



REQUEST FOR PROPOSALS

SPARK FUND III (RFP 14-4)

The purpose of this Request for Proposals (RFP) is to solicit applications from clean cooking enterprises at the venture and growth stages that are seeking venture grant investments to scale their enterprise and strengthen organizational capacity.

The Global Alliance for Clean Cookstoves

The Global Alliance for Clean Cookstoves is a public-private partnership with a mission to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean cookstoves and fuels, with the goal to enable **100 million households to adopt clean and efficient cooking solutions by 2020**. In the 2011 report *Igniting Change: A Strategy for Universal Adoption of Clean Cookstoves and Fuels*, the Alliance identified the following three-pronged market-based approach as the most sustainable way to achieve universal adoption of clean cooking solutions:

- **Enhance demand** by understanding and motivating potential users, developing cleaner and more efficient technologies, and providing consumer finance.
- **Strengthen supply** by attracting more finance and investment, helping enterprises to access carbon finance, enhancing market intelligence; and creating inclusive value-chains and innovative distribution models to reach remote consumers.
- **Foster an enabling environment** by engaging national and local stakeholders, building the evidence base for the benefits of clean cookstoves and fuels, promoting international standards and rigorous testing protocols; and enhancing monitoring and evaluation.

The “Pioneer Gap” in the Clean Cooking Sector

Access to adequate growth capital continues to be a considerable challenge for organizations and enterprises in the clean cookstoves and fuels sector, as in many other base of the pyramid (BoP) focused industries globally. Early stage enterprises looking to scale their operations in developing markets often do not qualify for traditional sources of growth capital. Therefore, patient sources of investment and investment-like venture grant financing are necessary to help early and growth stage social enterprises **bridge this ‘pioneer gap’**. The Alliance launched the Spark Fund in 2012 to address this gap and help more clean cooking enterprises become investment ready.

The Spark Fund Round III

Overview

The Spark Fund seeks to provide investment-like growth capital and capacity development support to help enterprises reach commercial viability, scale, and ultimately unlock additional investments for future growth. The Spark Fund has already successfully awarded two previous rounds of venture grants in 2012 and 2013.

The Spark Fund targets the specific capital and capacity development needs of social enterprises that have passed proof-of-concept, are at the venture or growth stage, and are focused on the commercial up-scaling of their operations. As such, enterprises supported by Spark will be:

- 1) Market-based, commercially viable enterprises
- 2) Venture- or growth-stage enterprises that are generating income and are not yet mature enough to access growth capital from traditional investment sources
- 3) Scalable enterprises with the potential to make a significant contribution to the Alliance’s goal of enabling 100 million households to adopt clean and efficient cooking technologies and fuels by 2020

Objectives & Outcomes

The activities supported in this RFP are part of the Alliance’s strategy to increase investment to the clean cooking sector by supporting the development of existing, market-based enterprises, thereby creating a robust pipeline of commercially viable and scalable enterprises.

Grant Terms

Under RFP 14-4, the Spark Fund will award grants and capacity development services to at least 6 qualifying enterprises via two distinct application categories - **Spark ‘Venture’** and **Spark ‘Growth’**. Spark Venture will provide selected earlier stage enterprises with up to US\$300,000 each. Spark Growth will provide selected later, growth-stage enterprises with up to US\$500,000 each. Funding will be disbursed in at least 3 tranches over the course of 12 months and upon successful completion of performance milestones, however, the applicant will have a 24-month grant term to complete the objectives of their growth plan. Regular reporting on activities and milestones will be required over the full 24 month period, in addition to a final results report 3 months after the end of the grant term.

Investment Criteria

General Criteria

- **Alliance Membership:** The applicant organization **must** be a registered Partner of the Global Alliance for Clean Cookstoves. Applicants who are not currently a Partner must be registered **prior** to submitting their application. Please follow instructions on how to do so here: <http://community.cleancookstoves.org/become-a-partner>.
- **Industry/Sector Focus:** The applicant **must** operate within the clean cooking value chain. This includes, but is not limited to, organizations focused on clean cookstove and fuels manufacturing, distribution, retailing and financing.
- **Organizational Type/Legal Structure:** While there is a preference for for-profit enterprises, applicants with any organizational/legal structure are encouraged to apply provided they are commercially viable from market-based revenues. Organizations that rely heavily on grant funding or carbon revenues to sustain organizational viability will not be considered.
- **Organizational Stage of Development:** The applicant **must** be beyond proof-of-concept and post-revenue, meaning the enterprise has generated sales. The applicant must have the capability to ramp up and scale operations.
- **Organizational Profitability:** The applicant is not required to be profitable to apply. However, for Spark Growth there will be a strong preference for enterprises that demonstrate a clear plan to be profitable within the grant period. Additionally, all applicant organizations for both Spark Venture and Growth should have a clear and feasible plan for achieving break-even profitability within a reasonable period of time following the grant.
- **Focus Geographies:** All qualified organizations, regardless of location, are encouraged to apply. Although the Alliance has a preference for partners operating in Alliance focus countries, organizations operating in other countries are encouraged to apply¹. The Alliance will select the best applications regardless of location; the preference for Alliance focus countries is only weighted if the Alliance needs to make a final selection between applications of equal quality.
- **Impact:** The applicant **must** be focused on driving highly scalable impact in alignment with the Alliance’s mission to save lives, improve livelihoods, empower women, and protect the environment through the sustained adoption of clean and efficient cooking solutions.
- **Gender and Women’s Empowerment:** All applicants should demonstrate a significant commitment to having a positive impact on women and girls and should be compliant with the gender best practices outlined in the Alliance’s Resource Guide “[Scaling Adoption of Clean Cooking Solutions through Women’s Empowerment](#)”².

Specific Criteria for Spark Categories

The Alliance recognizes that there is a broad spectrum of enterprises with varying levels of organizational maturity that may fall into the post-revenue but pre-investable range that the Spark Fund seeks to support. To adequately address and support this broad range of enterprises the Spark Fund incorporates two distinct application categories, ‘Venture’ and ‘Growth’, allowing earlier and later stage enterprises to apply for funding while not competing against organizations with different stages of maturity.

While the evaluation criteria (see page 5) for venture and growth enterprises is the same, the benchmark for each window will vary based on the enterprise’s stage of growth. For example, within the management evaluation category, a strong growth stage applicant will have a solid management team as well as a governance structure that includes some form of a board, while a venture stage application may still be considered to be strong in this area even though it does not have the entire team and governance structure in place.

¹ Alliance focus countries are: China, Bangladesh, Kenya, Uganda, Ghana, Nigeria, India and Guatemala

<http://www.cleancookstoves.org/our-work/priorities/enable-markets.html>

² http://www.cleancookstoves.org/resources_files/scaling-adoption-womens-empowerment.pdf

A description of each application category is provided below:

| | Spark ‘Venture’ | Spark ‘Growth’ |
|----------------------------------|--|--|
| Definition | Enterprises that have passed the proof-of-concept stage, are ready to ramp up sales, or enterprises that have been in operation for some time but have yet to reach commercial viability. Applicants must demonstrate that their product or service has already been proven and adopted by the market. | Enterprises that already have robust sales and are profitable or near the breakeven point. Spark Growth enterprises are ready to improve the efficiency and effectiveness of their operations and expand their enterprises. Applicants must demonstrate that their product or service has already had success in the market. |
| Revenue Range³ | \$100,000 - \$500,000 | \$350,000 - \$2,000,000+ |
| Funding Amount | Up to US\$300,000 | Up to US\$500,000 |

Areas of Potential Support

The list below provides a few examples of venture and growth business plan initiatives, but is by no means exhaustive.

| Spark Venture | Spark Growth |
|---|---|
| <ul style="list-style-type: none"> - Enhancing an existing product (fuel or stove) design or technology to improve sustained adoption by end users - Developing and rolling out a marketing strategy - Reduction of cost of goods sold by improving efficiency in production, distribution, etc. - Developing key local sales channels and distribution model(s) - Seeking capacity development and training in areas of the business with significant skills gaps i.e. accounting, supply chain management, inventory systems, etc. | <ul style="list-style-type: none"> - Entering new markets (geographies, segments, etc.) - Developing a new product line (fuel or stove) - Diversifying sales and distribution channels - Expanding manufacturing facilities and equipment to increase efficiencies and production capacity - Introducing innovative financing schemes to increase product affordability and uptake - Seeking capacity development and training in areas of the business with significant skills gaps i.e. financial management, human resources, administrative, etc. |

Application Process & Deadlines

The application process will be open from November 17th, 2014 to January 30th, 2015. Please read all instructions carefully. Incomplete or late applications will not be accepted. **Applications are due by January 30th, 2015 at 6:00pm EST.**

Applicants must first create a user login and profile at <http://investment.cleancookstoves.org> in order to have access to the competition. **Only applications submitted on the website will be accepted.** If you are experiencing technical problems, please describe the nature of the problem in an email addressed to investment@cleancookstoves.org before the application deadline. Applicants that already have a user account from previous PIF or SPARK applications will be able to use their existing login information. Applicants must download the application materials available in the online “Application Packet” on the Spark competition page. The application materials have been designed to serve as useful tools for applicants to build and plan their Spark proposal, as well as valuable organizational resources beyond the Spark application process.

Applicants will be asked to download, complete and return the following:

- 1) A **6-page “Executive Summary” Business Plan** of the applicant (template provided in the Application Packet)
- 2) A comprehensive **Financial Model** (excel template provided in the Application Packet).
 - a. **The completed Financial model template is required for Spark Venture applicants.**
 - b. **Spark Growth applicants** may complete the template or submit their own model as long as it contains full profit and losses, balance sheet and cash flow statements that comprehensively break down the enterprise’s historical and projected revenues and costs, assets and liabilities and yearly cashflows from operations, financing and investments between 2012 and 2017 (on a fiscal year basis).
- 3) An **Application Workbook** containing 5 sections:
 - o A General Information form on the applicant organization

³ These are examples based on the most recent fiscal year of past Spark Fund grantees and are not a required revenue range to receive funding in each window

- A Business Growth Strategy Overview including short and medium term objectives, budget of projected uses of funding and an assessment of capacity development needs.
 - A Gender Best Practices questionnaire providing information on how the enterprise integrates gender-informed practices into their business model and in their overall growth strategy.
 - An Impact Questionnaire on social and environmental impacts of the enterprise
 - A Technical Questionnaire on the technical and sector-specific aspects of the of the technologies and fuels in the enterprise's product portfolio
- 4) Applicants are required to complete 100% of their business profile on the investment platform (<http://investment.cleancookstoves.org>), including uploading their full business plans. Applicants will be asked to submit their business profile in the Spark application form.

Applicants will also be asked to provide the following information and attachments as part of their application:

- 1) CVs of key management. Please upload no more than 4.
- 2) Proof of **legal incorporation** and up-to-date compliance with all **relevant tax requirements**
- 3) **Audited financial statements for up to 3 years if the applicant has conducted audits**
- 4) **Test Results:** Applicants are asked to adhere to requirements for testing per the [Grant Applicants Test Results Reporting Guidelines and Requirements⁴](#) for stoves and fuels published by the Alliance in [March 2014](#). All testing must follow protocols that have been mapped to IWA tier ratings for laboratory testing, using the requirements specified in the [IWA](#). Information for testing methodologies and protocols are available on the [Alliance webpage](#).

Comprehensive instructions and guidelines are provided in the Application Packet, as well as a complete sample application that applicants can use as an example when preparing their own application. Applicants are asked to only submit the documents indicated in the list above and to closely follow the provided guidelines, including length restrictions. **Only one proposal per organization can be submitted.** The Alliance reserves the right to reject applications that are incomplete or that do not follow any of the requirements or guidelines in this RFP. The application and selection process will take place in five stages. Applicants are asked to closely follow the application requirements and deadlines listed in the following table:

| Stages | Description | Requirements | Dates |
|--|--|---|--|
| Stage 1: Application Submission | To apply for the Spark III, please register at http://investment.cleancookstoves.org , log in and download the Application Packet. Submit the application requirements by the deadline via http://investment.cleancookstoves.org . Only applications submitted via this website and by the deadline will be accepted. | <ul style="list-style-type: none"> - Executive Summary (max 6 pages) - Financial Model - Application Workbook - Online business profile - Management CVs - Legal Incorporation and Up-To-Date Tax Filings | Application Deadline Jan 30 st , 2015 at 6:00pm EST |
| Stage 2: Application Screening & Finalist Selection | Applications will be evaluated using the criteria indicated below and 20 finalists will be selected. | | Finalist Announcement Mar 1 st , 2015 |
| Stage 3: On-Site Due Diligence & Follow-Up Questions/ Materials | Selected finalists may be asked to provide additional information and will undergo an independent in-field due diligence to review operations, management capacity, products/services, customers and beneficiaries, gender mainstreaming strategy, capacity development needs and growth strategy. Upon completion of the due diligence phase, the Alliance may request modifications in proposal scope, scale, and/or budget. | <ul style="list-style-type: none"> - Additional information on a case-by-case basis | Due Diligence Mar & Apr 2015 |
| Stage 4: Judging Panels & Winner Selection | A panel of sector experts and impact investors will review finalists' applications and due diligence reports. Additional questions may be sent out by the panel on a case-by-case basis. At least 6 grant recipients will be selected by June 1 st , 2015. | <ul style="list-style-type: none"> - Additional information on a case-by-case basis | Winners Announcement June 1 st , 2015 |
| Stage 5: Grant Negotiation & Contracting | The Alliance and the grant recipients will negotiate terms and conditions of the grant and sign grant agreements. Funds are expected to be deployed in the three months following grantee selection. | | Negotiation & Contracting June-Aug 2015 |

⁴ http://www.cleancookstoves.org/resources_files/grant-applicant-test-results-reporting-guidelines.pdf

Evaluation Process & Criteria

Given the interdisciplinary, inter-sectorial nature of the Alliance and its goals, final funding decisions will be made on the basis of technical merit as well as the strength of the enterprise and its ability to scale. The Evaluation Criteria below will be used to facilitate direct comparisons among proposals, in the Venture and Growth categories, during the evaluation and selection process:

| Category | Criteria | Description |
|---|---|--|
| 1. Strength of the Business Model | <ul style="list-style-type: none"> a) Commercially Viable Solution b) Track Record c) Products/Services d) Market Knowledge e) Sales & Marketing Strategy f) Operations g) Integration of gender best practices in business model | <p>Assesses whether the enterprise has a clear market-based approach, is commercially viable, integrates gender, and is aligned with the Alliance's objective to enhance demand or strengthen supply.</p> <p>Assesses the enterprise's current sales traction and operating model in addition to its knowledge and understanding of the target market and demand, the positioning of the product/service in the market, operational and management capacity, growth strategy, etc. Also assesses ability to scale through evaluation of the market, the business model, strength of key partnerships, and the financials.</p> |
| 2. Financial Sustainability & Planning | <ul style="list-style-type: none"> a) Historical Financials b) Credibility, Accuracy and Soundness of Financial Forecast c) Commercial Viability with Plan and Drivers for Revenues and Profitability d) Resources & Capitalization e) Financial Planning & Management | <p>Evaluates the strength and sustainability of the enterprise's financial situation, including historical and projected revenue and cost structures, profit margins, existing assets and liabilities, investments made to date in the business, financial growth projections and validity of key assumptions, and the overall potential to unlock additional for-profit growth capital in the medium to long term.</p> |
| 3. Commitment to Impact | <ul style="list-style-type: none"> a) Impact on Livelihoods b) Impact on Health c) Impact on Environment d) Impact on Women's Empowerment e) Strength of Commitment to Track Impact and Improve Performance in Areas a) through d) | <p>Assesses if the submitted proposal demonstrates clear, measurable and realistic positive impacts in areas such as women's empowerment, job creation and livelihoods, emissions and fuel use reduction, etc. The enterprise should strive towards affordability, accessibility, acceptability, and availability of well-performing technologies to have these impacts.</p> <p>To show their commitment to a transition to cleaner and more efficient technologies and fuels that improve health and environmental outcomes, applicants must demonstrate a plan to evaluate and increase the efficiency and cleanliness of the cookstove and/or fuel over time. This includes testing fuel products with the comparable stove technology that will be used by the target consumer segment for a particular fuel. A preference will be given to enterprises whose clean cooking solutions are tier 2 or better for efficiency, indoor emissions and total emissions.</p> |
| 4. Growth Plan & Projections | <ul style="list-style-type: none"> a) Strength of Growth Proposal b) Forward-Looking Strategy c) Feasibility d) Capacity development strategy | <p>Assesses the enterprise's identified opportunities for growth and expansion, the proposed actions to roll out the growth strategy, and the overall feasibility of the projections. Assesses the capacity development strategy as it relates to the growth plan. The enterprise's capacity development initiatives should be clearly linked to and supportive of the growth strategy.</p> |
| 5. Management | <ul style="list-style-type: none"> a) Management Team b) Strategic Partnerships c) Accountability & Transparency d) Reporting | <p>Determines if the management team has the background, diversity, local market or BoP experience, sufficient industry knowledge, business management skills, adequate capacity, and the ability to manage reporting requirements, among others.</p> |

Contracting Information

Grant Agreement

Agreements will be made between the Grantee and the United Nations Foundation. Funds will be disbursed in tranches based on the achievement of milestones outlined in the application and amended in the grants process. Applicants will work with the Alliance to explore opportunities to incorporate local livelihood opportunities, including opportunities for women and men, as well as mainstream gender into their business plans. Applicants will be asked to submit or undergo financial audits and test all technologies supported by the Spark Fund.

Reporting Requirements

Recipients under RFP 14-4 will be required to submit quarterly reports on activities and progress including quarterly financials and budget statements. The Alliance will provide a general reporting template required of all recipients and customize reporting for each recipient according to specific proposal goals and milestones developed between the Alliance and the applicant during the contracting process. In addition, recipients will be required to report on basic social and environmental impact indicators. All data reported will be sex disaggregated. All recipients under RFP 14-4 Spark Fund III will also be required to complete the Alliance's annual Results Reporting questionnaire. Furthermore, the Alliance, on behalf of the United Nations Foundation will monitor and conduct assessments of operations under the grant, which may include a visit from Alliance personnel or designee to observe projects and programs and to review financial and other records and materials connected with activities supported by the grant. In addition the Alliance requires a final report within 30 days from the end of the grant term that describes in narrative fashion what was achieved with the funds, a line item comparison of budgeted versus actual expenses as they relate specifically to the grant, a statement certifying that all funds were expended for the purposes of the grant and an explanation of any variance from the proposal budget submitted with the original proposal.

Communication of Results

The Alliance is committed to ensuring that results achieved by grantees will inform the sector, as well as advance the adoption of cleaner, more efficient cooking technologies. Grantees supported under Spark III will be expected to actively engage with fellow grantees, Alliance staff, and other designated partners as requested by the Alliance. This coordinated engagement could include: input into achieving collective grantee goals; sharing of best practices; participation in meetings or calls or research being conducted by the initiative; and participation in additional capacity-building activities needed to further those goals, provided that such requests do not constitute a violation of any applicable law or regulation. The Alliance will work with funded enterprises to ensure that progress and results are widely disseminated, and profiled at meetings as relevant. Materials, reports, and results of grants may be available for dissemination to the public, i.e. through the Global Alliance for Clean Cookstoves website, newsletters, and webinars. The Alliance has the right to ensure that study results are made publically available in a timely and transparent process, while ensuring intellectual property rights of investigators, as well as subject and manufacturer confidentiality as required.