



Guidelines

Call for Investment Proposals #2017-1

To submit your proposal, please respond to this new call for investment proposals and follow the steps below. This document will answer many of the questions you may have to determine whether ElectriFI is a good match for your business. If you have other questions, please refer to the [FAQ section](#) of our website www.electrifi.eu.

This Call for **Investment Proposals** will be opened on 1 February 2017.

The deadline for submission is **Tuesday 28 February 2017 6PM Central European Time** (Brussels time). Any Proposals received after the above deadline will unfortunately disqualify from this Call.

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ElectriFI is an investment facility initiated by FMO, the Dutch Development Bank, and implemented by EDFI Management Company, the fund manager of the Association of the European Development Finance Institutions (EDFI). ElectriFI is funded by the European Commission including a contribution from Power Africa targeting exclusively the sub-Saharan African region.



I. Guidelines

A. Introduction

A major barrier to investments in access to energy in developing countries is the lack of access to seed, mid- and long-term capital. The Electrification Financing Initiative (ElectriFI) was created as a financing scheme to bridge the gaps in structuring and financing, stimulating the private sector, and mobilising financiers.

ElectriFI's mission is to grow viable businesses and projects that create new connections to reliable and sustainable energy in developing and emerging markets (see Section II). EDFI Management Company manages the fund with a total amount of EUR 116 million provided by the European Commission including a contribution from Power Africa targeting the sub-Saharan African region.

ElectriFI's core investment principles

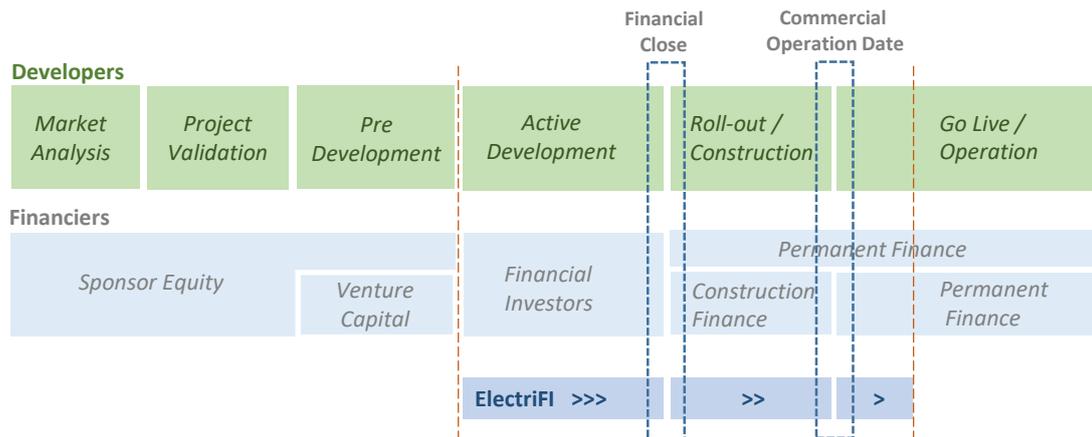
- ElectriFI encourages electricity generation from **renewable energy sources**, with a particular emphasis on decentralised energy solutions.
- ElectriFI provides **financing solutions** to help projects / businesses overcome obstacles or otherwise reach a sufficiently mature stage that could attract private financiers.
- ElectriFI does not compete with other financiers but seeks **collaboration** and **additionality** to other funders.
- ElectriFI financing leads to **increased end-user access** to reliable, sustainable energy.
- ElectriFI invests in companies with **positive financial outlook**.

B. Context of Interventions

For this second Call for Investment Proposals, ElectriFI is planning to invest across a range of business models, technologies and geographies.

Key considerations:

- **Impact** measured in the number of **direct new connections to electricity** and number of people gaining access to electricity.
- Contribute to the installation of **renewable energy capacity (MWs)**.
- **Replicability/scalability** (especially for innovative and high risk business models).
- **Active development stage**: As shown in the following diagram, projects must have reached an active level of development, meaning that market analysis and validation are finalised, pilot (if applicable) has been undertaken, land is secured, resource data are acquired, and feasibility study undertaken.
- **Financial sustainability** must be achieved in the mid-term (2-3 years maximum).



C. Types of Finance

ElectriFI provides financial support primarily through risk capital / debt financing, either to **corporate entities** or to project **special purpose vehicles**.

ElectriFI does not provide grant funding, concessional loans or other low-cost capital. ElectriFI investments are generally high risk with low or no collateral for which corresponding financial returns are expected.

Key considerations:

- **Financial instruments:** ElectriFI can supply debt, quasi-equity, equity and guarantees.
- **Amount:** The maximum amount of any financing solution supplied by ElectriFI will be EUR 10 million (or USD / local currency equivalent). The minimum amount is EUR 500.000 (or USD / local currency equivalent).
- **Tenor:** The maximum term of funding is 7 years.
- **Cap:** Total ElectriFI funding may not exceed 50% of the total project costs.
- **Expected returns:** ElectriFI must be additional to other investors. ElectriFI assumes a significant level of risk, seeks alignment with other investors and expects a commensurate return.
- **Structuring:** ElectriFI is flexible in structuring its financing instruments and repayments, in order to match expected cash flows of the project.

D. Selection Criteria

For this second call for Investment Proposals (#2017-1), ElectriFI anticipates investments in private sector initiatives at an active development stage that are in compliance with the following criteria:

- **Sector:** ElectriFI's mandate covers on-grid and off-grid solutions.
- **Technology:** All renewable technologies (excluding first generation biofuels) are eligible. Combining renewable with conventional generation can be considered in exceptional cases if indispensable for the reliability of the system.
- **Impact:** Projects must create a minimum of 1,000 directly attributable new electricity connections. Preference is given to rural areas.
- **Additionality:** Projects which are financially very strong from the beginning and for which similar funding is available from other sources (local banks, DFIs, etc.) will not qualify for ElectriFI funding.

- **Leverage:** The amount of alternative sources of funding (from VCs, business angels, local banks, DFIs, etc.) the project is able to attract thanks to ElectriFI's investment should be clearly demonstrated.
- **Viability and financial model:** Projects / entities must be capable of attaining financial sustainability in the mid-term (i.e. ultimately able to generate sufficient revenues to support debt service and provide adequate returns to investors under reasonably adverse variations in underlying assumptions). Financial viability has to be demonstrated. Please attach a relevant financial model.
- **Sponsor's equity:** ElectriFI will only invest in businesses / projects where the main sponsors invest in themselves. Applicants have to provide a clear and detailed breakdown of their current and foreseen equity positions. ElectriFI seeks to work with the sponsors, who also invest cash equity in the project (vs. sweat equity and converted grants).
- **Track-record:** Sponsors / entrepreneurs must be able to clearly define the project, show how it will contribute to increased end-user access to electricity and provide a convincing business case for financial sustainability. Applicants must have a credible professional track record, demonstrated strong commitment to date, and a capacity to deliver.
- **Sustainability:** Sustainable environmental and social business practices are essential and at the heart of ElectriFI's investment strategy. Any applicant shall (be ready to) comply with international best practices.
- **Pricing and Returns:** ElectriFI will not support projects that are not financially sustainable (e.g. by subsidising electricity tariffs), nor will it artificially enhance shareholder returns (e.g. by subsidising interest rates).
- **Geographical Coverage:** The project host country must be included in the list provided in Section II of this document.

E. Process

ElectriFI will select Applicants through a two-stage process. During Phase I, interested parties may submit their online applications which will be duly screened by ElectriFI.

Projects that successfully pass Phase I screening will be informed by email.

After the execution of a proper Non-Disclosure Agreement between the selected applicant and EDFI Management Company (that manages ElectriFI), the applicant will be asked to:

- Submit a detailed Phase II Application
- Provide access to ElectriFI to the company/project data room (technology, financial, business model, HR, management, market, KYC, ESG, etc.)

If the Phase II screening concludes positively, the applicant will be presented to the ElectriFI Investment Committee for Clearance in Principle. If approved by the Investment Committee, ElectriFI will conduct further due diligence, including a site visit.

Kindly take good note of the following:

- All financial figures in the application are to be expressed in **Euros (EUR)** or **Dollars (USD)**.
- A financial model, including a minimum of **three years of historic data**, project projections and assumptions, must be uploaded with the Application.
- The online application form regularly auto-saves.
- The lead sponsor should submit the **Application** to ElectriFI **via the ElectriFI [website](#)**.
- Each company may submit a **maximum of two applications per Call** of which no more than one may be selected. A group company structure (parent and subsidiaries) is perceived as one. If more than two projects are submitted, then only the first two applications will be assessed.

F. Concluding Comments

We hope that you are now able to assess whether collaboration with us is possible. If you match our financial, impact and market criteria, we look forward to learning about your plans and selecting you for our formal pipeline. Please note the below:

- **No guarantee of Project Support:** The submission of an Application to ElectriFI does not constitute a contract between the Applicant and ElectriFI nor does it represent an offer to enter into any contract for Financial Support. Please note that during the first call for Investment Proposals in May 2016, ElectriFI received 290 applications of which 19 were invited to proceed to Phase II.
- **Confidentiality and Exclusive Use:** Within the context of this Call, the Applicant may include certain information that could have commercial value in the business in which the Applicant is engaged. ElectriFI will maintain this information in confidence and use it for the sole purpose of evaluating the request for ElectriFI Financing. ElectriFI will not use for its own benefit or otherwise disclose or permit the use by others for their benefit any commercially sensitive information included in the Application Form.
- **Reference Permission:** ElectriFI may refer applicants to other programmes sponsored by the European Commission that have mandates to provide technical advisory support to renewable energy projects. If you are interested, kindly provide permission by ticking the box included in the application form.
- **Gender statistics:** ElectriFI collects some gender information only for statistical purposes; this will be not used in the selection process.
- **Feedback on Applicants:** ElectriFI anticipates that the applications submitted may again outnumber the projects that ElectriFI can select. Therefore, ElectriFI may only be able to provide generic feedback to not selected applicants.

G. Questions

Still not sure? Please read our FAQs first.

- **Questions:** If you still have questions, please send them to: applications@edfimc.eu
- **Answers to questions:** Unfortunately, we will not be able to respond individually at this stage but all questions and answers will be published weekly on the [ElectriFI website](#) so please check regularly.

II – Eligible Country List

Afghanistan	Comoros	Indonesia	Nauru	Sri Lanka
Algeria	Congo (Dem. Rep. of)	Iran	Nepal	Sudan
Angola	Congo (Republic of)	Iraq	New Caledonia	Suriname
Anguilla	Cook Islands	Jamaica	Nicaragua	Swaziland
Antigua and Barbuda	Costa Rica	Jordan	Niger	Syrian Arab Republic
Argentina	Côte d'Ivoire	Kazakhstan	Nigeria	Tajikistan
Armenia	Cuba	Kenya	Niue	Tanzania
Aruba	Curacao	Kiribati	Pakistan	Thailand
Azerbaijan	Djibouti	Kyrgyzstan	Palau	Timor-Leste
Bangladesh	Dominica	Lao People's Dem. Rep.	Panama	Togo
Belarus	Dominican Republic	Lebanon	Papua New Guinea	Tokelau
Belize	Ecuador	Lesotho	Paraguay	Tonga
Benin	Egypt	Liberia	Peru	Trinidad & Tobago
Bermuda	El Salvador	Libya	Philippines	Tunisia
Bhutan	Equatorial Guinea	Madagascar	Pitcairn	Turkmenistan
Bolivia	Eritrea	Malaysia	Rwanda	Turks & Caicos Islands
Bonaire	Ethiopia	Malawi	Saba	Tuvalu
Botswana	Falkland Islands	Malaysia	Saint Helena	Uganda
Brazil	Fiji	Maldives	Saint Lucia	Ukraine
British Antarctic Territory	French Polynesia	Mali	St. Pierre and Miquelon	Uruguay
British Indian Oc. Terr.	Gabon	Marshall Islands	St. Vincent / Grenadines	Uzbekistan
British Virgin Islands	Gambia	Mauritania	Samoa	Vanuatu
Burkina Faso	Georgia	Mauritius	São Tomé and Príncipe	Venezuela
Burundi	Ghana	Mayotte	Senegal	Viet Nam
Cabo Verde	Greenland	Mexico	Seychelles	Wallis & Futuna Islands
Cambodia	Grenada	Micronesia	Sierra Leone	West Bank & Gaza Strip
Cameroon	Guatemala	Moldova	Sint Eustatius	Yemen
Cayman Islands	Guinea	Mongolia	Sint Maarten	Zambia
Central African Republic	Guinea Bissau	Montserrat	Solomon Islands	Zimbabwe
Chad	Guyana	Morocco	Somalia	
Chile	Haiti	Mozambique	South Sandwich Islands	
China	Honduras	Myanmar	South Sudan	
Columbia	India	Namibia	South Africa	