**REQUEST FOR PROPOSALS (RFP)**
**TO**
**DEVELOP TRAINING COURSE CONTENT AND DELIVER TRAINING ON**
**FINANCIAL LITERACY FOR DECENTRALISED RENEWABLE ENERGY (DRE)**
**ENTERPRISES**

# 1. Background

Clean Energy Access Network (CLEAN) is an all India representative organization launched in 2014 with a clear mandate to support, unify and grow the Decentralised Renewable Energy (DRE) sector in India. It aims to bring together diverse stakeholders across India working to improve energy access for the rural and urban poor and create an inspiring model for countries around the world to follow. There are five core themes that drive CLEAN activities (i) Access to Finance (ii) Technology (iii) Skills & Training (iv) Policy Engagement and (v) Information & Networking. As of May 2018, CLEAN has 120 members across the DRE sector consisting of energy enterprises, think-tanks, foundations, donors and not-for-profit organizations.

As one of its mandates, CLEAN seeks to address financing challenges faced by energy enterprises in India. These enterprises are varied in terms of areas of specialisation, scale, size, experience, markets/ customers they cater to and thus have different financing needs and requirements. While some have proven business models and have been able to scale up and leverage available financial opportunities, majority of enterprises still struggle to raise debt and equity needed for their growth and expansion. Financing (Debt, equity or grant), by far has been one of the most critical barriers to scale up for most of the DRE enterprises as most of them lack fixed assets that are considered acceptable forms of collateral by Financial Institutions (FIs). Financing to such enterprises are perceived to be risky due to lack of track record (three-years of positive cash flows) and the market segment they cater to (often poor and underserved). Even where finance is available and accessible, they are not able to prepare project proposals to leverage that funding and pitch it well to the financial institutions as well as investors. This is primarily because many of them (especially new and fledgling enterprises) understand the market potential, business strategy, marketing and sales aspects etc but face difficulty in understanding and preparing financials – financial statements, financial modelling, sensitivity analysis etc. In addition, they also do not have a holistic understanding on what kind of finance (financial instrument) would be best suited to their needs and how they should pitch their proposals/business to the investors to raise capital. A study on Debt Finance Needs of the sector, conducted by CLEAN last year, supported the above findings and recommended that financial literacy of the DRE entrepreneurs is a prerequisite to develop confidence among the financiers to consider the proposals.

In this context, CLEAN seeks the services of a consultant (organization) to develop and deliver training modules and course content on financial literacy for DRE enterprises. It is anticipated that this training will enable them to understand basic financial concepts, financial statements, ratios etc. and will also provide them an understanding of the due-diligence process followed by debt providers and investors. The training will prepare them to confidently pitch their proposals to investors as well as financial institutions so that they are able to effectively communicate financial data and metrics. It will also build their capacity to assess and evaluate business risks and mitigation strategies.

# 2. Scope of Work

It is understood that training material and course content on financial management for start ups/MSMEs/small MFIs etc do exists and are readily available. However, training content on financial management for DRE enterprises and a primer on fund raising and due-diligence process for such enterprises in the Indian context are not available to our knowledge.

To facilitate the creation/collation of such training content, the consultant will be required to broadly undertake the following project activities:

- **Need Assessment:** To make the training suited to the needs of DRE enterprises and be of relevance to them, a needs assessment exercise will be required to be undertaken with CLEAN's member enterprises as well as few non-member enterprises, debt providers (Banks/Non-Banking Financial Companies) and energy incubators.
- **Content Development:** On the basis of needs assessment, the consultant will be required to develop training modules and course content on financial literacy for DRE enterprises. Considering the diversity of CLEAN's member-base, enterprises will need to be categorised into different tiers (ideally 2-3, keeping in mind minimal overlap and maximum coverage). The categorisation could be based on the scale, business model, technology, financing needs, etc., of the enterprises. Modules need to be prepared to cater to the needs of the identified tiers of enterprises. A broad, tentative outline of the modules is presented in the next section.
- **Training Delivery:** Interactive and practical training will be imparted on the content developed for the targeted enterprises. The number of training programmes will have to be decided based on the categorisation of enterprises.
- **Assessment:** Practical assessments will need to be undertaken before and after the training, to capture the improvement in understanding of participants regarding the content delivered, and the Gaps in information (which can be addressed in future training programs).

## *Training Content*

The list of topics provided below is only indicative and it is expected that the final content will be developed after a training needs assessment of the enterprises.

### **Fundamentals of finance for DRE enterprises**

This module will enable enterprises to understand key financial statements and concepts.

- Different types of DRE enterprises, their business models and key challenges
- Importance of financial planning and management for DRE enterprises
- Basic financial statements (balance sheet, income statement, cash flow statement)
- Financial modelling (A hands-on step by step excel based financial modelling exercise)
    - Inputs, ratios and metrics, assumptions, forecasts and projections
    - Key financial indicators—Net Present Value(NPV), Internal rate of return(IRR), Payback Period, Debt service Coverage ratio (DSCR), etc
- Sensitivity and break-even analysis
- Cash flow management

**Fundraising for DRE enterprises**

This module will be focused on understanding the process of raising external capital, the due-diligence process adopted by financial institutions and their key requirements. This module will enable them to effectively communicate and present their proposals to the credit committee of banks or to the investors.

- Sources of capital - Various sources that an entrepreneur can utilize to raise capital and operational resources for their business
- Key considerations for borrowing, costs related to borrowing and risk associated
- Valuations of start-ups
- Due-diligence process of banks, NBFC and investors
- Proposal to bankers/ Pitching to investors – What to communicate and how to effectively communicate project proposals? (With Group/Individual exercises such as presentation to the mock credit committee of bankers)
- Term sheet templates for equity investment

**Business and financial risks and mitigation measures**

- Background on risk measurement and monitoring - why is it important?
- Types of risks involved and mitigation measures
- Case studies on enterprises showing risks that have caused major project failures, successful examples of risk mitigation

## *Delivery of Training Programme*

The duration of the training programme can be for 2-3 days. The venue will be decided by CLEAN based on concentration of enterprises in a region and logistical ease. Following aspects should be ensured by the consultant while delivering the training programme:
- Classroom training programme with interactive sessions/group discussions with DRE enterprises
- Hands on training and easy to understand training curriculum.
- Training content and assessments that relate directly to the learning objectives and relevant in practical context.

# 3. Deliverables:

The deliverables for the proposed assignment are listed below:

- Course content including Training modules outlined above for the identified categories of members, and other handouts as deemed necessary for the training programme
- Detailed agenda of the Training Programme with training pedagogy (including working methods and procedures)
- Training feedback sheet from participants
- Final report on Financial literacy training programme including details of needs assessment, training provided to DRE enterprises, feedback and recommendations for future training programmes.

*Note: Deliverables to be deemed complete based on agreement between CLEAN and the consultant*

## 4. Proposal details:

The proposals of agencies will be evaluated based on their past experience and credentials in developing and delivering similar course content, profile and experience of trainers (team composition), design of the proposed training programme and cost competitiveness. Interested applicants need to submit the following details as given below.

a) *Agency Details*
- Name of the firm and place of business
- Contact information (mobile no., email, Skype, etc).

b) *Profile of the agency*- Nature of work, field of expertise, licenses, certifications, accreditations. The agency should have following features:
- Minimum 5 years of experience national and international experience in conducting high quality training workshops on financial literacy, financial management, risk management etc.
- Experience and good understanding of the businesses in DRE sector
- Experienced and qualified team of experts specialising in DRE/RE finance and credit appraisal

c) *Relevant Training Experience*

d) *CVs of the proposed trainers*-The prospective trainers should have conducted at least 5 trainings on related topics and subject areas

e) *Budget-* Cost must be broken down into professional fees and travel and should be inclusive of taxes.

f) *Written Self-Declaration-* The written self -declaration should state that the company or individual is not black-listed by Government

## 5. Duration of the Assignment

- Duration of assignment will be for 8 weeks starting from signing of contract.
    - Training needs assessment – 1$^{st}$ and 2$^{nd}$ Week
    - Course content development - 3$^{rd}$ and 4$^{th}$ Week
    - Delivery of training – 5$^{th}$ to 8$^{th}$ Week
- Training course content and handouts should be submitted to CLEAN one week prior to the day of training

## 6. Criteria for the assessment of the proposal

| S no. | Selection Criteria | Weightage |
|-------|--------------------|-----------|
| 1 | Technical | 70% |
| 2 | Financial | 30% |
| | **TOTAL** | 100% |

## 7. How to Apply

Interested consultants are requested to send in their proposal to krithika@thecleannetwork.org and anuj@thecleannetwork.org , latest by 7th May'18.