ENERGY AND ENVIRONMENT PARTNERSHIP
PROGRAMME WITH SOUTHERN AND EAST AFRICA
Phase II

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

Hosted by KPMG Oy Ab (Finland)

INNOVATION 2 (CFP9)

CONCEPT NOTE APPLICATION GUIDELINES
GUIDELINES FOR EEP PROJECT CONCEPT APPLICATION: INNOVATION 2 (CFP9)

Background

“The Energy and Environment Partnership Programme with Southern and East Africa is a challenge fund that seeks high-quality applications for projects in the Southern and Eastern African 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.

Application points:
- The application must be filled in on-line by registering and logging in at the www.eepafrica.org.
- The application form saves automatically and applicants can log in as many times as necessary to complete an application.
- All application fields must be completed, except where indicated as optional.
- Only requested documents or annexes should be submitted;
- The EEP Africa Programme reserves the right to request additional information;
- Any significant change between a) concept note and b) full proposal stage documentation constitutes ground for possible rejection of an application such as change of technology; lead partner etc.
- Applications submitted or received after the time of submission deadline will be rejected;
- All application text shall be in English and financial information shall be denominated in Euro €;
- 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 2 (CFP9) can be submitted up until Thursday the 16th September 2014 to EEP.CFP@kpmg.fi (kindly mark: query CfP9 in the subject title); and
- The EEP Africa 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 Organisations. Applicants who have participated in previous EEP-S&EA Calls for Proposals are also allowed to participate in this CFP9, Innovation 2.

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.
Proposed Projects must clearly support the Programme Objectives

The overall objective of the Programme is to reduce poverty through inclusive and job-creating green economy and improved energy access and security in the Southern and East Africa regions while mitigating global climate change. The immediate Programme objective is to achieve greater access to sustainable energy services through the fast tracking of RE/EE project demonstration and deployment, including through technological learning and private sector investment. Each EEP S&EA granted project supports these Programme objectives.

Section “VIII – Expected Project Results and impacts” contains the main indicators that verify whether the proposed project supports the Programme objectives.

II. Project Type

The scope of the EEP Call for Proposals Innovation 2 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. In other words, each proposed project should have a business case that supports the Programme objectives.

The EEP provides catalytic funding to projects with the capacity and capability to become commercially viable and self-sustaining private sector entities. This call will place particular focus on testing highly innovative technologies and business models. The expectation is that the projects hold promise for either i) reducing the costs of modern energy services, and/or ii) improving upon the financial sustainability of these services to low income and/or vulnerable groups.

Projects that solely aim to create an enabling environment for the promotion of renewable energy and energy efficiency/conservation projects are excluded from this call. In other words, if the main focus of the proposed project is on e.g. market studies, capacity building/training, policy development or financing schemes, such projects are out of the scope of this call.

The project activities must be implemented as pilot project, demonstration projects or as “last-mile” feasibility studies:

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. Investors may typically be part of the feasibility work to ensure smooth transition from feasibility to bank loan. 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. Roll-out plans should also include the envisaged ownership and funding models. Demonstration projects without clear business plans for subsequent scale-up / implementation may not approved.

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 the overall Programme objectives, sustainability and local development priorities are taken properly into account. Yet for this call it is important to reason the innovative aspect of the chosen technology to the local market. The sector focus and intended RE/EE technology applications should be clearly identified in the overall project summary. Whenever applicable, the applicants are encouraged to describe how sustainability criteria such as environmental impacts, land rights of local population, protection of the poor, food security, human rights, employees’ rights, responsibility of suppliers and other business partners, good governance practices and ownership of technology are accounted for in the proposed project.

IV. 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)
- Applicants, who are not registered in the country of project implementation, must document a local anchoring or partnership(s).

V. Duration

The intended project implementation period for CfP9 projects must not exceed 24 months from contracting (the estimated time between a concept note and contracting is approximately 6 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 budget (Example)</th>
<th>Project Grant Request (Example)</th>
<th>Min Co-financing %</th>
<th>Min co-financing amount (Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>142,857 €</td>
<td>100,000 €</td>
<td>30%</td>
<td>42,857 €</td>
</tr>
<tr>
<td>285,714 €</td>
<td>200,000 €</td>
<td>30%</td>
<td>85,714 €</td>
</tr>
<tr>
<td>428,571 €</td>
<td>300,000 €</td>
<td>30%</td>
<td>128,571 €</td>
</tr>
</tbody>
</table>

There is no upper limit to co-financing. Applicants are encouraged to provide co-financing above the minimum required amount. The granted amount 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. 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 during the EEP project as well as shows longer term commitment to develop the project/business to its full fruition. The project applicant and the partner(s) together need 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 the applicant organisation is not registered and 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. Any local Partner must have local majority ownership and a major role in project implementation.

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 and the application should clearly explain how the project concretely contributes to the overall objective of the Programme that is; “to reduce poverty through inclusive and job-creating green economy and improved energy access and security in the Southern and East Africa regions while mitigating global climate change.” The immediate Programme objective is to achieve greater access to sustainable energy services through the fast tracking of RE/EE project demonstration and deployment, including through technological learning and private sector investment. Each EEP S&EA granted project must support these Programme objectives.
The projects should therefore present specific, measurable, quantitatively verifiable targets and 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 tCO₂eq emission reductions achieved</td>
<td></td>
<td>(please provide brief explanation of calculation and assumptions)</td>
</tr>
<tr>
<td>Number of households / SMEs / communities / institutions that will access renewable energy and/or energy efficiency products or services as a direct result of this project</td>
<td></td>
<td>(Please disaggregate into rural and urban households / SMEs / communities / institutions where applicable)</td>
</tr>
<tr>
<td>Number of direct jobs that the project will create for women, men and youth</td>
<td></td>
<td>(please disaggregate into temporary and permanent jobs)</td>
</tr>
<tr>
<td>Newly installed electricity generation (MWh) 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>(please provide brief explanation of calculation and assumptions and disaggregate by heat energy and electrical energy)</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>(NB: only fill this section if you have proposed to undertake a feasibility study)</td>
</tr>
</tbody>
</table>

Applicants are encouraged to be as realistic and as conservative as possible when filling in the expected 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 outputs.

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 requirement that will form part of the agreement for execution of the project.
Please consider appropriate time requirement 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 is accessible online at www.eepafrica.org. The deadline for submission is **September 23rd, 2014 at 12h00 (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** and mark the email QUERY CFP9

**EEP National Coordinators**

Information of National Coordinator by country can be found at [www.eepafrica.org](http://www.eepafrica.org)

**C. Evaluation Process**

The EEP S&EA application process is a two-stage process and 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. Selected approved full proposals will proceed to a signed contract stage 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 the ECO (the EEP Coordination Office) for completeness and basic eligibility. Projects that pass the pre-screening are evaluated by the National Coordination (NC) for compliance with national priorities and a Technical Evaluation Team undertakes a full assessment of technical, financial, business and developmental aspects before the application is submitted to the Evaluation Committee for approval to proceed or rejection.
In summary the projects are ranked against 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) and partners</td>
<td>10</td>
</tr>
<tr>
<td>Relevant local commitment and buy-in</td>
<td>10</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 committee. Selected applicants will be invited to submit a full proposal. 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 applicant will receive a 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: **18 August 2014**

2. Deadline for submitting Project Profiles: **23 September 2014** 12h00 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 in **November 2014**

4. Status notifications/invitations for full proposals in **December 2014**
5. Deadline for receiving full proposals: to be confirmed

6. Contract signing and start of projects: *End of first quarter 2015*