Digital Energy Challenge – Frequently Asked Questions (FAQ)

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ENGLISH VERSION

This document summarises the answers to the frequently asked questions about the Call for Projects. It is updated regularly and available for download on the Digital Energy Challenge website.

A. ELIGIBILITY

Q1) Are all African countries eligible for the 2024 edition of the Challenge?

No. The exhaustive list of eligible countries for this fourth edition is specified in the Who Can Apply sections here.

Q2) What does "local" mean in the eligibility criteria for Start-ups?

Within the framework of the Digital Energy Challenge for Start-ups, "local" entities must have their management activities headquartered in the country where the activity/project takes place and have at least one full-time employee working in this country.

The nationality of employees is not a criterion for eligibility.

Q3) Are French/European companies' subsidiaries eligible?

Yes, subsidiaries of French, European or of other countries outside Africa can be eligible.
- They are eligible to the Digital Energy Challenge for Start-ups as long as they are 'local', meaning that project management activities are headquartered in the country where the activity/project takes place and provided that there is at least one full-time employee working in the project country.
- They are eligible to the Digital Energy Challenge for Utilities as technology/service providers, if:
    o they are 'local', meaning that project management activities are headquartered in the country where the activity/project takes place and there is at least one full-time employee working in the project country;
    o OR the technology/service provider is essential for the project and does not operate in the defined geographical scope or locally.

Q4) Are NGOs eligible for the Digital Energy Challenge for Start-ups?

NGOs can apply to the Digital Energy Challenge for Start-ups at the following conditions:
- Either the applicant is a 'branch' of the NGO which is set up as a company and respects the definition of a Start-up as per the Call for Projects Rules;
- Or the activity for which the NGO applies is planned to spin off as a company in the coming years, has a dedicated team, business plan, and respects the definition of a Start-up as per the Call for Projects Rules, a document available in the application pack;
- Or the activity for which the NGO applies is clearly targeting sustainability/profitability in the coming years, has a dedicated team, business plan, and respects the definition criteria of a Start-up as per the Call for Projects Rules.

Q5) Are private Utility companies eligible for the Digital Energy Challenge for Utilities?

A private Utility company is eligible for the Digital Energy Challenge if and only if it operates on behalf of an African State under a public service concession and is the only operator to be licensed in the country or in the geographical areas covered by the contract. The State that has granted the concession may or may not be a shareholder in the private operator in question (in this case as a minority shareholder).
For example, a privately owned company in which the State is a minority shareholder, and which is the sole concessionaire for electricity distribution in the region in which it operates, is eligible for the Challenge.

Q6) Is there a minimum/maximum number of years of existence for an innovative technology/service provider to apply (in partnership with a Utility) for the Digital Energy Challenge for Utilities? Does it also apply to the utility with whom the technology/service provider is partnering?

Yes, innovative technology/service providers must have less than 15 years of existence and have recently developed an innovative solution to be tested in the framework of the Challenge. The 15-year threshold does not apply to the utility.

Q7) Are innovative technology/service providers required to have signed a partnership agreement with a Utility in order to apply for the Digital Energy Challenge for Utilities?

As stated in the Call for Projects Rules, innovative technology/service providers must have already entered into business relations with an African Utility, resulting in the signature – either effective or imminent – of a memorandum of understanding (MoU) or a similar formalized agreement. Once selected, winning projects will be required to submit the final partnership agreement signed by both parties before the awards ceremony.

Please note that the formalized agreement must be specific to the project submitted to the Digital Energy Challenge. A utility and a technology/service provider already involved in a contractual relationship (for example, a maintenance contract) not related to the project would need to formalize another, specific contract (like a MoU).

Q8) Is there a maximum budget for a project to be eligible?

For the Digital Energy Challenge for Start-ups applicants, there is no maximum budget defined for projects. As a reminder, the funding request expressed within the framework of the Challenge must not exceed EUR 150K.

For the Digital Energy Challenge for Utilities applicants, the budget limit is set at EUR 1M maximum, under the following conditions:
-   the funding request expressed in the framework of the Challenge must not exceed EUR 500K (Technical Assistance included) and;
-   the Digital Energy Facility shall remain the main contributor, with a minimum funding of 50% of the project's costs;
-   the Utility and the innovative technology/service provider's cumulative in-kind or financial contribution shall be significant, with at least 20% of the total budget;
-   the part of the total budget allocated to the partner (innovative technology/service provider) shall be significant (at least 20%).

Q9) Are certain technologies/applications automatically excluded from the Challenge? For example, under the theme 'efficient grid management', would a project seeking to improve the maintenance of a coal-fired plant be excluded?

Yes, there is a list of excluded activities, applicable to both Challenge categories (i.e. Start-ups and Utilities), which is the same as the exclusion list of AFD's '2019-2022 Energy Transition Strategy'. Are thus excluded:
-   Coal-fired power plant-related projects;
-   Projects for power stations to produce electricity from fuel oil and diesel;
-   Infrastructures associated with an exploration unit for the production or storage of fossil resources or to produce electricity based on fossil fuels.

Q10) Can two start-ups apply to the Challenge for Start-up in partnership?

Two start-ups cannot apply together to the Challenge. However, it does not prevent the "project leader" start-up that applied to collaborate or partner with other companies for the implementation of the project, including another start-up. For example, subcontracting of any services directly related to the project is an expense eligible to the grant (see part 'C. Benefits' of the FAQ). The Challenge aims at encouraging the transfer of innovative technologies between start-ups. Project owners who do not develop the technological and/or technical solution, but who rely on an innovation developed elsewhere by another start-up - preferably with activities on the continent, and within the framework of an existing or future partnership - may also apply, provided that this solution is at the heart of the project presented.

Q11) Can two service providers apply in partnership to the Challenge for Utilities?

The project must be submitted by one utility in partnership with one technology/service provider. Thus, a project cannot be submitted as a partnership between two service providers, or between a utility and two technology/service providers. However, it does not prevent the

utility and technology/service provider that applied to collaborate with other companies for the implementation of the project. For example, subcontracting of any services directly related to the project is an expense eligible to the grant (see part 'C. Benefits' of the FAQ).

Q12) Can a utility apply to the Challenge for Utilities in partnership with an NGO?

NGOs can apply to the Digital Energy Challenge for Start-up, if they meet the eligibility criteria for NGOs (see Challenge Rules in the application pack and question 4 of the FAQ).
To apply to the Digital Energy Challenge for Utilities in partnership with a utility, an entity must correspond to the definition of a technology/service provider as per the Challenge Rules, and meet the eligibility criteria that apply to the technology/service providers. Thus, an entity that corresponds to the definition of an NGO and not to the definition of a technology/service provider cannot apply to the Challenge for Utilities.

Q13) My company applied to the Digital Energy Challenge in 2022 or 2023, but the project was not selected. Can my company reapply this year?

Yes, your company can reapply for the same project or for a different one, as long as:
- Your company and your project still meet the eligibility criteria;
- Your project's activities correspond to one of the three themes of the 2024 Digital Energy Challenge:
  1. Universal electricity access and mini-grids
  2. Efficient grid management
  3. Resilience and decarbonation of power systems

Q14) My project was selected as one of the laureates of the Digital Energy Challenge in the past, can I apply again?

No, projects previously awarded in the framework of the Digital Energy Challenge are not eligible for the subsequent editions.

However, it is possible for an entity that has been awarded in the past to reapply, if it is a different project from the one that received the award, provided that the success of the awarded project is proven and the entity can demonstrate growth in business since the first award.

The awarded entities can apply in the same category or in another category.
Especially, an entity awarded in the start-up category, and applying for a project as an 'innovative technology/service provider' may apply in partnership with a utility, provided that the success of the awarded project is proven and that the project holders can attest to the growth of the business since the first award.

Q15) What is considered a "digital" project?

A project is considered digital if its digital component(s) meets the definition of the Challenge Rules, i.e. any telecom/computer/cloud-based technology which can be either:
- Developed as the core value proposition (i.e. the main service or product offer) of the start-up/partnership project

- Or used by a start-up/partnership project at the core of its innovative business model (i.e. as a key means to an end)

Q16) Are projects relying on off-grid energy access (e.g. clean cooking projects, solar for productive use, digital solutions for Energy Access businesses, mini-grids) eligible to the Digital Energy Challenge 2024?

The three themes of the Digital Energy Challenge 2024 are:
1. Universal electricity access and mini-grids
2. Efficient grid management
3. Resilience and decarbonation of power systems

A more detailed presentation of the three themes is available in the Challenge's rules, a document available in the application pack.

This year's Challenge mostly targets projects in the field of mini-grids (theme #1), projects ensuring a proper operation of the power grid (theme #2) and projects enabling the development of a greener, most flexible and cost-effective power infrastructure (theme #3).

Therefore, off-grid electricity access projects are only eligible on the condition that they are relating to theme #1 (universal electricity access and mini-grids), i.e. if they consist in digital innovations in the field of mini-grids to maximize their efficiency and impact.

Q17) My company has a project of installation of a renewable energy (RE) production asset. Is it eligible for the Digital Energy Challenge?

The main objective of the Digital Energy Challenge is to promote digital innovations/business models in the energy sector.

Thus, if your project 'solely' consists in the installation – and eventually connection to the grid – of a RE production asset, without a significative innovative digital component or an innovative business model relying on digital features/tools, then it is not eligible to the Challenge.

If your project consists in the installation of RE assets coupled with digital innovations to maximize their efficiency and impact, or to enable the development of a greener, more flexible and cost-effective power infrastructure, then it could be eligible to the Challenge (provided that your company and the project also meet the other eligibility criteria). In that case, a major part of the AFD's funding should be earmarked for the digital and innovative components of the project, rather than for the construction/commissioning of the asset(s).

For example, a project consisting in the installation of mini-grids coupled with tools to facilitate interconnections with the main grid or with other mini-grids would be eligible to the Digital Energy Challenge.

Q18) Are there different themes for the Challenge for Start-ups and the Challenge for Utilities?

No. The 2024 Challenge focuses on three themes common to both categories. As a reminder, the three themes are the following:
1. Universal electricity access and mini-grids
2. Efficient grid management

3. Resilience and decarbonation of power systems

A more detailed presentation of the three themes is available in the Call for Projects Rules, a document available in the application pack.

Q19) What if my project can fit into all three themes? Which theme should I choose?

If your project corresponds to several themes, you can choose the one that seems the most obvious to you to apply, i.e. the one that your project responds to in the first place. The choice of the theme is not decisive or penalizing during the analysis of the applications.

Q20) How do I know whether my company is a start-up or a technology/service provider?

The definition of a start-up, as per the Challenge's rule, is a company which:
- Was founded less than 10 years ago;
- Employs at least one person on a full-time basis;
- Counts less than 100 employees;
- Generates less than €1 M of annual turnover;
- Is still in the process of seed/early stage financing: no Series A funding, that is to say less than €1 M raised in total;
- Is 'local', i.e. management activities are headquartered in the country where the activity/project takes place and at least one full-time employee working in this country.

A technology/supply provider shall match the following criteria:
- Be set up (as in formally registered);
- Count more than 5 employees;
- Generate less than €50 M of annual turnover;
- Have less than 15 years of existence;
- Have already developed a specific innovative solution to be tested;
- Have already entered into business relations with an African utility, resulting in the signature – either effective or imminent – of a memorandum of understanding (MoU).

It is possible that a company meets both the definition of a 'start-up' and of a 'technology/service provider'. In that case, you can determine which Challenge category is more suitable for your project depending on the maturity of the solution.
Indeed, the solution proposed by a technology/service provider must be already mature, meaning the solution is already in the commercial stage and could be on the short term scaled up to other installations run by the utility, or by other utilities.
If you have already formalized a contractual relationship with a Utility or are about to do so (in the form of a MoU), then the Challenge for Utilities is more appropriate.
The Challenge for Start-ups targets more early-stage solutions: the company should have already developed a viable product or service but must not necessarily have completed the pilot stage.

Q21) Is a start-up eligible if it does not have a turnover yet, and/or if it has not raised any funds yet?

Yes. There are no minimum thresholds for the turnover or the funds raised. There are however maximum thresholds: a start-up must generate less than €1 M of annual turnover and still be in the process of seed/early stage financing (no Series A funding, that is to say less than €1 M raised in total) to be eligible.

Q22) I am a technology/service provider eligible for the Challenge, but I do not have a partnership with a Utility yet. Can you provide assistance in finding a Utility partner?

Before uploading the application pack, you are asked to specify whether you already have established a relationship with a Utility partner. If not, you are invited to specify your needs and the Challenge organization team will come back to you to try to put you in contact with a complementary partner.
Furthermore, the information webinars scheduled on March 19 – at 11:00 am CET for the French version (click here for more information) and at 2:00 pm CET for the English version (click here for more information) – will be a good opportunity to connect with potential partners.

Q23) Is a university or research center eligible to participate in the Challenge as an innovative technology/service provider?

No, universities and research centers are not eligible as technology/service providers. Nevertheless, universities and research centers can be eligible in the Start-up category if the research team intends to perpetuate its offer within the framework of a private structure (e.g.: commercial spin-off of a research project).

B. APPLICATION/SELECTION PROCESS

Q24) Is it possible to submit several applications?

For a start-up: it is possible to submit several applications, as long as the projects concerned are different. However, please note that the quality of the application is key for being pre-selected and selected. Thus, if you are not able to submit two applications of good quality, we recommend you focus on the one that has the best chances of being selected (considering the scope of the Challenge and the clarity of the project).

For a utility: you can submit different applications with different technology/service providers, and for different projects. However, please note that in that case, you need to be able to secure two Memorandum of Understanding (or similar agreements). You should thus make sure that you have enough time and resources to secure two agreements and submit two applications of good quality.

For a technology/service provider: you can submit several applications, with different utilities. Please note that in that case, you need to be able to secure two Memorandum of Understanding (or similar agreements). You should thus make sure that you have enough time and resources to secure two agreements and submit two applications of good quality.

Q25) What are the criteria used to prioritize and select the applications?

Three main criteria will guide the selection process:
- Innovation: the level of innovation and role of digital technologies in the project;
- Impact: several indicators will be considered, including the level of replicability, number of beneficiaries;
- Economics and risk management: business model, risk anticipation and mitigation, competencies of the project team.

A more detailed description is available in the Challenge Rules (a document included in the application pack).

Q26) How is an innovative project defined?

A project can be innovative in two ways:
- Intrinsically innovative, i.e. it provides a new solution to an identified problem.
- Innovative in relation to its local context, if the existing solution is provided in a new environment.

Q27) When assessing the impact of the project, are you only considering the impact that the project will have over the span time of the grant agreement, or over its entire life?

The prioritization and selection processes consider the possible impact of the project over its entire lifetime.

Q28) Who are the members of the Pre-selection and Selection Committees?

- The Pre-selection Committee will be composed exclusively of people from the Challenge Organisation;
- The Selection Committee will be composed of people from the Challenge Organisation with the participation of experts and partners providing an external viewpoint with no decision-making power. For example, experts from African energy hubs or from investment funds with a focus on Africa.

The composition of the committees may differ between the two Challenge categories, and from one edition to another.

Q29) Will the non-selected projects receive personalized feedback on their applications?

Due to the large number of applications received (more than 200 in 2023), we are not able to provide each applicant with personalized feedback. Only the applicants that passed the pre-selection phase (but not selected by the selection committee) will obtain more detailed feedback.

Q30) What documents do I need to provide to apply?

To apply, you must fill in the Excel application form that can be downloaded online from the Challenge page. The forms are different for the two calls for projects (Start-up and Utilities).

For start-ups, there are no other documents required.

For Utilities and innovative technology/service providers partnerships, in addition to the application form, the following information must be provided:
- Detailed business plan (market assessment, potential targets)
- Detailed budget estimate
- Team resource allocation
- Division of work and responsibilities between the utility and the innovative technology/service provider

C. BENEFITS

Q31) What kind of expenses are eligible for the grant?

The eligible expenses are the following:
- The purchase of equipment directly related to the project;
- The purchase of software and digital tools directly related to the project (e.g. software licenses);
- Subcontracting of any services directly related to the project;
- Recruitment, remuneration and training of staff directly related to the project;
- Administrative expenses (including custom rights and banking fees) directly related to the project.

Q32) What is the maximum funding request and how is it divided between grant and Technical Assistance requests?

For applicants in the Start-ups category, the maximum funding request is EUR 150K. At least 25% of this funding request must be dedicated to Technical Assistance needs, or, in other words, a maximum 75% of the total funding request shall be dedicated to the grant request. This means that for a funding request of EUR 150K, at least EUR 37.5K must be earmarked for the Technical Assistance, and a maximum EUR 112.5K can be earmarked for the grant.
Note that the Technical Assistance envelope will be allocated at the discretion of the Selection Committee.

For applicants in the Utilities category, the maximum funding request is EUR 500k. At least 15% of the funding request must be dedicated to Technical Assistance needs, or, in other words, a maximum 85% of the total funding request shall be dedicated to the grant. This means that for a funding request of EUR 500K, at least EUR 75K must be earmarked for the Technical Assistance, and that maximum EUR 425K can be earmarked for the grant.
Note that the Technical Assistance envelope will be automatically allocated to the winning projects, although the final amount will be decided at the discretion of the Selection Committee.

Q33) About the Technical Assistance:
- **What is the Technical Assistance?**
- **Will it be provided systematically?**
- **How will the Technical Assistance provider be chosen?**

For awardees of the Digital Energy Challenge for Start-ups:
- The Technical Assistance provided may cover needs such as: 360° diagnosis, technical expertise, strategic/expert advice, accounting/financial support, operation reporting tools development and support. Applicants are asked to specify their anticipated need for Technical Assistance by filling in the appropriate field on the Application Form (a document included in the application pack);
- The Technical Assistance will not be systematically provided to the winning start-up. The Selection Committee will evaluate the Technical Assistance request and decide to provide it – or not – to the winning start-up. The Selection Committee can also ask the winning start-up to change its Technical Assistance request, if the Committee judges that the identified need is not the most pressing one.
- The Technical Assistance provider will be selected by the winning Start-up based on a shortlist proposed by the Consultant, with validation of the final perimeter of intervention by the Challenge Organisation Team. In the application form, the applicants are asked to specify if they already know a relevant Technical Assistance provider for the identified scope of work, and if yes to indicate its name. Upon validation of the Challenge Organisation Team, this entity will be integrated in the Technical Assistance provider shortlist.

For awardees of the Digital Energy Challenge for Utilities:
- The Technical Assistance provided may cover needs such as: technical expertise, project management assistance, project ownership assistance, strategic/market expert advisory. Applicants are asked to specify their anticipated need for Technical Assistance by filling in the appropriate field on the Application Form (a document included in the application pack);
- Applicants to the Digital Energy Challenge for Utilities are encouraged to consider a project management assistance or a project ownership assistance, especially in the case of a first collaboration. Winners of the Challenge for Utilities will be systematically provided with a Technical Assistance, but the Selection Committee may ask them to reconsider the scope and value of their Technical Assistance request;
- The Technical Assistance provider will be selected by the winning Utility project based on a shortlist proposed by the Consultant, with validation of the final perimeter of intervention by the Challenge Organisation Team. In the application form, the applicants are asked to specify if they already know a relevant Technical Assistance provider for the identified scope of work, and if yes to indicate its name. Upon validation of the Challenge Organisation Team, this entity will be integrated in the Technical Assistance provider shortlist.

Q34) Is there a maximum duration for the project?

The duration of the project funded by the Digital Energy Challenge should normally be between 12 and 18 months (time to market or project implementation).

If your project deployment is longer than 18 months, the grant may cover only one phase of the project, provided that this phase is clearly defined and explained in the application form.

Q35) Will the selected companies get the opportunity to meet each other and eventually develop business relationships beyond the Digital Energy Challenge?

Yes, the awardees will all be invited to an award ceremony and a bootcamp, which should take place in France. One of the main objectives of the bootcamp is indeed to foster synergies between projects and companies, with specific activities such as "networking sessions", as well as with more informal moments, allowing start-ups, technology/service providers and utilities to meet each other.