ENERGY AND ENVIRONMENT PARTNERSHIP PROGRAMME WITH SOUTHERN AND EASTAFRICA
Phase II

A Programme Funded by the Governments of Finland, Austria and United Kingdom

Hosted by KPMG Oy Ab (Finland)

INNOVATION 1 (CFP7)

CONCEPT NOTE APPLICATION GUIDELINES
GUIDELINES FOR EEP PROJECT PROFILE APPLICATION: INNOVATION 1 (CFP7)

Background

The Energy and Environment Partnership Programme with Southern and East Africa has recently embarked on its second phase (EEP S&EA II). As a challenge fund, the Programme is seeking high-quality applications for projects in the two regions that can contribute to the reduction of poverty by improving energy security while mitigating global climate change. EEP S&EA is jointly funded by the Ministry for Foreign Affairs of Finland (lead donor), the Austrian Development Agency (ADA) and the UK Department for International Development (DFID) while the EEP Coordination Office (ECO) is hosted by KPMG Oy Ab (Finland) in Hatfield, Pretoria, South Africa.

Innovation 1 (CFP7) concept note phase: points of particular note

- All application fields must be properly completed, except where indicated as optional.
- Only requested documents or annexes should be submitted;
- The Programme reserves the right to request additional information at any stage of the process;
- Any significant discrepancy between a) concept note and b) full proposal stage documentation constitutes ground for possible rejection of an application
- Applications submitted or received after the time of submission deadline will be rejected;
- All application text shall be in English;
- All financial information shall be Euro denominated (EUR);
- Any applicant eventually selected for entering into a project contract would be required to comply with a set of non-negotiable regulations and policies that guide the programme in terms of procurement, travel, government transfers, payment of fees and reimbursement of costs (see related applicable documents available at www.eepafrica.org);
- Any questions of clarification regarding Innovation 1 (CFP7) are to be made no later than June 4th to EEP.CFP@kpmg.fi (enquiries regarding the status of individual applications cannot be responded to); and
- The Programme has no obligation to select any application and reserves the right to amend this set of guidelines.

A. Eligibility of applications

1. Eligible Applicants

Eligible applicants for project financing by the Energy and Environment Partnership (EEP) Programme include private companies, public institutions, research organisations, educational institutions, charitable organisations, Non Governmental Organisations (NGOs), Community Based Organisations (CBO), Not-for-Profit Organisations (NPO) and Cooperative Organisation. Applicants who have participated in previous EEP-S&EA Calls for Proposals are also allowed to participate in this Innovation 1 (CFP7).

Individuals and mainstream government entities e.g. Government Ministries and National/Provincial/District Departments are not eligible. An applicant should be registered with the appropriate registration body in its country of operation and a certified registration number will be required on the project profile application form.

Each organisation should submit ONLY ONE application for a given country. The EEP Programme strives to give every entity a chance and encourages a diverse pool of submissions from applicants. Applicants can partner with other organisations or entities in order to meet human resource capacity and competence to implement the proposed project. If a project is submitted by a consortium of organizations, the lead partner as per Memorandum of Understanding will be the (EEP) lead applicant.

Only applications with a verifiable minimum share of co-financing will be eligible (cf. section VI for more information).
Objectives Projects must contribute towards

The programme immediately objective is to achieve greater access to clean energy services through the fast tracking of RE/EE project demonstration and deployment, through technological learning and private sector investment. Each EEP S&EA granted project needs to support this programme level immediately objective.

Please document the headline results that the project must contribute towards based on information provided in Section VIII – Expected Project Results below.

II. Project Type

The scope of EEP Call for Proposals (CFP) is limited to projects that deal with the development phase of concrete renewable energy and energy saving/energy efficiency projects. The proposed project must be comprised of activities that are part of a cycle that leads to further investment and sustainable commercialization.

The overall goal of EEP is to provide catalytic funding to projects with the capacity and capability to become commercially viable and self-sustaining private sector entities.

Projects whose sole objective is to create an enabling environment for the promotion of renewable energy and energy efficiency/conservation projects are excluded from the scope of EEP Call for Proposals e.g. only undertaking one of the following market studies, capacity building/training, policy development, financing schemes etc.

The Eligible EEP activities are pilot project, demonstration projects and feasibility studies. The main eligible activities are defined as follows:

a) Feasibility Study: Analysis and evaluation of a proposed project to determine viability; economic, technological, social etc. The Feasibility Study is a refinement of the pre-feasibility study and should present enough information for interested investors to finance the project. The main output from a feasibility project should be a “bankable feasibility study” with all the necessary agreements in place e.g. permits and licenses, power purchase agreements, Environmental Impact Assessments approvals, feedstock supply agreements, way leaves and other business specific requirements according to the laws of the country where the project is implemented.

b) Pilot Project: Testing of an RE/EE product, service, business or delivery model, social and local appropriateness on a small-scale in order to check the conditions and operational details before roll out or commercialization. Pilot projects should form part of an overall market development strategy. For a pilot project to be approved for an EEP grant, the project proposal should clearly indicate further steps envisaged towards roll out or commercialization after the piloting phase if the product/service is proven to be profitable.

c) Demonstration Project: Establish evidence that a project, a product/service or a technology works. This may show the performance of a product/service or a technology in actual use conditions, or it may encourage the trial use or purchase of the product/services or technology by the target market. For a demonstration project to be approved for EEP grant, the project proposal should clearly indicate further steps towards roll out or commercialization if the demonstration is successful.

III. Technology/Energy Resource Focus

EEP S&EA is a technology neutral fund as such it is open to fund a wide-ranging set of RE/EE technologies both on the supply and demand sides, as long as overall Programme objective, sustainability and local development priorities are taken properly into account. The sector focus and intended RE/EE technology applications should be clearly identified in the overall project summary.

V. Geographic Coverage
The projects must be implemented in at least one of the following Southern and Eastern African Partner Countries: Botswana, Burundi, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Uganda and Zambia. Projects can be single and multi-country:
- Single Country: Developed and implemented in one country only
- Multi country: Developed and implemented in multiple countries where the project is working on shared energy across the region(s)

V. Duration

The intended project implementation period of pilot and demonstration projects and feasibility studies is limited to 24 months.

VI. EEP S&EA funding

A grant in the range of €100,000 - 300,000 can be requested from EEP S&EA. As shown in the examples below, EEP applicants are required to provide, as a minimum, co-financing of 30% of the requested amount.

<table>
<thead>
<tr>
<th>Project Grant Request (Example)</th>
<th>Min Co-financing %</th>
<th>Min co-financing amount (Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000 €</td>
<td>30%</td>
<td>30,000 €</td>
</tr>
<tr>
<td>200,000 €</td>
<td>30%</td>
<td>60,000 €</td>
</tr>
<tr>
<td>300,000 €</td>
<td>30%</td>
<td>90,000 €</td>
</tr>
</tbody>
</table>

There is no upper limit to co-financing and applicants are encouraged to provide co-financing above the minimum required amount. The grant depends on the project as a whole, its robustness and expected results.

It should be noted that the EEP funds should be considered as catalytic “seed funding” to support concrete and sustainable projects. All disbursements after the grant approval will be based on actual costs incurred and milestone payments will be approved after submission of progress and financial reports with sufficient proof to support expenditures reported.

VII. Project Partners and Consultants

An applicant should be an organization which demonstrates the necessary skills and experience to successfully deliver results within the EEP project duration as well as shows longer term commitment to develop a the project/business to its full fruition. The project applicant needs to have sufficient experience in technical, financial, project management as well as monitoring and evaluation. A due diligence will be conducted as part of full proposal stage.

If not based within the (eligible) country of project implementation, the applicant must have at least one local Partner in the country with relevant capacity and credible long-term interest in activities related to the project.

International development agencies, donor agencies, donor driven trust funds and project implementation units set up for other projects are not eligible as local Partners.

Since project application budgets should not include any profits, a project Partner must participate in project implementation tasks at a nominal cost level i.e. an external consultant organization not participating at a nominal cost level cannot be considered a Partner. Such external services must be obtained by competitive tendering in compliance with applicable Programme regulations. Furthermore, applications submitted by consultancy companies on behalf of the lead applicant are not eligible.
VIII: Expected project results and impacts

A successful application should be able to provide compelling arguments for why it would warrant EEP S&EA funding. In other words, the overarching project objective needs to be well-defined in as why reaching it would concretely contribute to reduction of poverty by promoting inclusive and job-creating green economy and by improving energy security in the Southern and East Africa regions while mitigating global climate change.

Selected projects shall contribute to the achievement of the EEP objectives which is to increase access to modern, affordable and reliable energy services through increased usage of renewable energy and energy efficient technologies. The projects should therefore present specific, measurable, quantitatively verifiable outputs with their respective indicators as follows:

<table>
<thead>
<tr>
<th>Output Indicators</th>
<th>Target</th>
<th>Explanation and Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of private sector investment the project/business anticipates to mobilize at the end of the project duration (€)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual cumulative $\text{tCO}_2\text{eq}$ emission reductions achieved</td>
<td></td>
<td><em>(please provide brief explanation of calculation and assumptions)</em></td>
</tr>
<tr>
<td>Number of households that will access renewable energy and/or energy efficiency products or services as a direct result of this project</td>
<td></td>
<td><em>(Please disaggregate into rural and urban households where applicable)</em></td>
</tr>
<tr>
<td>Number of direct jobs that the project will create for women, men and youth</td>
<td></td>
<td><em>(please disaggregate into temporary and permanent jobs)</em></td>
</tr>
<tr>
<td>Newly installed electricity generation (MW) e.g. from renewable energy system(s) installed and/or products sold</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount of energy generated (MWh) e.g. from renewable energy systems installed and/or products sold</td>
<td></td>
<td><em>(please provide brief explanation of calculation and assumptions and disaggregate by heat energy and electrical energy)</em></td>
</tr>
<tr>
<td>Absolute amount of energy saved (MWh/year) through installation of energy efficient technologies / projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total potential installed and generation capacity (MW and MWh)</td>
<td></td>
<td><em>(NB: only fill this section if you have proposed to undertake a feasibility study)</em></td>
</tr>
</tbody>
</table>

Applicants are encouraged to be as realistic and as conservative as possible when filling in their anticipated project outputs in the table above. Successful applicants will be contracted against the outputs indicated and regular monitoring and verification by the EEP coordination team will be undertaken to review performance against indicated targets.

IX Procurement

All procurements of materials, equipment and services shall be made in accordance with the Finnish legislation on public procurement (see Public Procurement Act available at www.eepafrica.org), generally accepted principles and good procurement practices.

The following broad procurement guidelines will be followed:

a) Costs below €100: procedure to be decided upon by the company.
b) Costs between €100 to €3,999: comparison of at least three quotes/offers obtained directly from suppliers.

c) Costs between €4,000 to €29,999: competitive tendering with invitations to tender sent directly to potential suppliers.

d) Costs above €30,000: competitive open tendering with invitations to tender announced publicly.

These are minimal requirements that will form part of the agreement for the execution of the project.

Please consider appropriate time requirements and costs for procurement of project items in the planning of your project according to the broad procurement procedures above.

B. Rules for proposals submission

The concept note application form and related material are accessible online at www.eepafrica.org. The deadline for submission is **June 13th, 2014 at 13h00** (South African time, GMT+2). Any proposal submitted after this time will not be accepted.

Please familiarize yourself with all the requirements in the Profile Application Guidelines document and online application form before proceeding to complete your final online submission.

The application form consists of distinct information input fields (with accompanying guidance text) categorized into the following parts:

- **Part 1 - Overview (applicant information)**
- **Part 2 - Project location and phasing (project scale-up potential, information on Partners)**
- **Part 3 - Project details**
- **Part 4 - Budget and financing structure**
- **Part 5 - EEP awareness**
- **Part 6 - Certification by lead applicant**

- **Appendix 1 - Financial report (required)**
- **Appendix 2 - Information on Partners (if applicable)**
- **Appendix 3 - Information on Partners (if applicable)**
- **Appendix 4 - Information on Partners (if applicable)**
- **Appendix 5 - Information on Partners (if applicable)**
- **Appendix 6 - Budget and financing report (required)**

Please prepare the required attachments before starting to fill the application form.

Where in difficulty submitting your proposal through the EEP Online Application portal, please contact the EEP Coordination Unit EEP.CFP@kpmg.fi

EEP National Coordinators

Information of National Coordinator by country can be found at www.eepafrica.org
C. Evaluation Process

The EEP S&EA application process is a 2 stage process; this concept note stage represents the first stage. Successful applicants from the concept note stage will be invited to submit a full proposal, which represents the second stage. Further to a positive feedback from the evaluation of the Full Proposal, a contract will be signed between the Ministry for Foreign Affairs of Finland (MFA) and the project developer to mark the start of project implementation.

I. Screening of Applications

Submitted concept note applications are pre-screened by ECO (the EEP Coordination Office) for completeness and basic eligibility before submitting the eligible ones to the National Coordination (NC) and Technical Evaluation Team for their evaluation. National Coordinators are authorized to provide non-endorsement letters for applications that do not comply with national development priorities.

An evaluation committee will then review and rank pre-screened applications based on the following criteria.

<table>
<thead>
<tr>
<th>Screening criteria</th>
<th>Max points (total=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project or business idea (e.g. level of maturity/implementation readiness, viability, business case, innovativeness)</td>
<td>20</td>
</tr>
<tr>
<td>Capability of the applicant(s)</td>
<td>20</td>
</tr>
<tr>
<td>Development impacts (e.g. number of household benefitting, jobs created) and climate change mitigation (i.e. CO₂ emission reductions)</td>
<td>30</td>
</tr>
<tr>
<td>Scale-up/replication potential and/or potential to mobilize future investment</td>
<td>20</td>
</tr>
<tr>
<td>Financial leverage (co-financing share)</td>
<td>10</td>
</tr>
</tbody>
</table>

Based on the scores, selection of applicants for the full proposal stage is done by a Programme donor committee. Selected applicants will be invited to submit a full proposal for final technical evaluation. Adjustments or improvements to the project design may be suggested.

After the selection of projects for the full proposal stage, all applicants will be notified of the status of their application. Should a concept note be rejected, the lead applicant will receive a brief notification thereof.

Selected applicants will be asked to develop and submit a Full Project Proposal according to specified Full Proposal Formulation Guidelines.

II. Contracting

Successful applicants from the Full Project Proposal Phase will be required to enter into a contract with Ministry for Foreign Affairs of Finland (MFA). The contract is based on a standard non-negotiable template; please see for your reference the relevant information and contract template documents separately available at www.eepafrica.org for regulations and templates that would apply for such contracts.

Once approved and ratified by the partners, the Full Project Proposal turns into the document that governs the execution of the Project. All the documents prepared and included in the Project Proposal will enter into force upon signature between the co-signing parties. The project activities should start at least within three months from this time. All disbursements are undertaken based on satisfactory delivery of project milestones except in special cases where upfront payment can be justified based on written motivation provided.

The ECO will monitor the execution of the projects.
III. Application screening and selection timeline

The provisional timeline for the application screening and selection process as a whole is currently envisaged as follows:

1. Announcement of the Call for Proposals: **15 May 2014**

2. Deadline for submitting Project Profiles: **13 June 2014** 13h00 South African Time (GMT+2). The application form must be completed and submitted via the online portal on the EEP website before the deadline.

3. EEP Partners Committee selection of concept note applications for full proposal stage by end of July 2014

4. Status notifications/invitations for full proposals by **mid August 2014**

5. Deadline for receiving full proposals: to be confirmed

6. Contract signing and start of projects: end of **October 2014**