



RENEWABLE ENERGY CHALLENGE FUND (RECF): CLEAN COOKING WINDOW

CALL FOR EXPRESSION OF INTEREST (EOI)

FREQUENTLY ASKED QUESTIONS (FAQ)

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EOI KEY FACTS

Some key do's and don'ts

- ➔ DO focus on innovation and market moving ideas for clean cooking solutions in Uganda;
- ➔ DO NOT seek support for expanding or strengthening core business activities;
- ➔ DO show a level of cost sharing of at least 40%, with no more than half of that amount as in-kind contribution;
- ➔ DO provide a realistic cost-sharing percentage.

The proposed cost-sharing percentage (40% or more) must remain consistent throughout the application process – Companies should not promise a high cost-sharing element (for example 60%) to then reduce that number later on. This would give them an unfair advantage during the selection process, as they would score additional points. If the company cost-share is found to be illegitimate at any point of the selection process or partnership duration, the proposal review or contract will be terminated.
- ➔ DO provide ambitious but realistic sales and outreach projections.

All the numbers provided in the EOI will be verified for consistency with available market intelligence, the applicant's sales history and other indicators. Shortlisted applicants will be asked to submit a full application with additional details at the next stage – The numbers cited in the full application will be expected to match those in the EOI and will be subject to a greater

level of scrutiny. Any inconsistencies in such figures (especially inflated or unrealistic projections) will be scored very severely.

- ➔ DO complete the [online EOI form](#), answer all questions and submit it on time together with all the required documents;

How many business ideas can I submit?

You can submit multiple business ideas (one business idea per EOI) but these must be distinct ideas not just variations of the same business idea (i.e. you should not submit the same concept twice with minor changes). Applicants should only submit business ideas that are of strategic importance to their business and they must be committed to implementing all the ideas they submit.

ELIGIBILITY

The Technology

What cooking solutions will the RECF support?

The RECF is technology neutral in that it will not favour any particular clean cooking technology above another. As long as the adoption of such solutions leads to improvements in the safety (e.g. reduced risk of burns, poisoning and other injuries) and efficiency of cooking (i.e. lower fuel consumption and faster cooking), reduced emissions (total and indoor) and environmental impact in comparison to the status quo cooking solutions currently used by households, businesses and institutions (e.g. schools) across Uganda. Acceptable solutions include:

- *Improved cookstoves (e.g. charcoal or wood stoves)*
- *Fuels (e.g. briquettes, biomass pellets, LPG, biogas, ethanol)*
- *Solutions for households, businesses, as well as institutional applications*
- *Or a combination of the above.*

Do products need to comply with specific standards or guidelines in terms of quality and performance?

UNCDF will pay particular attention to the **safety, performance, quality and durability** of the proposed solutions. Products that have been tested (both lab and field testing) and/or abide by specific performance, safety and quality standards or guidelines (e.g. ISO/IWA, WHO Guidelines for Indoor Air Quality, Uganda National Bureau of Standards) will be preferred.

Please let us know in your application whether your products have been tested by an independent body (e.g. CREEC Regional Testing And Knowledge Centre) and if they comply with specific standards or guidelines.

The Applicant

What types of entities are eligible to apply?

The RECF targets exclusively for-profit private companies or consortia led by eligible private companies.

➤ Can individuals apply?

No. If you are an individual with a great idea, we suggest you partner up with a company that fulfils the eligibility criteria.

➤ Can social enterprises apply?

Yes. However, they should be registered as a business in Uganda and operate on a for-profit basis. Non-profit social enterprises can apply as a 'partner organisation' where a for-profit company is the lead applicant.

➤ **Can Start-ups apply?**

Yes. As long as they fulfil the eligibility criteria and can demonstrate they have sufficient experience, all the required business processes in place, and the capacity to implement the proposed project within the given timeframe.

➤ **Can a non-for-profit organisation (e.g. NGOs, CBOs, etc.) apply as lead applicant?**

No. However, they can apply as part of a consortium led by an eligible private company. For-profit arms of non-for-profit organisations can also apply as long as they fulfil the eligibility criteria.

➤ **Can government-owned or government-operated organisations apply?**

No. The RECF will support exclusively private sector companies.

Does my company need to be registered and already operating in Uganda to apply?

Yes. The lead applicant must be legally registered as a business and already operating in Uganda:

- Companies applying to the small grants category must be legally registered and operating in Uganda since at least **one year as of September 1st, 2017**;
- Companies applying to the large grants category must be legally registered and operating in Uganda since at least **2 years as of September 1st, 2017**.

My company is a well-established player in the clean cooking sector with successful operations in other countries, but we are just getting started in Uganda. Can my company still apply?

Yes. UNCDF will accept applications from companies that are registered in Uganda since less than the required number of years if they are the subsidiary of a foreign company that has been operational since at least 2 years and has a proven track record in the clean cooking sector.

Furthermore, the applicant must already be active in Uganda either on its own or through well-established local partners. Companies that do not have sufficient experience operating in Uganda should partner with a relevant local company.

My company's core business isn't clean cooking. Can I still apply?

Yes. The RECF is open to companies that are currently involved at any level of the clean cooking value chain in Uganda. UNCDF will also accept applications from other relevant companies such as other kinds of energy enterprises (e.g. Pico solar and solar home systems distributors) or last-mile distributors (e.g. distributors of agricultural inputs for farmers) with well-established distribution channels that reach out into rural areas of Uganda.

Companies that do not have sufficient expertise in the field of clean cooking are encouraged to apply as part of a consortium with a relevant partner that can bring that element to the table.

CONSORTIA

What is a 'lead' applicant?

The 'lead' applicant is the organisation through which the grant would be channelled, who will be accountable for all the funds, and who will operate as the main point of contact with CleanStart for the duration of the project. The lead applicant must meet the eligibility criteria.

Can I have partner organisations?

Yes. Consortiums are allowed, but with only one lead applicant who will be accountable for the project. We expect all members of the consortium to have a clearly defined role and responsibilities, and be able to show the value they add to the group.

Does a consortium have to show a history of working together?

No. But you must be able to show what each member of the consortium will bring to the table and what it will gain by entering into a partnership. The lead applicant must also demonstrate its ability to effectively coordinate all consortium members.

Do I need to have formal partnership agreements in place with partner organisations before submitting the EOI?

No. However, later on, shortlisted applicants must submit a formal partnership agreement (e.g. MOU) that details each member's role, responsibilities and financial contribution to the project together with their full proposal.

Can my organisation be part of two different consortium EOIs?

Yes. Organisations named in multiple EOIs acknowledge that they are making commitments to each submission and to undertake all proposed activities, irrespective of any decision on any other EOI.

Can my organisation submit an individual EOI, and be the lead applicant or a member of a consortium for another?

Yes.

FUNDING

What are some of the features of your grant funding?

- Cost-sharing grant, paid upon achievement of milestones;
- It is not a reimbursable loan.
- Businesses must contribute at least 40 percent of the total project costs, with at least 20 percent in cash and the remainder in-kind;
- UNCDF reimburses its corresponding portion of the project costs at the end of each project stage when project milestones are satisfactorily achieved and disbursement conditions are met. Companies are hence expected to have sufficient funds available to take on the initial investment required to kick-start their projects, unless otherwise agreed.
- The number and the size of the individual grants will depend on the available funds and on the quality of the applications;
- The amounts allocated to each grantee will be to the discretion of the investment committee. The funding amount will be commensurate with the implementation capacity of the business (e.g. track record, number of years in operation);

- The investment committee may ask applicants to revise the amount of grant funding requested in their EOI or to switch to a smaller grant category.

Are the Small Grants only for small and early-stage companies or can larger or more mature companies also apply for such a grant?

Larger, more mature companies are also allowed to apply to the Small Grants in case they want to put forth a business idea that is perhaps riskier and which they want to initially test at a smaller scale to later scale it up. They must however justify the need for such funding and its additionality.

Can I apply to both the Small Grants and Large Grants?

Yes. If a company fulfils the specific eligibility criteria for both grant categories, it can apply to both as long as the proposed business ideas are distinct. Applicants are however advised to apply for a grant category that matches the size of their project and their internal capacity to implement it. Companies should also be able to provide the required cost-sharing for the selected grant size and demonstrate the additionality of such funding.

Can a company receive funding for more than one business idea?

Yes. Each submitted EOI will be considered as a separate application and will be evaluated individually. So it is possible for a company to get more than one of its EOIs shortlisted.

This being said, in case multiple proposals from the same company make it through the selection process, the investment committee will take into consideration the company's capacity to implement multiple business ideas in parallel prior to making a final decision.

What can the grant be used for?

The main purpose of the grant is to support the implementation of the business idea with a focus on sales and distribution and the provision of services to the end-user. Therefore the grant funding can be used for expenses related to the implementation of your business idea such as process building, new staff positions, innovative marketing costs, etc. Specific activities and budget items to be funded will be determined jointly during proposal development and contract negotiations.

Can the grant be used to purchase capital goods (e.g. machinery, tools, equipment)?

Yes. UNCDF will allow companies to spend some of the grant funding – **up to a maximum of 10% of the total grant amount committed by UNCDF** – to purchase capital goods in case it is necessary for the implementation of the project and the company is unable to cover the full costs of such goods. However, **no more than 50% of the value of the purchased asset(s) can come from the grant amount** the remainder must be paid by the company. Invoices of purchased assets will be required to receive a reimbursement from UNCDF.

Can the grant be used to establish a new manufacturing facility, automating manufacturing processes or increasing production capacity?

In case increasing production is required to support the implementation of the proposed business idea it will be accepted as an element of the proposal.

However, the bulk of the costs associated with setting up a new manufacturing facility, automating production processes, or increasing production capacity, shall be taken up by the applicant. UNCDF will consider covering some of the costs associated with such activities through the RECF grant on a case-by-case basis and will allow the use of **up to 10% of the total grant value committed by UNCDF to purchase capital goods with no more than 50% of the value of the asset being covered by the grant amount.**

Can a portion of the grant be used to further develop software or incorporate existing software and/or ICT tools into one's business?

Yes. However, such software must be fairly advanced in its development at the time of the application so that it can be quickly integrated and launched before the end of 2017. Improvements and further tweaking to existing software can also take place throughout the project term to incorporate lessons learnt during implementation.

Can the grant be used to leverage funding from financial institutions or investors?

Yes. In this case, it will be key to demonstrate increasing leverage over time, while at the same time demonstrating business growth.

What can the grant NOT be used for?

The grant funding CANNOT be used for:

- Purchasing assets (e.g. a motor bike, car, computers) – With the exception of certain capital goods as mentioned above;
- Purchasing inventory or raw materials;
- On-lending (e.g. micro-loans to customers);
- Hardware R&D.

Can the grant be used to purchase inventory?

No.

Why can't the grant be used for hardware R&D?

Projects should not focus on the development of new technology but rather the deployment of existing/proven technology. Applicants may own the technology or may be acquiring/licensing technology developed by others. Any further developments to the technology must be funded by the company itself.

What agreement will my company sign with UNCDF?

Should your application be successful, you will be asked to sign a Performance Based Financing (Grant) Agreement (PBA) with UNCDF. A copy will be shared with short-listed institutions during the proposal development stage.

COST-SHARING

What are the cost-sharing requirements?

Partners must contribute at least 40 percent of the total project costs with at least 20 percent in cash and the remainder in-kind. In the case of consortium applications, cost-sharing can include resources from partner organisations in addition to the lead applicant's own resources.

What is an in-kind contribution?

In-kind contributions are services, facilities, equipment and other items made available by the applicant and its partners to support the project in lieu of a financial contribution to the overall project budget. Admissible in-kind contributions include staff time, use of facilities, vehicles or equipment.

The following table provides some examples of in-kind and cash contributions:

List of Inputs / Budget Descriptions (Either paid by applicant or via grant from RECF)	In case of own contribution by applicant: guideline on whether it is a Cash Contribution or In-Kind Contribution
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Full-time Project Staff	Cash Contribution
Part-time Project Staff	In-kind Contribution
Consultants for the Project	Cash Contribution
New Premises-related Setup Cost	Cash Contribution (if new premises are required by the project)
Premises dedicated to Project	Cash Contribution for office rental cost
Shared Premises	Can be In-kind contribution for associated office rental cost
Equipment	Cash Contribution
Software	Cash Contribution
Marketing	Cash Contribution
Training	Cash Contribution
Travel	Cash Contribution in general. Can be In-kind contribution for vehicle, etc.
Telephone and Internet	Cash Contribution
Utilities (Power, etc.)	Cash Contribution
Regulatory Approval / Compliance	Cash Contribution

Can inventory count as a cash contribution to the project?

No. Inventory purchases are considered a core business expense. Cash contributions must represent incremental expenses the applicant would not normally incur and which are linked to specific project activities.

Do you require the full cash contribution to be available at the time of the application?

No. We won't expect the company's cash contribution to be available in its entirety up-front. We will allow for the funds to be made available progressively.

However, the viability of the proposed cost-share and the company's ability to provide it will be assessed during the selection and due diligence processes. Companies must thereafter demonstrate the availability of the proposed cost-share progressively throughout the implementation phase, when these funds are required.

Do you need proof of the availability of such funds?

Yes. Prior to every disbursement, UNCDF will verify that the required cash and in-kind contributions (including those of partners) have been made available to the project. Companies will be required to submit expense reports and supporting evidence to that effect (e.g. receipts, etc.).

If UNCDF is not convinced about the viability of the proposed cost-share at any of these points, the proposal review or contract with the partner will be terminated.

Can project expenses incurred before the start of the contract period be considered?

No.

Can some of the cost-sharing come from another grant?

Yes. In general, preference will be given to cost-sharing coming from more commercial sources but grants will also be accepted as long as these funds can be directed to the proposed business idea and are not meant to be used on an unrelated project. However, the additionality of the RECF grant must then be clearly demonstrated in the application. Also, to avoid double counting of results, companies must ensure that any results achieved with help from the RECF are not being counted as outcomes of another fund. Lastly, any funds coming from other grants must be secured at the time of the application – i.e. companies cannot simply mention that they will apply to another grant to secure the required cash contribution.

APPLICATION PROCESS

Does CleanStart provide any guidance in preparing the EOI?

Yes. If you have any queries not covered by these FAQs, or require any further clarification, contact recf.uganda@uncdf.org

CleanStart will also organise a public Information Session on **March 22nd (Wednesday) 8:30AM-12:30PM EAT** at **Metropole Hotel in Kampala**. A separate virtual session will take place on March 29th (Wednesday) **3:00-5:00PM EAT** for applicants that cannot attend the Information Session in Kampala. Register: <https://attendee.gotowebinar.com/register/4920938338839514113>

Moreover, **until April 13th (EXTENDED)**, companies will be invited to schedule individual meetings with members of the UNCDF team in Kampala (or remotely via Skype or the telephone). During these meetings companies will be able to ask questions and seek advice from UNCDF's experts. Applicants are encouraged to share a draft of their EOI prior to the meeting.ⁱ

Those applicants subsequently invited to submit a more detailed proposal after the EOI stage will be provided with additional guidance.

How do I know that CleanStart received my proposal?

We will acknowledge the receipt of your EOI by email. Late applications will not be considered.

How will I know which proposals have been accepted?

CleanStart will send an email to all applicants, advising them of the decision. A staff member will also contact you directly in case your EOI has been shortlisted.

Is there a Right of Appeal for unsuccessful submissions?

No. The Selection Panel's decision is final. There is no right of appeal.

CONFIDENTIALITY

Will my proposal be treated confidentially?

Yes. All applications will be treated in the strictest confidence during the application process. All the people involved in running the RECF, including the Selection Panel and Steering Committee, will sign a Code of Conduct that prohibits them from divulging details of the applications to others, and also prohibits them from using the information for personal gain.

EVALUATION

What aspects should I consider as I prepare the EOI?

- Understanding the Market: What is the market gap that your business idea is likely to remove or diminish? Is the idea in response to market demand (or enabling a need to become an effective demand)? How does your business idea help build the clean cooking market for low-income customers in underserved parts of Uganda?
- Degree of innovation: How does the proposed idea go beyond existing practices? Will it encourage others in the market to follow suit?
- Value to your business: How will the idea strengthen your business or that of your partners? How does the idea fit in with existing business priorities?
- Value to your customers: How will your project idea improve the customer experience? What are the social, economic or environmental benefits, especially for low-income households and entrepreneurs? Can your customers afford your product?
- Potential Opportunity for Women and Youth Employment: Will your project idea result in employment opportunities for women and youth?
- Technical viability: Is the overall proposal cohesive and realistic? Are your targets ambitious yet realistic and achievable considering your starting point? Does your business (and its partners) have the track record to back this?
- Capacity to implement and organizational commitment: What is your institutional capacity to implement the idea? How active is the executive manager sponsoring the business idea? Do you have the right partnerships in place? Do you have the required business processes and systems in place? What elements are you missing?
- Timescales to results: Is your business idea implementable in September 2017? Can it produce measureable results before the end of 2017, generate new sales by Q1 2018 and continue to deliver results through the project term? What tangible results will the business idea achieve by 2020?
- Value for money: Are the costs appropriate and commensurate with the implementation strategy and the expected results?
- Sustainability: How will the business idea become a sustainable model and/or generate profitable outcomes for your business and those involved in the implementation? Will the business idea be self-sustained once the RECF grant has been utilised?
- Leverage: Will the idea secure other external funding?
- Risk Management: What are the most important risks of the business idea? How will they be managed or mitigated?

How will my proposal be assessed?

Broadly, the following aspects will be looked at:

1. **Technical merit (55%)** – Proposed project's potential to meet the RECF's objective of promoting innovations with wider market significance, including design, relevance, innovation, impact on customers (including women and youth);
2. **Women and Youth Employment (5%) – Project ideas are required to promote women and youth employment.** Business ideas that incorporate this element in an innovative way and demonstrate a strong potential to deliver tangible employment opportunities, will receive a higher score;

3. **Organizational capacity (35%)** – Ability of applicant to launch and implement the project idea and deliver the expected outputs and results within the project period. The applicant must also be able to sustain the initiative even after funding ceases;
4. **Cost sharing (5%)** – a higher contribution (than the minimum 40%) scores higher.
5. **Additionality:** Likely that funding for the business idea cannot be secured through mainstream forms of commercial finance or the project would not take place at the same scale or have the same development impact without support from the RECF.

DISBURSEMENT OF FUNDS

Does the fund provide an up-front payment?

No. The first disbursement will be contingent on the delivery of the first agreed project milestones and results. Companies are hence expected to have sufficient funds available to take on the initial investment required to kick-start their projects.

When will subsequent disbursements take place?

The same principle will also apply to subsequent disbursements: At each project stage, the company will take on all costs associated to that particular stage. Upon satisfactory delivery of the relevant milestones and results and reporting requirements met, UNCDF will then reimburse the company its corresponding portion of the project costs – based on the agreed cost-share (up to 60%).

A disbursement schedule detailing all project milestones and conditions to be met will be included in the PBA.

In what currency will the money be released?

The grant will be denominated in US Dollars only.

IMPLEMENTATION

Will CleanStart provide additional technical assistance to support implementation?

No. All necessary inputs must be accounted for and built into the business idea budget.

***Note:** Small grant recipients may be required to earmark a portion of the project funds to improve business processes and systems deemed necessary to successfully implement the proposed business idea – This may require securing the support from a third party service provider.*

What will be the reporting requirements for the grant? How often?

Partner companies will provide quarterly and annual progress reports. The reporting package includes the following:

- Narrative report;
- Key Performance Indicator report;
- Project expense report;
- Audited financial statements (annual only).

Partners will also participate in quarterly progress review meetings with the UNCDF team.

Are the monitoring and knowledge management requirements rigorous?

Monitoring activities largely include quarterly and annual progress reporting and progress meetings, and annual on-site monitoring visits.

Knowledge management strategies will be jointly developed and agreed on during contract negotiations. CleanStart considers information and knowledge generated from implementing the business idea as a return on investment and would request partners to collaborate on research projects and knowledge sharing opportunities. Research results and knowledge products will be made as a public good. At the same time, CleanStart will treat proprietary information confidentially and make sure the primary data is not shared, unless otherwise agreed with the primary data owner.

Partners may be asked to participate in UNCDF's corporate evaluation through interviews and data sharing.

If you have any queries not covered by these FAQs, or require any further clarification please e-mail recf.uganda@uncdf.org – **UNCDF will accept inquiries related to the EOI until April 13th (EXTENDED)**

CleanStart reserves the right to issue or publish answers to any applicant's enquiries without identifying the applicant that submitted the question.

For more information on UNCDF and the CleanStart Programme visit:

<http://www.uncdf.org/en/cleanstart>

ⁱ **DISCLAIMER:** *The UNCDF RECF management team and experts will not be involved in the EOI shortlisting process, which will be undertaken by an independent investment committee. They will hence be able to provide assistance and feedback to applicants. The main purpose of this assistance is to help applicants submit compliant EOIs. Any feedback or recommendations provided are merely suggestions and it is at the discretion of the applicant as to whether apply them or not.*

The UNCDF team and its experts assume no responsibility for any consequences related directly or indirectly to any actions (or inactions) taken in reliance on the feedback, advice or recommendations provided, or any decisions based on it.