



Ministry of Energy
Malawi Electricity Access Project

REQUEST FOR PROPOSALS

for

**Market Catalyst Fund under Ngwee Ngwee Ngwee Fund (Off-Grid Market
Development Fund)**



23 March 2023



The Consortium of Infrastructure Development Company Limited (IDCOL), Bangladesh (Lead Firm) and Africa Grant Advisors Limited (AGA), Mauritius (Partner Firm) has been engaged by the Ministry of Energy as Fund Manager for the Ngwee Ngwee Ngwee Fund

1 SUMMARY OF FUNDING OPPORTUNITY

Table 1-1: Summary of Funding Opportunity

Sl	Category	Details
1	Date of Announcement	23 March 2023
2	Issuing Office	Fund Manager for Ngwee Ngwee Ngwee Fund (on behalf of the Ministry of Energy, Malawi)
3	Questions to be submitted by email to	ogmdf@idcol.org (Subject: MCF Questions – Name of the company)
	Applications to be submitted by email to	ogmdf@idcol.org (Subject: MCF Application – Name of the company)
4	Application Submission Address	Fund Manager for Ngwee Ngwee Ngwee Fund Golden Peacock House, Level-2 Room no. 217-219, City Centre Lilongwe, Malawi
4	Information Dissemination Meeting	30 March 2023 at 4pm Central Africa Time Zoom Registration Link
5	RFP Questions Due	10 April 2023
6	Applications Submission Deadline	04 May 2023 by 4pm Central Africa Time
7	Submission Method	One (1) original and 1 copy of the Proposal must be submitted in printed form in the above mentioned address within the deadline while a copy is to be emailed in the above mentioned email address. Only electronic submission is not allowed and will not be considered a completed submission. Fund Manager will not bear cost towards printing and transportation for submission. Documents must be submitted in English.
8	Maximum Ceiling Amount	The ceiling amount for grants to a single company is USD 150,000 equivalent of Malawian Kwacha
9	Grantees to be legally registered to operate in	Malawi
10	Duration of award	Up to 12 months

2 INTRODUCTION TO NGWEE NGWEE NGWEE FUND

The Government of Malawi (GoM) has prioritized the development of the energy sector as an enabler to the achievement of Malawi 2063 and to accelerate access to reliable energy for the socio-economic development of the country. To help the GoM to achieve this access target, the World Bank has provided financing for the implementation of the Malawi Electricity Access Project (MEAP) with the objective of increasing access to electricity from 18% to 30% of the population in Malawi. MEAP is implemented by both the Ministry of Energy (MoE) and ESCOM. The MoE is specifically responsible for establishing and operating an Off-Grid Market Development Fund or the *Ngwee Ngwee Ngwee Fund* (hereafter “the Fund” or “NNNF”), which is to drive the urgent provision of energy access and to scale up the off-grid solar market.

NNNF is currently offering a USD 6 million Results-based Financing (RBF) Grant and a USD 14 million Debt facility for Off-Grid Solar (OGS) companies to reach at least 200,000 new households with OGS products in Malawi by June 2024. A minimum of USD 0.5 million of grant funding has been earmarked from the RBF Grant for market innovation initiatives from Malawian organizations or Malawian subsidiaries of international organizations.

3 RATIONALE FOR THE FUND IN MALAWI

Malawi is a landlocked country in southeastern Africa, bordered by Zambia, Tanzania and Mozambique, with a population of about 18 million people. Malawi has one of the lowest electricity access rates in the world. Currently, the electricity access rate stands at 18 percent, with 11.4 percent grid access and 6.6 percent off-grid solar. There are severe disparities between urban (42 percent) and rural areas (4 percent) for those accessing electricity from the grid.

A market assessment for off-grid solar energy supported by The World Bank suggests that up to 3.7 million households are unlikely to be connected to the grid by 2030 and thus, represent a potential market for pre-electrification solutions, such as off-grid solar. This translates to a potential market of about US\$ 265 million.

There is also an emerging off-grid solar sector, which has the potential to develop Malawi into a significant OGS market and contribute significantly to electricity access. There are over 80 companies currently operating in Malawi and an increasing trend towards selling high-quality VeraSol-certified solar home systems¹. However, the country is facing challenges in scaling up the OGS market. Affordability and limited access to finance are the primary factors preventing the solar companies from significantly expanding their businesses and customer base.

Many solar home system companies are providing consumer financing through a pay-as-you-go (PAYG) model, allowing installment payments for up to 36 months (with only 20 percent

¹ <https://verasol.org/>

up-front payment), in order to make products more affordable and to expand their customer base across market segments. This makes access to adequate finance critical. However, companies have been relying on a mix of limited equity, grants and, for those who can access it, debt from specialized impact investors, to support and grow their business.

In addition to funding constraints, many off-grid solar companies have recently faced currency convertibility issues. Due to the macro-fiscal challenge in Malawi, it has become difficult for companies to convert their revenue denominated in local currency to USD or other foreign currencies, which hampers their ability to import products typically designed and manufactured in the US and China.

The Fund will address the challenges to scaling up the off-grid market by providing debt financing in both local and foreign currency, an RBF grant window to provide end-user subsidies, a Market Catalyst Fund (MCF) grant window and a technical assistance window.

4 OBJECTIVES OF THE FUND

The overall objective of the Fund is to provide financing and technical assistance to rapidly scale up the off-grid solar market in Malawi's rural areas. More specifically the Debt Window (up to USD 14 million) will offer working capital loans to OGS companies for them to expand their operations and speed up procurement, based on their eligibility and business plans. The RBF Grant window (up to USD 5.5 million) will provide end-user subsidies to close the affordability gap of customers that cannot afford solar home systems at commercial prices. The Fund has also created a Market Catalyst Fund (MCF) of USD 500,000 to support market-based innovative solutions to scale up energy access among the more underserved or harder-to-reach segments of the population, by engaging the local off-grid solar companies in Malawi. MCF is intended to harness innovative business models, solutions, resources, experiences, and networks of relationships that exist across stakeholders. The MCF will particularly encourage the development of new and innovative business models that enable the increased adoption of off-grid solar solutions, especially in remote and underserved areas, and will also focus on promoting local content, by investing in the development of local capacity and supporting local companies to participate in the renewable energy market. If there is high demand, the MCF could be expanded up to USD 1 million.

5 PURPOSE OF THE CALL

Project activities under the Fund will focus on increasing sustainable energy access, through installing solar home systems, and extending the delivery of electrification to unserved and underserved communities in Malawi. For reaching the Fund objective, the MCF will support market-based transformative solutions by engaging the local off-grid solar companies, local social enterprises, and new partners in Malawi. It will also harness innovative business models, solutions, resources, experiences, and networks of relationships that exist across stakeholders.

Through this RFP, the Fund Manager, on behalf of MoE is inviting applications to fund qualified organizations for supporting activities and projects consistent with the Fund's purpose of increasing access to energy in Malawi. To achieve the objective, the MCF will support the types of activities illustrated below:

- Providing electricity access to unserved and underserved communities in off-grid regions of Malawi (providing electricity access to female-led households will be given preference)
- New technical prototype and business model pilot
- Testing innovative financial structures and transactions to accelerate electrification

Other eligible activities, or a combination of the above activities, can also be proposed, provided they support the achievement of the Fund's outcomes and objective.

6 ELIGIBLE ORGANIZATIONS

MCF will support Malawian organizations or Malawian subsidiaries of international organizations. Eligible "Organizations" include private sector enterprises (women-owned enterprises are highly encouraged), social enterprises, NGOs and other organizations that have track record and credible demonstrated capacity of performing following activities:

- Sell or provide services with Verasol-approved Tier 1 or above SHS systems to rural off-grid households.
- Provide after-sale servicing and honor warranties for end-users.
- Among equally capable applicants, preference will be given to women owned or women-led businesses and companies that can demonstrate employing a gender diverse workforce.

Government and or quasi-government (parastatal entities) and companies receiving loan and/or grant support from the main NNNF windows are not eligible to apply for and receive grants funded under this RFP.

7 ELIGIBLE PROJECT

- **Solar Home systems:**
 - Plug and Play Solar Home systems installed directly in the homes and/or businesses of unserved or underserved consumers, which supply energy directly to communities currently (and in the foreseeable future) lacking access to energy.
 - Focus must be on distribution systems which are scalable, replicable, and affordable.

- **Technology and Business Model Innovations:**

- Innovations related to solar home systems or decentralized renewable energy systems providing an equivalent level of electricity access in rural regions of Malawi
- Proposals may also include provision of innovative metering, payment systems or other enabling technology. If it is an innovation, then a simple and clear explanation must be provided to convey why the innovation is important and what it will do for the sector or the population.

- **E-Waste Management:**

- Proposals may also include the provision of developing a business model or activities related to e-waste management.

Mini or micro-grids focused proposal are ineligible to receive support under this RFP.

All the project activities must have results indicators and the fund disbursement will be subject to the fulfilment of results. The results will be subjected to verification either by the Fund Manager or an Independent Verification Agent. The applicants will have to indicate the results indicators in the application. The project activity and the delivery of the results must be within 30 June 2024.

8 ELIGIBILITY CRITERIA OF APPLICANTS

The applying entity must be a Malawian organizations or Malawian subsidiaries of international organization and must not be government-owned, operated, or affiliated in any way. Applicants may be developers of their own systems/technology and/or may be acquiring and deploying systems/technology developed elsewhere. Applicants need to be legally registered in Malawi.

In order to be considered, the applicant must meet each criterion specified below:

- Fully registered in Malawi
- Must have tax clearance certificate for the latest assessment year from Malawi Revenue Authority and/or license from Malawi Energy Regulatory Agency (MERA)/relevant Government agency to conduct activities in which application is made and accordingly demonstrate compliance with all applicable legal and regulatory requirements in Malawi
- Track record of operating and managing solar home systems, decentralized renewable energy systems or e-waste applications
- Have sound financial management systems that are consistent with Malawi laws and regulations

9 EVALUATION CRITERIA

Applications shall be screened and evaluated per the following process:

Pre-screening: All applications meeting the minimum eligibility criteria (Section 6, 7 and 8) and conformance to the application content requirements of this RFP (Section 11) will be evaluated by the Fund Manager.

A three-step evaluation process will be adopted:

- Step 1: Alignment with and relevance to the Fund objectives and rationale. Alignment and Relevance will be based on contribution to NNNF’s technical objectives and rationale described in Section 2 and 3 above
- Step 2: Applications meeting the compliance and relevance check shall be evaluated based on the following selection criteria with weights as provided below in Table 9-1
- Step 3: Discussions and negotiations with the shortlisted applicants

A Grant Award will be signed with the successful applicants, subject to successful negotiation. Activities implemented prior to the Grant Award cannot be funded through MCF.

The following selection criteria and scoring will be used for the review. Table 9-1 lists the selection criteria and points by major category of evaluation.

Table 9-1: Evaluation Criteria

SI	Criteria	Weight
1	Technical Approach and Merit <ul style="list-style-type: none"> i. Innovativeness of the concept ii. Expected impact and its scale iii. Soundness of the implementation plan and strategy iv. Relevance and potential for scaling and replication across Malawi v. Funds leveraged (in kind or in cash) in relation to the grant amount sought 	60%
2	Organizational Capabilities <ul style="list-style-type: none"> i. Quality of the technical and management team ii. Organizational capacity and soundness of management and accounting practices iii. Applicant’s demonstration of local knowledge and implementation experience 	20%
3	Past Performance Record	20%

Definition of Evaluation Criteria Rubrics:

1. **Technical Approach and Merit:** The extent to which the proposed activity demonstrates innovative or unique approaches (that enable large impact or reduce cost or improve performance or benefit households in areas that are severely impacted by cyclone Freddy etc.) to achieve the desired outcomes. The quality and feasibility of the proposal in terms

of the viability of the proposed technical approach, including the expected impact and its scale, soundness of the implementation plan and strategy including its timeliness, relevance, and its potential for scaling and replication, sustainability beyond the grant support, and return on investment, i.e., impact achieved in relation to the funding sought (60%).

2. **Organizational Capacity:** Evidence of the applicant’s capability to undertake and accomplish the proposed activities. The application should demonstrate the organization’s effectiveness in terms of internal structure, technical capacity, and personnel. In addition, the organization must demonstrate adequate financial management capability. The evaluation will be based principally on the background, qualifications, reputation, performance timeliness, appropriateness, and skills of its personnel; and the – “track record”, service quality, and achievements related/similar to the grant opportunity. Organizations need to demonstrate an understanding of the local context and experience of working in the target region in Malawi (20%).
3. **Past Performance:** Reference checks to determine if the applicant was successful in achieving its goals as specified in the previous comparable project/assignment; effectively able to plan and manage its previous comparable project/assignment; and how proactive and responsive the applicant was in addressing obstacles during the performance (20%).

10 BUDGET, PROJECT INCOME AND AUDIT

- a. The maximum ceiling for grant awards per applicant is USD 150,000 equivalent of Malawian Kwacha. The successful grant recipient will receive disbursement in Malawian Kwacha.
- b. The activity must be co-financed through the applicant’s own equity (in-kind contribution or cash) or other donors/financial institutions.
- c. Grant income generated or earned by the Grantee because of the Grant Award, e.g., fees for services performed and for the sales of services, use or rental of real or personal property acquired with grant funds, sale of commodities or items fabricated under the grant, payments of principal and interest on loans made with grant funds; and any donations that are solicited by the Grantee during a grant activity shall be reported to Fund Manager. Activity income earned under Grant awards shall be added to funds committed by Fund Manager and the Grantee to the activity or project and used to further eligible activity or project objectives.
- d. The proposal must include an indicative milestone and payment mechanisms which shall be finalized by the Fund Manager upon successful award.
- e. Upon completion of the project activity, the recipient will provide all required final progress, performance, and financial reports.

- f. Fund Manager might require an external audit of MCF at any time during the period of the Grant. If audit costs are not included in the approved Budget, Fund Manager will amend this Grant to realign the Budget to cover the costs of the audit. The audit firm selected must be pre-approved by Fund Manager. The scope of work for the audit shall be pre-approved by Fund Manager and shall include a requirement that the auditors’ test all material expenditures charged to the MCF for reasonableness, allocability, and allowability.

11 GRANT APPLICATION FORM INSTRUCTIONS

1. All Applicants are required to complete and submit the below application form in hard copy and electronically.
2. Applicants must complete Part I (items 1-8) and submit the signed form along with all the required documents in Part 2 plus the any attachments.

Part I – Application – All Applicants must complete ALL FIELDS

1	Date of Application	
2	Name of Applicant	
3	Registered Address of Applicant with telephone fax and email addresses	
4	Names and titles of officer(s) authorized to represent the Applicant and his/her alternate	a. Authorized officer: b. Alternate:
5	Proposed Period of Performance	Start date: MM/YYYY End date: MM/YYYY
6	Proposed budget (please include exchange rate considered for budget calculation)	In USD: In MWK:
7	Geographic focus	
8	Signature, Name and Title	

Part II should contain below information.

3. **Executive Summary** (No more than 1 Page) and a **Activity Description** (10 pages maximum, excluding required attachments detailed below) (**Required**). Applicants are required to submit **the additional details as specified in sub-section (a) to (h) below**.

The Applicant must describe the project goal, objectives, implementation plan, detailed activities, and expected results and impact. It should also include a brief problem statement describing the specific problem to be addressed by the Grant award, and which the NNNF objective will be addressed. The project description must be results-oriented and

demonstrate likely success in achieving the stated indicators and be responsive to the selection criteria as outlined in this document, including fund-leveraging strategy. The application must include details of collaboration or partnership, that result in additional resources being leveraged by MCF funding.

For the sake of clarity, a result is described as a significant, intended, and measurable change in the condition of the beneficiary or a change in the country, institutions, or other entities that will affect the beneficiary directly or indirectly. Clear identification of the beneficiaries, their number, location, and anticipated benefits that they will receive is required.

Applicants are also required to submit additional information as described below. All the below documents below at bullet (a) to (h) should be in a single pdf (printable) file for electronic submission with different sections clearly demarcated and easily identifiable. Budget sheet (Attachment A) is required as an excel file while the Budget narrative should be in the single pdf file.

- (a) Completed Application Cover Sheet with project title; organization name and contact information including contact person, address, telephone, fax, and email address
- (b) Completed and signed Grant Application Form (Part I)
- (c) Implementation Plan and strategy. See below description. (5 pages maximum)
- (d) Monitoring and evaluation plan. See below description (2 pages maximum)
- (e) Sustainability Plan. Describe how project activities will be sustained beyond MCF funding. (1 Page maximum)
- (f) Organizational capabilities, technical and management team, and brief (up to 1-page CVs of 2-3 key personnel) (combined limit of 5 pages)
- (g) Budget (Attachment A) and Budget Narrative.
- (h) Past Performance References, as described below.

Details regarding expected information and page limits are described below:

4. **Implementation Plan and strategy (Required)**. A high-quality implementation plan should clearly demonstrate the approach to achieve the anticipated results. It should provide specific inputs on activities, processes, or strategies to be adopted to achieve the results. Further, it should articulate why and how the planned activities lead to the intended results, anticipated risks, and mitigation strategies. A GANTT chart showing the anticipated timetable for activities and results should also be included. (5 pages maximum)
5. **Monitoring and Evaluation Plan (Required)**. The Monitoring and Evaluation Plan should contain a set of performance indicators and targets against those indicators that will permit continuous measurement of progress toward targeted results. The baseline data and its source should be clearly identified. For each performance indicator, the definition and the unit of measurement should be specified along with the plan for reporting and validation of results. See Attachment B. (2 pages maximum)

6. Sustainability Plan (Required). Describe how project activities will be sustained beyond MCF funding. (1 page maximum)
7. Organizational capabilities, technical and management team description (up to 1-page; plus CVs of 2- 3 key personnel) (Required). (Combined limit of 5 pages). If the applicant is proposing a partnership with other organizations, organizational and technical capabilities must be presented for each partner and the management team description must demonstrate how the partnership will be effectively coordinated. The Fund Manager will consider the consolidated credentials of the consortium with primary emphasis on the prime grantee. Commitment letters detailing the scope and budget of each of the members is required.
8. Budget and Budget Narrative (Required). Each application must contain a **detailed line-item budget (US Dollars and Malawian Kwacha)** presented in MS Excel (with formulas) accompanied by a **budget narrative** in PDF format explaining all costs. Lump sum budgets will be considered non-responsive and will be rejected. An acceptable budget will have all costs broken out by unit costs and should clearly show the number of units used for each line item. Each line item should identify the type of cost, e.g., labor units, units of materials and/or equipment, travel, transportation, communications, etc. The narrative will describe how the Applicant arrived at each unit cost and the number of units for each line item.
9. Past Performance References (Required). All Applicants are subject to a past performance reference check. Applicants should provide the contact information for partners (international donor, government department, private donor, other organization) of minimum 2 (two) references with whom the Applicant has worked in the last three (3) years, in the implementation of a similar project. The reference information shall include the procuring/financing organization, location, current telephone, or e-mail information, points of contact, award number if available, Dollar or value of activity, and brief description of work and dates performed.

PAST PERFORMANCE REFERENCES				
Contact Name/Organization	Award	Outcome (3 High-Level)	Address	Email and Phone Number
	Project Name: Value: Dates: Brief Description:			

12 DISCLAIMERS

Issuance of this RFP neither constitutes an award nor a commitment on the part of the Fund Manager or the Ministry of Energy to pay for costs or defray expenses incurred in the submission of the application. In addition, this RFP is not intended to replace any current or

future funding agreements that the organizations may have with any government department/multilateral or bilateral agencies.

ATTACHMENT A: DETAIL BUDGET FORMAT

See the separate Excel attachment (Attachment A) for full Excel budget format. Reference instruction 8 under Section 11 Grant Application Form Instructions for guidance (additional guidance on how to use this template will be provided during the information dissemination meeting).

ATTACHMENT B: GRANT APPLICATION M&E TEMPLATE

1. Provide a narrative description of how the grant will be monitored and evaluated.
2. Provide a narrative description of how the organization will use monitoring data to guide programming decisions and interventions.

Activity	Target	Results/Outputs	RBF Amount