



Date Issued: June 12, 2012
Comment Due Date: July 12, 2012 2:00 P.M. (EST)

Subject: Pre-Solicitation Notice
Powering Agriculture: An Energy Grand Challenge for Development

Dear Interested Parties:

The United States Government, represented by the Agency for International Development (USAID), Bureau for Economic Growth, Education, and Environment (E3) is seeking comment from industry and other interested parties around the world on the attached program initiative outlined in pages 2 through 4 of this Notice.

All comments (including questions and clarifications) must be submitted to PoweringAg@usaid.gov no later than the time/date stated above. This pre-solicitation notice is a request for comments only and applications or proposals will not be accepted or responded to. USAID has not finalized all aspects of the new initiative and needs meaningful and substantive comment from the broader community of interest. Subject to availability of funds, current estimated grant funding for this program is approximately \$25 million.

This Notice can be viewed and downloaded from the Internet at www.grants.gov. USAID bears no responsibility for data errors resulting from transmission or conversion processes. Further, be aware that amendments to this Notice may be issued and will be posted on the same Internet site from which you downloaded this RFA. You are advised to regularly check the above Internet site for amendments and are encouraged to sign up for update notifications on the RFA at www.grants.gov

Issuance of this Notice does not constitute a binding commitment on the part of the Government to issue a Solicitation, nor does it commit the Government to pay for costs incurred in the preparation and submission of any comments. Further, the Government reserves the right to reject any or all comments received.

Thank you for your consideration of this USAID initiative. We look forward to your organization's participation.

Sincerely,

/s/

Marcus A. Johnson, Jr.

Agreement Officer

Office of Acquisition and Assistance

USAID Pre-Solicitation Notice

Powering Agriculture: An Energy Grand Challenge for Development

1. Introduction

The United States Agency for International Development (“USAID”), the Swedish International Development Cooperation Agency (“Sida”), the African Development Bank (“AfDB”), Duke Energy Corporation (“Duke”), and the Overseas Private Investment Corporation (OPIC) (collectively, the “Founding Partners”) are seeking innovative approaches that take advantage of the market opportunities at the heart of the energy/agriculture nexus in developing countries. Through *Powering Agriculture: An Energy Grand Challenge for Development*, the Founding Partners will focus on the development and deployment of effective, clean energy technologies with appropriate business models that increase agricultural productivity and value and thus broad-based economic growth. The purpose of this Pre-Solicitation Notice is to disseminate information about the program and invite comments and expressions of interest from potential applicants and experts.

Increasing access to clean energy along the agricultural value chain will require development of new clean energy technologies and viable business models and investment for scaling up their deployment. The scale of investment required to dramatically increase clean energy access for agricultural development dwarfs what is available from public sector entities. Historically, efforts to develop the agriculture and energy sectors have been stove-piped ignoring the interdependency between the two and the opportunities for profitable synergies. The Founding Partners believe that focusing on the clean energy/agriculture nexus presents an opportunity to capitalize on these synergies and catalyze significant increases in private sector investment to realize both clean energy access and agricultural development objectives. Moreover, agricultural intensification must not be at the expense of increased carbon emissions, decreased resiliency, and damaged capacity to adapt to climate change or the long-term impact on food security will be negative.

To date, developing new clean energy technologies and enterprises optimized for agriculture in low-income countries has attracted relatively little investment from the private sector. Changing this will require finding solutions such as break-through technologies whose cost and performance changes the character of the problem or innovative ways to bundle services and products to impact both supply and demand simultaneously.

2. Objectives

The objective of the *Powering Agriculture: An Energy Grand Challenge for Development* initiative is to improve agricultural productivity and value by increasing access to clean energy solutions to those along the agricultural value chain that suffer from no, or poor quality, grid power in developing countries. The program aims to foster innovative clean energy technologies and business models and catalyze private sector investment to enhance access to the clean energy inputs required for the agricultural value chain while simultaneously mitigating CO₂ emissions from agricultural intensification. Furthermore, the energy/agriculture nexus provides an

excellent opportunity for economic empowerment of women and gender sensitive approaches and all applicants will be required to address gender impacts of proposed programs.

3. Areas of Interest

The *Powering Agriculture: An Energy Grand Challenge for Development* encompasses the following stages for which the Founding Partners anticipate funding requests, either individually or jointly from commercial enterprises, investment companies, banks, insurance companies, universities and non-governmental organizations. The eligible uses of proceeds are clean energy generation, distribution, storage, and more efficient end-use technologies targeting the agricultural sector, such as improved technologies for irrigation, post-harvest processing (e.g. drying, grinding), cold storage, on-farm use, and other components of the agricultural value chain including technologies for converting agricultural waste/bi-products into electricity and direct use of renewable resources for agricultural processes (e.g. solar, geothermal, etc. for drying, heating, cooling).

Technology and Business Model Innovation (Component One)

The partners anticipate that individual awards between \$300,000 and \$1,000,000 will be available for the following component one activities:

a) Technology Innovation – This program component will provide grant support to seed early stage development of low cost, appropriate clean energy technologies targeting the agricultural sector that have significant scale-up potential in developing countries. Grant support could be used for testing technology prototypes, refining engineering designs, marketing test take-up under various pricing and feature options, or other related activities. For the technology to qualify for this component, a direct, quantifiable, sustainable benefit to the agricultural value chain should be demonstrated.

b) Innovative Business Model Development – This program component will provide grant support for business model validation and preparation needed to scale one or more appropriate clean energy technologies targeting the agricultural sector in developing countries. Support could include business incubation, development or testing of marketing plans, payment schemes, distribution, or franchising models, plans to recruit, train, and hold management and technical staff, and other related activities.

Commercial Scaling of Technologies (Component Two)

The founding partners anticipate dedicating at least half of program resources to activities that will support operating businesses that have good prospects for profitably commercializing clean energy technologies in the agricultural sector in developing countries. Because scaling often requires significant resources, this stage will focus on activities where small amounts of public capital can leverage larger amounts of private capital. A combination of grants, debt, and guarantees are available for this component. Requests that allocate different risks and returns to different streams of funding are encouraged.

The Founding Partners may consider support for businesses directly, or through impact or commercial debt or equity funds in the energy/agriculture nexus. The Founding Partners have a variety of tools and approaches that could serve to catalyze incremental investment in this area. For example, Sida has an agreement with USAID with respect to the deployment of credit guarantees that could be applied to this sector. The African Development Bank is supporting a sustainable agriculture fund of funds that could be structured to catalyze financing in the energy/agriculture nexus. OPIC is committed to providing both outreach to deals and funds underway or approved and to considering financing and/or insurance support to eligible deals.

The Founding Partners seek comments on the program components described above, including the types of subsidies, incentives and risk mitigation that lenders and investors appear to require to increase exposure to projects in the energy/agriculture nexus in developing countries.

4. What Will Not Be Funded

Currently, the Founding Partners view the following activities as low priority and unlikely to receive program funding:

- Applications that do not demonstrate a commitment to the stated development purpose, i.e., enhanced value of the agricultural chains, the promotion of food security, clean energy development, and increased economic growth in the target countries.
- Applications focused on research and development for a product without a clearly defined market or the likelihood of commercialization within a three year timeframe.
- Applications focused on improving energy access without an explicit benefit to the agriculture sector or agricultural projects without a clean energy component.
- Energy from biomass projects that cannot directly demonstrate a benefit to the agricultural value chain.
- One-off renewable energy installations or pilot projects to support proven technologies for proven applications, unless they include an innovative component(s) to achieve scale, such as a new business model.
- Projects that are based solely on fossil fuel-based generation technologies.
- Projects focused on increasing utilization of mechanized agriculture utilizing fossil fuel based technologies, e.g., tractors.