance Standards](#).

<sup>6</sup> DFC investment support may not be used for activities relating to research, advocacy, or performance of, involuntary sterilization or abortion as a means of family planning.

## SUBMITTING AN APPLICATION

### 1. Set up an account in the DFC Forms system

The DFC Forms system is the on-line platform where all potential clients complete application and associated forms for all of DFC's product lines. If you do not already have an account in this system, please follow the instructions in this [User Guide](#) and set up an account as soon as possible if you intend to submit an application.

### 2. Submit your application online

Once you have set up an account in the DFC Forms system, log in and select the application/registration form for the appropriate product:

- Form 001A for Debt Finance. Please select “Nadia Rhazi” as the origination officer.
- Form 001B for Direct Equity Investment. Please select “John Sachs” as the origination officer.
- Form 002 for Political Risk Insurance. Please select “Jonah Gold” as the origination officer.
- Feasibility study or technical assistance: DFC only provides feasibility study or technical assistance funding for projects that are strong candidates for DFC debt finance, direct equity, and/or political risk insurance. Therefore, if you submit a request for a feasibility study or technical assistance, you should also provide detailed information concerning the DFC debt finance, direct equity, and/or political risk insurance that you anticipate seeking. Requests for feasibility study or technical assistance funding may be submitted to [technicaldevelopment@dfc.gov](mailto:technicaldevelopment@dfc.gov). In addition, in your Form 001A, 001B or 002 submission, please also clearly describe any feasibility study or technical assistance request in the “Describe the Transaction” section of that form.

### **In your description of the transaction, please include that you are responding to this Distributed Renewable Energy Call for Applications.**

You may complete application forms for more than one DFC product and for more than one project within the same account. Each form will guide you through a series of questions and will let you know if you have not answered a question that DFC deems mandatory (i.e. the system will not let you submit the form until all mandatory questions are complete). Some questions ask for you to attach specific supporting documentation, but you may attach additional documentation at any time by clicking the “Supporting Documentation” link at the bottom of any page in any form. Once you click “Submit” on the last page of any form, your application will be sent to DFC and will no longer be available for editing and you will not be able to submit any more documents without DFC assistance. **Please ensure that your application is complete before you click “Submit.”**

DFC reserves the right not to consider any application submitted after the deadline or to extend the deadline at its discretion. Additionally, responding to this Call is not the only way that DFC may support transactions in this sector.

## VIRTUAL QUESTION & ANSWER SESSION

DFC will host a virtual question and answer session on May 19, 2021. All the questions for the virtual session must be submitted in writing prior to May 7, 2021. The dial-in information for the virtual session will be posted on the DFC website at [www.dfc.gov/climate](http://www.dfc.gov/climate).

Please submit your questions to DFC at [EnergyAccess@dfc.gov](mailto:EnergyAccess@dfc.gov).

## **OTHER**

- To obtain a description of DFC investment products, please visit [DFC's Investment Products website](#).
- DFC will not be liable for any costs incurred in connection with the submission of an application.
- DFC reserves the right not to select any of the applications or to suggest that applications be supplemented or combined with other applications without reinitiating the selection process. The issuance of the Call does not obligate DFC to provide support to any application or any selected project.
- Companies submitting applications for off-grid projects based in sub-Saharan Africa may be eligible to receive feedback on their applications or additional guidance from the U.S. Agency for International Development's Power Africa Beyond the Grid team. Once a determination has been made regarding which applications meet DFC eligibility requirements, select applicants will be notified about this opportunity for additional support.

## **ATTACHMENT**

[Overview of a DRE Business Plan](#)