



CONSULTANCY TO DEVELOP A STRATEGY AND FINANCIAL MODEL FOR DISTRIBUTION OF RENEWABLE ENERGY PRODUCTS

1.0 The Africa Enterprise Challenge Fund

The AECF is a development institution which supports businesses to innovate, create jobs, leverage investments and markets in an effort to create resilience and sustainable incomes in rural and marginalized communities in Africa. Launched in 2008, the AECF has mobilized over US \$356 million to date, leveraging more than US \$658 million in matching capital and improving the lives of more than 19 million people in 2018 alone through jobs and increased household incomes. The AECF has so far supported 268 companies in 26 countries in sub-Saharan Africa across 40 value chains in our focal sectors of agribusiness and renewable energy.

In the new 2018-2020 strategy, our goal is to “double our impact in half the time”. To achieve this, we will continue to focus on the agribusiness and renewable energy sectors, increase support to climate-smart technologies, refine our challenge model, expand regional presence, deepen focus on gender, youth and employment by expanding our products and partnership approach to better meet our investees’ current needs; and ensure they rapidly scale and transition to external financing and sustainability thereby attaining our vision of ‘A Prosperous and Enterprising Rural Africa’.

Since 2012, AECF has provided investment support, worth (US\$131M) to a cluster of 78 businesses in across Sub-Saharan Africa focusing on either renewable energy or adaptation to climate technologies. The businesses have experienced a number of challenges and technical assistance is expected to help address these in the growing portfolio. Since the inception, The AECF through REACT has provided investment support (US \$63M) to a cluster of 58 businesses in across East Africa, focusing on Renewable Energy or adaptation to Climate Technologies (REACT) and agribusiness. Some of the businesses have experienced several challenges and the AECF is providing technical assistance to help in addressing those challenges and improve the performance of the respective businesses.

2.0 Zuwa Energy Limited

Zuwa Energy Ltd was established in Malawi in 2016 with the core business of selling Solar Home Systems (SHS) to the rural and peri-urban homes that are currently off the grid. The company was awarded total funding of US\$700,000 (US\$500,000 loan & US\$200,000 grant) to support them in selling SHS using a Pay as You Go (PAYG) model to make the units affordable to the rural and marginalized communities in Malawi. By the end of year 6 (2023), Zuwa expects to have reached 10,230 households with a net benefit of US\$113, 202 SMEs with a net benefit of US\$2,300 and 24 full-time jobs.



3.0 Purpose and Deliverables of the Assignment

Zuwa Energy understands that the PAYG model is capital intensive and the company has gone all out to mobilize the necessary additional financing from its shareholders, asset finance providers, commercial banks etc. These efforts are not materializing as fast as expected due to the need to further streamline their cost projections and develop a clearer financial model around realistic financial needs in line with the best product mix to meet the sales targets.

The objective of the assignment is to review the existing product pricing and product mix, conduct an in-depth financial review to assess financial needs and advise on the best ways to raise additional funds to sustain the efficient operation of the PAYG model.

3.1 Specific Duties and Responsibilities of Consultant

- a) Assess Zuwa Energy's activities and operations and review their current financial model in view of the funds raised to date, with the aim of making more realistic projections and financial needs in line with the capital intensive PAYG model.
- b) Review the current product pricing, product mix, and revenue collection mechanisms, in light of the target market, sales and taxation.
- c) Revise the business plan to incorporate more accurate projections that can be used to raise additional working capital from investors and financial institutions.

3.2 3.2 Outputs and Reporting Requirements

Comprehensive TA delivery report, detailing:

- a) Financial analysis - capital and operational resources needed to sustain a PAYG model.
- b) Recommended product mix and pricing structure for the target market.
- c) Strategy for attracting additional capital.

4.0 Duration of Service

The duration of the service will be 20-man-days spread over a period of 3 months. This service is expected to commence on 1st June 2019.

5.0 Proposal Submission

Qualified consultants (individual or institutional consultants) are invited to submit the proposal that includes the following:

- a) Qualification and experience of the individual/institution.
- b) Approach and methodology to undertake this assignment.
- c) Previous experience in similar assignment(s).
- d) Detailed financial budget (in USD) and work plan.
- e) Technical and Financial proposals will need to be submitted as **separate documents**.



6.0 Qualifications

- A Certified Public Accountant with a degree in accounting/finance and a master's degree in project management.
- At least 6 years' experience in the field.
- Experience in PAYG financing model.

7.0 Reporting

The consultant will be accountable to AECF Programme Manager

8.0 Pricing

The AECF is obliged by the Kenyan tax authorities to withhold taxes on service contract fees as well as ensure VAT, at 16%, is charged where applicable. Applicants are advised to ensure that they have a clear understanding of their tax position with regards to provisions of Kenya tax legislation when developing their proposals.

9.0 Evaluation Criteria

An evaluation committee will be formed by the AECF and shall include employees. All members will be bound by the same standards of confidentiality. Vendor should ensure that they fully respond to all criteria in order to be comprehensively evaluated.

The AECF may request and receive clarification from any Vendor when evaluating a proposal. The evaluation committee may invite some or all of the Vendors to appear before the committee in order to clarify their proposals. In such event, the evaluation committee may consider such clarifications in evaluating proposals

In deciding the final selection of qualified bidder, the technical quality of the proposal will be given a weighting of 70% on the basis of the evaluation criteria. Only the financial proposal of those bidders who qualify technically will be opened. The financial proposal will be allocated a weighting of 30% and the proposals will be ranked in terms of total points scored.

The mandatory and desirable criteria against which proposals will be evaluated are identified in the table below.

Key Areas for Evaluation/ Assessment	Weighted Award
a) Technical Proposal	<u>80</u>
i) An understanding of the consultancy requirements; <ul style="list-style-type: none">• Demonstrate understanding of the assignment	5
<ul style="list-style-type: none">• An in-depth understanding of PAYG Model and financial modelling.	15
ii) Methodology and work-plan for performing the assignment: Demonstrate capacity to deliver the task(s) within a realistic timeline, based on the consultancy days designated per task.	25



iii) Relevant services undertaken by the bidder in the past engagements: Demonstrate relevant experience.	20
iv) Detailed reference list indicating the scope and magnitude of similar assignments:	
<ul style="list-style-type: none">• Letters of reference from past customers or associates to the lead consultant or the consulting organization.	10
<ul style="list-style-type: none">• Registration and other relevant statutory documents (applies to institutional consultants).	5
b) Financial Proposal: Clarity, relevance, reality to market value/ value for money of cost for the assignment (inclusive of any applicable tax).	20

10.0 Disclaimer

AECF reserves the right to determine the structure of the process, number of short-listed participants, the right to withdraw from the proposal process, the right to change this timetable at any time without notice and reserves the right to withdraw this tender at any time, without prior notice and without liability to compensate and/or reimburse any party.

To be considered, your proposal reference “Strategy and Financial model for renewable energy products - Zuwa Energy Ltd-” must be addressed to procurement@aecfafrica.org and received by **Sunday, 26th May 2019 5:00 PM EAT.**