



## **Request for Applications – Fuel-efficient cookstove distribution in Kenya**

### **Overview of Funding Opportunity**

The United States Agency for International Development (“USAID”) and Winrock International (“Winrock”) are soliciting applications for a 24-month grant award or awards to strengthen the private sector commercial distribution of fuel-efficient biomass cookstoves in Kenya. Winrock anticipates awarding one or more grants, individually ranging in size from \$250,000 (minimum) to \$750,000 (maximum). Additional performance-based funds may later become available based on early implementation results. Applicants should not include this potential performance-based funding (or activities reliant upon such funds) in their proposals.

This Request for Applications (RFA) encourages non-traditional entrants into the sector<sup>1</sup> in order to increase collaboration and partnerships between cookstove designers/enterprises and entities with expertise in retail, distribution, logistics, and financing. Winrock encourages applicants to propose innovative solutions and partnerships to overcome distribution and financing bottlenecks in the cookstove arena.

This RFA is open to all groups that meet the eligibility requirements set forth in section 3 Applicant Eligibility below. Organizations interested in this funding opportunity should submit to Winrock an application by **Friday, April 26, 2013, 5pm Eastern Daylight Time (EDT)** following the guidelines set forth in section 5 Submission Instructions below. Only applicants that meet the eligibility criteria and follow the submission instructions will be reviewed. If you seek clarification on the information included in this document, please send questions to Katie Gross [kgross@winrock.org](mailto:kgross@winrock.org) and copy Elisa Derby [ederby@winrock.org](mailto:ederby@winrock.org) before **April 3, 2013, 5pm Eastern Daylight Time (EDT)** with the subject line “*Questions on Kenya Cookstoves Competition.*” Winrock will not provide individual responses, but all submitted questions will be compiled and responded to publicly. For that reason, do not include any proprietary or confidential information in your questions about this solicitation.

This RFA does not constitute an award commitment on the part of Winrock or USAID. Winrock will not pay for costs incurred in the preparation and submission of applications and does not authorize pre-award costs to be included with the grant. Winrock reserves the right to issue no award, and/or request clarification or modification of individual applications submitted prior to issuing an award.

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<sup>1</sup> Including, but not limited to distributors of synergistic products (solar product distributors, agricultural or commodity product distributors), other businesses (such as cell phone service providers, retail stores, companies with existing networks of potential cookstove consumers etc.

# 1. Background

Worldwide, nearly three billion people depend on biomass fuels (i.e. wood, dung, crop residues) to meet cooking needs and to heat their homes. The use of these fuels in open fires and/or the use of traditional stoves results in high levels of indoor air pollution; inefficient fuel consumption; negative local and global environmental impacts - including global warming; and loss of productive opportunities – primarily for women and girls who are largely responsible for collecting biomass fuel inputs and for tending stoves.

The use of clean cookstoves and fuels can dramatically reduce fuel consumption and emissions from household cooking. Development of a clean cookstove industry that is constantly innovating to improve design and performance while lowering the cost of stoves that are desirable to consumers can lead the way to widespread adoption of clean cooking solutions - with attendant benefits realized by end-users and society.

This solicitation supports USAID’s goals for climate change mitigation and economic development, as well as the Global Alliance for Clean Cookstoves’ (the “Alliance”) goal of 100 million homes adopting clean and efficient cookstoves and fuels by 2020. USAID is a founding partner of the Alliance, and is working with the Alliance, and other USG agencies and partners to help meet this target. Kenya has been identified as an Alliance target market for Phase I (2012-2014) interventions and for long-term engagement.

Biomass accounts for an estimated 90% of Kenya’s household energy needs. Based on a market assessment conducted by Winrock, E+Co and Practical Action Consulting East Africa in September 2011, Kenya represents a model market for piloting new approaches in the cookstove sector. Kenya has a long history – over 30 years – of improved stove production efforts. Increasing commercialization of firewood and the availability of carbon financing have led to enhanced efforts in Kenya to promote fuel-efficient biomass stoves. In spite of this progress, the majority of Kenyans still do not have access to modern cookstove technology. Two key barriers identified by the Winrock assessment<sup>2</sup>, and echoed in Alliance<sup>3</sup> and World Bank assessments<sup>4</sup>, are (i) Limited distribution channels for improved cookstoves; and (ii) Lack of access to financing among cookstove enterprises and cookstove end-users. This solicitation is designed to help address these barriers.

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<sup>2</sup> [http://www.relwa.org/assessment\\_improved\\_cookstoves\\_market\\_kenya](http://www.relwa.org/assessment_improved_cookstoves_market_kenya)

<sup>3</sup> <http://www.cleancookstoves.org/resources/reports-and-research/?year=&language=&country=KE>

<sup>4</sup> See “State of the Clean Cooking Energy Sector in Sub-Saharan Africa” at [http://siteresources.worldbank.org/EXTAFRREGTOPENERGY/Resources/717305-1355261747480/ACCES\\_State\\_of\\_the\\_Clean\\_Cooking\\_Energy\\_Sector\\_in\\_SubSaharanAfrica\\_Report\\_DRAFT\\_Dalberg.pdf](http://siteresources.worldbank.org/EXTAFRREGTOPENERGY/Resources/717305-1355261747480/ACCES_State_of_the_Clean_Cooking_Energy_Sector_in_SubSaharanAfrica_Report_DRAFT_Dalberg.pdf); and the “ACCES Stakeholder Consultation Report” at [http://siteresources.worldbank.org/EXTAFRREGTOPENERGY/Resources/717305-1355261747480/WorldBank\\_ACCI\\_StakeholderConsultationReport\\_withDisclaimer.pdf](http://siteresources.worldbank.org/EXTAFRREGTOPENERGY/Resources/717305-1355261747480/WorldBank_ACCI_StakeholderConsultationReport_withDisclaimer.pdf)

## **2. Program Description**

### **2.1 Goal of the Program**

The primary goals of this program are to encourage economic growth and reduce levels of climate-warming pollutants emitted during household cooking. Successful applicants therefore will need to be able to track and document greenhouse gas (GHG) emissions throughout the life of the project, as well as make projections about emission levels into the future. Social benefits associated with the development and use of fuel-efficient stoves are also of interest to Winrock and USAID, and may also be addressed in individual proposals.

### **2.2 Specific Objectives**

Winrock and USAID seek to develop a thriving, sustainable cookstove market featuring commercially oriented, private-sector enterprises. While public-sector institutions, non-profit, and social impact organizations may have key roles to play, competitive businesses with knowledge of and a stake in the market are key to achieving scale and sustainability. Recent market assessments in Kenya have identified significant challenges to widespread uptake and adoption of clean cookstoves – many of these challenges are associated with “last mile”<sup>5</sup> distribution within the sector. Such obstacles include the small size and limited operational history of most enterprises involved in the cookstove supply chain - which limits their ability to access finance to grow their businesses. Moreover, the amount and type of financing typically required by such firms often falls in the “no man’s land” between microfinance institutions and commercial banks. Winrock and USAID seek proposals that focus on strengthening the distribution and retail segments of the cookstove supply chain, both at the business-to-business level as well as at the business-to-end-user consumer level, by:

- Expanding consumer access to fuel-efficient cookstoves;
- Increasing the availability of enterprise finance and breadth of financial products and services available to the cookstove sector;
- Encouraging new private sector entrants to the cookstove sector through increased collaboration with non-traditional partners (see section 2.5.1 Development of Innovative Partnerships below);
- Enhancing entrepreneurship capacity, especially for cookstove distributors and retailers; and
- Increasing opportunities for women to participate in cookstove sales and distribution.

Within their proposals, applicants should clearly articulate in what manner their planned interventions will support one or more of these objectives, while concurrently contributing to a reduction in GHG emissions from household cookstove use. See section 4 Evaluation Criteria.

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<sup>5</sup> The last mile is defined as the last transaction in a business-to-consumer delivery service at a point when a product is delivered to the final recipient.

## 2.3 Anticipated Outcomes

Anticipated program outcomes include, but are not limited to, the following:

- Measurable reductions in GHG emissions;
- Significant new private sector investment mobilized for cookstove distributors and retailers;
- Increased access to enterprise finance for cookstove distributors and retailers;
- Strengthened business development and financial management capacity of cookstove-related enterprises;
- Increased consumer access to fuel-efficient cookstoves through expansion of distribution and retail networks;
- Increased number of fuel-efficient cookstoves sold and used;
- Improved affordability of cookstoves through innovative consumer/distributor payment options and financing mechanisms; and
- Increased productive opportunities for women.

Successful applicants will be expected to measure progress against these types of outcomes as part of a robust monitoring system established for this grant. Outcome indicators should be disaggregated by gender where applicable. Please see section 2.7 Monitoring, Documentation and Sharing of Results, for more information on monitoring requirements.

## 2.4 Eligible Cookstove Technologies

Within the context of this document a “fuel-efficient cookstove” is one that meets or exceeds the definition of a “Tier 2” cookstove, as defined by the interim ISO International Workshop Agreement Tiers of Performance (>25% thermal efficiency at high power and <.039 MJ/min/L specific consumption at low power).<sup>6</sup> The interim ISO International Workshop Agreement tiers of performance will be used for cookstoves distributed through this program until a Kenya-specific standard for biomass cookstoves is finalized - at which time the performance criteria may be modified. Applicants should be prepared to provide lab and field test results for the cookstoves they are promoting. See Applicant Eligibility section 3 below for more information.

In addition to meeting these lab-based efficiency ratings, fuel-efficient cookstoves promoted and distributed through this program must be:

- **Biomass-fueled** (i.e., firewood, charcoal, biomass-based briquettes, etc.). If the proposed distribution system for biomass cookstoves can also easily accommodate secondary cooking technologies or improved biomass fuels (e.g., char-briquettes) without additional infrastructure or logistical modifications - and there is a proven demand for those products in the target areas - they may also be addressed in the proposals. However, applicants should focus primarily on fuel-efficient biomass cookstoves for this RFA. Activities supporting ethanol and liquefied petroleum gas (LPG) cookstoves and fuels are not eligible for funding. Additionally, proposals that focus

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<sup>6</sup> <http://www.pciaonline.org/files/ISO-IWA-Cookstoves.pdf>

only on the distribution chains of fuel inputs – but not cookstoves themselves – are not eligible for funding.

- **Field-tested** with proven fuel-use reductions as demonstrated through either field-based, third-party implemented Controlled Cooking Tests (CCT) and/or Kitchen Performance Test (KPT). Applicants should include a summary of field-testing data for the proposed cookstoves as an attachment to their proposal - or attach a plan to collect this data within two months of the grant start-date. See section 5 for Submission Instructions.
- **Consumer-tested.** The proposed cookstove technologies must meet consumer needs and be appropriate for the target market in the geographic regions proposed. Meeting consumer needs includes: cooking needs, financing/affordability needs, as well as after-sales servicing needs. Applicants should provide evidence of consumer acceptance for the cookstove they intend to distribute in their target market/geographical area. Evidence could include (but is not limited to) focus group results, market surveys, previous sales history, etc.

Applicants are encouraged to support channels that enable the dissemination of multiple models of biomass cookstoves, and should have the flexibility to include new models as they come to the market and if shown to respond more optimally to consumers' needs. Applicants must be able to estimate/measure GHG emissions reductions resulting from target consumers adopting the promoted cookstoves. See section 2.7 Monitoring, Documentation and Sharing of Results for more information.

## **2.5 Guiding Principles**

The following are a set of general principles that should be considered during the planning of the proposed program and addressed throughout the application. These will be considered during the evaluation process.

### **2.5.1 Development of Innovative Partnerships**

Although each individual proposal should have only one primary applicant, USAID and Winrock encourage the formation of consortia. The following list illustrates the types of groups that are envisaged to work collaboratively through formal partnerships and/or coordinated efforts under this program:

- Cookstove manufacturers;
- Financial institutions such as microfinance, Savings and Credit Cooperative Organizations “SACCOs,” commercial banks, etc.;
- Existing cookstove distributors as well as distributors of synergistic products (including but not limited to: solar product distributors, agricultural or commodity product distributors, etc.);
- Businesses (such as cell phone service providers, retail stores, companies with existing networks of potential cookstove consumers);
- The social finance sector (impact investors, social enterprises, business incubators); and
- Carbon project developers/investor/financiers.

Collaboration is also encouraged with community-based organizations (CBOs), women's groups and ongoing related government initiatives for achieving the intended program objectives, as well as leveraging their specific strengths and reach for complementary activities that are beyond the direct scope of this solicitation (e.g., general awareness raising, measuring health impacts, etc.).

Groups that plan to partner should designate one primary applicant, and should submit one joint proposal. For each partnering organization, a letter of commitment should be included as part of the additional attachments to the submitted application. Members of consortia may be on multiple applications, however, the primary applicant may not be on more than one application. Please see section 5 below for more information on submission requirements.

## **2.5.2 Cost Share**

Cost share is the applicant's contribution of cash, goods, or services to the project that will complement the grant funding. All applicants will be required to demonstrate an element of cost share in their proposals. The evaluation process will include a feasibility assessment of the proposed cost share contributions. Financial institutions are required to make available additional private funds as capital for cookstove enterprises and/or end users at a minimum ratio of 2:1 (e.g., loan funds to grant amount) as outlined in section 3.2 below.

## **2.5.3 Scalability**

This grant is aimed at growing businesses, growing distribution and achieving an increased scale of operations within the sector. For this reason, we are looking to support applicants that have the potential to achieve sales volume of several thousand units per month within the project period. In order to meet this goal, the products/technology(ies) being promoted must be manufactured and available at a volume that enables such sales. Applicants may propose to distribute a range of fuel-efficient biomass stoves to meet these requirements.

## **2.6 Areas of Technical Interest**

The funding available to be disbursed through this solicitation may finance a range of potential activities supporting the aforementioned goals and objectives. Following are three illustrative groupings of permissible activities. Prospective applicants are not limited to these activities and may suggest additional innovative approaches and solutions for achieving the outcomes stated above.

### **2.6.1 Design and Deployment of Financial Products**

Applicants may propose to develop and offer appropriate financial products catering to cookstove distributors, retail entrepreneurs, and/or their customers. Funding may also be given to manufacturers for the express purpose of bolstering their sales and distribution networks -- but may not be used for investment to expand in manufacturing processes. Grant funding should explicitly be used to expand businesses which are directly involved in the sale of fuel-efficient cookstoves, both within the project period and beyond. Costs incurred in the development of financial products, including market research, product design and marketing, staff training, development of appropriate monitoring and financial management systems, etc. will be eligible to be funded by the grant. Grant funds may be used as

loan/fund capital, but restrictions apply (see below). Financial products must be designed for long-term sustainability and not be dependent on additional grant funding. Applicants should include a plan for sustainability beyond the end of the grant.

The list below provides suggested potential financial products that the applicant may propose, but applicants are not limited to these ideas:

Financial products to be offered by firms that are not primarily financial institutions:

1. In-house financial products to assist vendors/suppliers
  - a. Development of an internal credit capability for vendors to service customers who want to purchase cook-stoves
  - b. Development of other innovative financing schemes for vendors to finance customers such as installment or consignment plans, leasing models etc.
  - c. Development of a revolving loan fund targeted at vendors

Financial products to be offered by financial institution applicants:

1. Financial products to cookstove enterprises
  - a. Design of commercial loan products for distributors and retailers (i.e., supplier credit)
2. Financial products to end-users
  - a. Microfinance loans or savings products designed for cookstoves or bundled with other goods – such as solar lanterns, agricultural inputs, housing products etc.
  - b. Financial products based on innovative savings and/or repayment schemes

The end goal is to develop a financially viable business model for financing stoves, so a thorough analysis of the business model, institutional qualifications, and financial projections will be needed. See section 4 Evaluation Criteria below.

Applicants proposing to create new financial instruments should take into account the following requirements:

1. Interest charged on grant funds used for loan facilities cannot be used to directly generate profit. However, it can be used to offset administrative costs of operating a financial instrument utilizing grant funds. For example, revolving loan funds can charge interest if that interest is returned to the fund and is used to manage the fund and extend new loans.
2. Applicants proposing a revolving loan fund or credit facility (with grant funds used as the capital) must return to Winrock the funds at the end of the 24 month period, or must obtain authorization to use the funds after the grant period ends from Winrock/USAID. Applicants should establish products with short-term repayment terms to have time to recycle repaid loans. Applicants that seek to establish loan products with repayment terms of 12 months or more should demonstrate commitment to inject new external funds if they intend to establish a revolving loan fund.

3. **The requirements in #1 and #2 do not apply to non-USAID funds** (i.e., funds mobilized from other sources for use in developing financial instruments).
4. Grant funding must be tracked and reported separately from any other sources of funds (as stipulated in section 2.7 Monitoring, Documentation and Sharing of Results).

When proposing to develop a specific financial product, the applicant should state the total value of the fund/product they aim to create, average loan size, number of beneficiaries targeted, etc.

Applicants utilizing/seeking to utilize carbon funding in their stoves project are encouraged to apply for funding. Ability to accurately track sales and/or usage data for fuel-efficient cookstoves through carbon financing mechanisms is a plus. However, applicants cannot use the grant to pay for documentation, validation, registration, monitoring or verification for carbon finance projects.

### **2.6.2 Supply Chain Strengthening and Logistics Management**

Activities that provide assistance and support to vendors and suppliers are encouraged and can take various forms. Applicants may propose to use a portion of this grant funding to provide smaller grants to individual cookstove distributors or retailers in their networks to alleviate identified distribution roadblocks (i.e. software for logistics management, setting up stock/inventory management systems, storage, etc.). Please note that funds cannot be used to purchase vehicles. Proposals can also include technologies that facilitate point of sale data collection and look to improve management of supply chain information as well as quality of customer records. Purchase of inventory may be proposed (i.e., stock as working capital), but should not be proposed as the main use of grant funds.

A portion of the grant can be used to strengthen manufacturing logistics to ensure the required volume of stoves can be delivered into the distribution network, so as to achieve scale and meet the program objectives. Grant funds should not be used, however, to purchase manufacturing equipment.

Another form of support could be targeted business development services to prepare entrepreneurs (e.g., vendors) to engage more productively with financiers, suppliers and customers. Technical support for supply chain strengthening or logistics management financed through this grant program should be aimed at carrying out specific business plan objectives, including but not limited to: improved financial planning and management, adoption of enhanced operating processes and controls, strategic planning, supplier negotiations, marketing services, and human resource management. Applicants may propose to use some portion of grant funding toward the provision of these targeted services to a network of smaller distributors and retailers. Applicants should clearly state how such grants will lead to increased sales and/or profitability of the recipients.

Specific business development services (such as those listed above) may be sought through outside expert consultants or specialized service providers. Such services should be incorporated into the application budget. As a complement to the grantee's budgeted activities, Winrock International will provide oversight and targeted financial management assistance as needed to manage this grant, as well as assistance in developing the program M&E plan.

### **2.6.3. Product-Specific Marketing**

Applicants may use grant funds to carry out business-specific marketing plans and for product-specific marketing expenditures. This is distinct from general awareness raising, and should be aimed at increasing sales of specific fuel-efficient cookstove models. The following is a list of potential marketing activities, but applicants are not limited to these ideas:

- Developing relevant marketing materials (print, audio, visual) for specific cookstove products;
- Demonstration sites featuring a variety of cookstove products or staging of similar marketing campaigns;
- Training of sales/retail staff on product-specific marketing messages, techniques and/or after sales service offerings;
- Mobile phone applications for marketing (e.g., demonstrating usage and benefits of specific cookstove models, sending updates on new product demos etc.);
- Targeted marketing research; and
- Other specific marketing activities directly related to business expansion and development.

Applicants should clearly explain how the product-specific marketing activities proposed will lead to increased sales, and include the types and level of resources required, timeframe for implementation, and anticipated results.

## **2.7 Monitoring, Documentation and Sharing of Results**

The grant recipient(s) will need to demonstrate an ability to track the impact of the grant funding on its business operations and on the increase of cookstoves distributed/sold as a result of this program. This impact on cookstove distribution should be compared with preexisting/historic cookstove sales in the target region. An applicant's demonstrated ability to incorporate technology (such as mobile and web-based technologies) to track cookstove sales and distribution data is a plus. As noted above, applicants must be able to credibly estimate/measure GHG emissions reductions resulting from customers using their stoves. Specific points in the evaluation criteria will be tied to the ability to demonstrate these GHG reductions estimates.

Applicants should ensure they have allocated sufficient budget for establishing proper monitoring systems (e.g., systems for data tracking, management, and analysis). While all applicant budgets should include funds for monitoring, those applicants who do not currently have extensive monitoring systems in place (such as those created for tracking carbon credits) should aim to dedicate approximately 10% of their budget for putting these systems in place (including staff time, monitoring equipment needs, external M&E system development services etc.). Applicants must also agree to have their activities and data collection procedures periodically monitored by Winrock, and to be subject to at least one external evaluation of performance/results (to be paid for by Winrock separately – not to be included in the applicants' proposal budget). It is anticipated that the external evaluation would take place in the 24<sup>th</sup> month of implementation of this grant.

Applicants must also demonstrate an ability to track the use and attributed results of the grant funds separately from any other sources of funds supporting their operations. All funds must be fully spent by

the end of the project or will need to be accounted for and then re-authorized for use (e.g., in the case of a revolving loan facility). Applicants must be willing to have their financial management systems monitored by Winrock to ensure that project funds are properly tracked.

Grant recipients, together with Winrock, will need to document successful technical approaches to supporting the objectives of the program, and be willing/able to share key findings with other stakeholders in the sector. As such, applicants must acknowledge that not all information/data generated through grant-funded activities is to be considered proprietary.

### **3. Eligibility of Applicants for the Proposed Program**

This solicitation is open to for-profit and non-profit applicants who have, or could develop as a result of this grant funding, a permanent economic interest in the Kenyan cookstove market. This includes, but is not limited to, commercial banks, microfinance institutions (MFIs), credit unions, distribution firms (including cookstove and non-cookstove distribution companies), cookstove manufacturers, and specialized social investors and platforms. The primary applicant must be a business *directly* involved in revenue generation from cookstoves through market-based activities or a financial institution. General technical assistance providers are not eligible to submit proposals as primary applicants, but may be part of consortium if they serve a specific role in the implementation of the proposed activities.

#### **3.1 Eligibility Requirements for Applicants**

All primary applicants must:

- 1. Be private (non-governmental) entities**, legally registered to conduct business in Kenya. Before the grant is awarded, the grantee will need to provide Winrock with a copy of its registration certificate to demonstrate it is permitted to conduct business in Kenya.
- 2. Demonstrate ability to scale.** Fuel-efficient cookstoves proposed for distribution under this program must be scalable, which means there should be:
  - a.** A plan for reaching scale (at least several thousand stoves per month) in targeted markets, including plans for mitigating potential issues in supply; and
  - b.** Demonstration of sufficient demand so as to significantly increase sales in the target regions. Applicants should demonstrate the feasibility of market demand for their product(s). They should explain how their product has been market tested and produce any applicable results from market surveys in the areas they are targeting showing the cultural acceptability and consumer preference/demand for their cookstove. This can be documented in various ways, including but not limited to results of focus group testing, sales history, etc.
- 3. Have a significant portion of total grant funds (minimum of 25% and higher percentage preferred) aimed at rural distribution.** Applicants proposing to work in urban areas are eligible, but must also include a plan for distribution to rural consumers during the grant period. Urban distribution should include an explanation of how the applicant will reach Base of the Pyramid (BOP) consumers (**who are already biomass users**) in urban and peri-urban areas. The percentage of

funds/activities aimed at rural distribution will be taken into consideration as part of the evaluation of applications.

4. Provide **field test results** for the fuel-efficient cookstove they plan to distribute under this grant. Field testing can include field-based Controlled Cooking Tests and/or Kitchen Performance Test results, conducted by an independent third party. If no third party field test results are available, please include a plan for third party testing within the first two months of the grant program. See section 2.4 Eligible Cookstove Technologies above.
5. **Demonstrate the ability to attract, mobilize or leverage significant additional financing** from private sector resources as a result of this grant. This may include, but is not limited to, a Letter of Intent (LOI) or an MOU with financial institution, corporate entity or investor, stating additional funds could be made available for a potential grantee of this program. At a minimum, all applicants should provide some form of cost share and present a clear plan for utilizing grant funds to mobilize additional support, preferably from the private sector.
6. Be aware that for-profit applicants (whether primary applicant or consortia member) are **prohibited from directly profiting from grant funds**. Applicants cannot charge a fee/profit under any USAID-financed grant agreement. For-profit companies are encouraged to apply but must use the grant funds for non-profit activities (please refer back to section 2.6 Areas of Technical Interest above for more information on allowable uses of grant funds).
7. Present sufficient **evidence of financial management capacity** and ability to absorb grant funds. More information on financial management capacity is included in section 4 Evaluation Criteria below.
  - a. This includes the ability to track the usage of grant funds separately from any other source of funding.
  - b. Applicants must show past experience managing grants or private funds in an amount similar to the amount requested by the applicant under this grant program; or evidence of significantly improved management and financial capacity to take on a larger amount of funding.
  - c. Applicants must be able to provide financial information as detailed in section 4 Evaluation Criteria below.
  - d. Winrock reserves the right to perform a pre-award financial capacity review which may include, but is not limited to:
    - i. Interviews with individuals to establish their ability to perform duties under the project conditions;
    - ii. A review of the potentially winning grantee(s)' existing and projected financial condition, business and personnel procedures, etc.; and
    - iii. Site visits to the potentially winning grantee(s). This will include an evaluation by Winrock staff of financial capacity, accounting systems and internal controls and their ability to track and report funds.

8. Include information on carbon funding, if any. Applicants that are receiving money from sale of carbon credits should disclose all the relevant information in their application. Please refer back to section 2.6.1 Design and Deployment of Financial Products for more information for applicants involved in the carbon market.

### **3.2 Additional Eligibility Requirements for Financial Institutions**

In addition to meeting the eligibility requirements laid out in section 3.1 above, financial institutions that are applying for grant assistance under this project are required to:

- Commit to providing at least 2:1 private sector funds to be made available as capital to cookstove enterprises and/or end-users. Winrock anticipates financial institutions to provide private funds to be made available during the 24 month timeframe of this project and to continue beyond the project's end. Non-USAID funds provided by financial institutions in support of a financial product to be developed under the proposed Winrock grant are not subject to 3.1.6 above.
- Higher amounts of private sector funds contributed will be seen as a plus for applicants. The amount proposed should be significant enough to make an impact in the sector, while at the same time remaining sustainable / appropriate within the context of each institution's portfolio.

## **4. Evaluation Criteria**

Applications will be evaluated based on:

### **Project impact (45%):**

- **Overall proposed strategy for increasing the number of cookstoves sold to end users through strengthened distribution channels.** This includes: projected scope and feasibility of proposed targets and approach; ability to reach rural consumers; gender inclusivity; scalability – how well the applicant presents a plan for reaching scale and demonstrates demand and ability to meet the needs of targeted consumers; extent to which the application addresses the stated program objectives; and sustainability – how the impacts of grant funding will continue beyond the grant period. Applicants should include a minimum of 3 year forward projections for budget and cash flow (including sales), supplemented with explanatory comments. Financial institutions should include their 3-year forward projection of loans to the sector. It is recommended that applicants show an ability to support distribution of multiple models of biomass cookstoves, and flexibility to include new models to respond to consumer needs.
- **Cookstove performance/quality.** This includes the anticipated GHG emission reductions from use of these cookstoves (and how those will be estimated/measured). Applicants who can present evidence of cookstove durability and user acceptance will receive higher scores.
- **Identification and understanding of perceived risk factors and proactive measures taken or planned to address them.** Applicants should include a comprehensive risk assessment and

mitigation plan that discusses the perceived risks associated with the implementation of this grant over the 24 month period and the possible measures that may be taken to mitigate those risks.

**Organizational capabilities and past experience (20%).**

Applicants should include a description of:

- **Organizational experience and management structure:**
  - Please describe your organization’s prior experience with implementation of similar activities, as well as the experience and skillsets of proposed staff, and the proposed role of key staff in implementation of the grant.
  - Please detail the proposed consortia management and organizational structure. Clearly define roles of each member and how activities will be coordinated.
  - Financial institutions should include information on size of the organization, 3 year financials, percentage of portfolio at-risk, write off rate, and any other experience with energy financing.
- **Financial Management Capacity**
  - Applicants should explain how they will track the usage of USAID/Winrock grant funds separately from any other sources of funding.
  - Applicants must show past experience managing grants or private funds in an amount similar to the amount requested by the applicant under this grant program; or evidence of significantly improved management and financial capacity to take on a larger amount of funding. Applicants who propose to develop financial products should show evidence of their ability to do so/past experience with similar financial products.
  - Applicants should include a description of their current revenue streams and overall financial situation, and include their most recent audited financials (if available) as an attachment to this application.

**Innovation and demonstration of value added (15%):**

Applicants must show how the Winrock/USAID grant funds will help them move beyond the status quo of their day-to-day operations and current business model. Applications suggesting innovative financing products, engaging in innovative partnerships, proposing to enhance distribution of a variety of cookstove products and models etc. are strongly encouraged.

**Ability to mobilize/leverage grant funds and multiplier effects (10%):**

Applicants should strive to leverage these grant funds to the extent possible, in particular for mobilizing third-party capital, and search for implementation solutions that generate demonstrable multiplier effects. Financial institutions, whether primary applicants or members of a consortium, must demonstrate a commitment of funds to this grant with internal/private sources of finance at the time of the application. Impact investors must demonstrate the intent to provide private funds during the period of implementation. Other applicants should present evidence of an ability to utilize grant funds to attract additional funding during the project period for greater impact.

### **Monitoring, sharing and replication plan (10%):**

Applicants should describe their ability to document successes and failures, evaluate progress and make adjustments based on evaluation findings, and plan for the replication of successful techniques. Grantee(s) must agree to be subject to evaluation by an independent party selected by Winrock. It is recommended that applicants incorporate the use of technology for more accurate data collection and tracking.

## **5. Application Submission Instructions**

Please submit a document, Microsoft Word (preferred) or PDF file, no more than twelve (12) standard letter or A4 pages (including charts, graphics, text boxes etc.) using 11-point font size minimum Times New Roman or Arial Font type by **April 26, 2013** to **kgross@winrock.org** that includes:

- A cover page with your organization's name and contact information (Contact name, address, phone number and email address);
- A 1-page executive summary;
- A description of the project you would like to pursue (max 8 pages) including program approach, technologies included, scalability, risk mitigation, innovation, ability to attract/mobilize additional funds, timeframe for proposed activities, sustainability and M&E plan;
- A statement of organizational qualifications and eligibility (including organization, management and roles of consortia members, and financial management capacity) (max 3 pages);

The 12-page limit does not include cover, table of contents, acronyms list, budget, budget narrative or supporting attachments.

Acceptable supporting attachments include:

- Brief 1-2 paragraph bios of relevant personnel (required – 1 page max);
- An implementation schedule/timeline for proposed activities (required – 1 page max);
- Letters of commitment from all partners named in the application (required – 1 page each);
- Letters of intent to invest or intent to support from private sector entities as proof of ability to mobilize additional investment. Should include the nature and amount of the anticipated/intended investment and/or support;
- Relevant lab and field results for fuel-efficient cookstoves to be distributed under this grant, or plan for obtaining field results within first 2 months of grant.
- Demonstration of financial capacity (e.g., most recent externally audited financials, etc.)
- Any relevant documents demonstrating durability, user acceptance, evidence of demand for specific products etc. can also be included as an attachment.

Biographical data sheets, CVs and additional supporting documentation may be requested based on a review of the budget.

In addition, applicants must include a budget in Microsoft Excel and a budget narrative in Word (preferred) or PDF that details the proposed use of funds for (as applicable):

1. Staff/personnel (both full time and part time)
2. Fringe rate
3. Consultants
4. Travel Costs
5. Procurement
6. Other Direct Costs
7. Indirect Costs\*
8. Subawards / partner budgets
9. Cost share or matching funds

\*Complete cost applications will also include supporting documentation justifying indirect cost rates. Winrock may require additional documentation before accepting any indirect cost rate.

Profit is not allowed to be included in the budget.

Pre-award Responsibility Determination: Winrock may request additional documents from applicants to determine the integrity of the organization, such as organization chart, legal registration documents, or additional financial statements, accounting handbooks and/or audit reports.

Any information beyond what is included above will not be reviewed. Applicants are advised that Winrock is under no obligation to acknowledge receipt of the information received or provide individual feedback to respondents. Submission of an EOI during the public comment period (December 2012 – January 2013) was not a pre-requisite for responding to this RFA, nor will it confer any advantage. Applicants should include a disclosure statement regarding any proprietary or confidential information included in their application. Award of a grant is not considered to be executed without a grant document with both parties signing.