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EEP AFRICA ADMINISTRATIVE MANUAL FOR PROJECT IMPLEMENTATION

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EEP

ENERGY AND ENVIRONMENT PARTNERSHIP
TRUST FUND / SOUTHERN AND EAST AFRICA



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EEP Africa is hosted and managed by the Nordic Development Fund (NDF).
Funding partners for CFP14 are Austria, Finland and NDF.
Implementation support is provided by KPMG.

1. Summary

The Energy and Environment Partnership covering Southern and East Africa (EEP Africa) is a multi-donor fund providing early stage grant and catalytic financing to innovative clean energy projects, technologies and business models.

EEP Africa is hosted and managed by the Nordic Development Fund (NDF). Since 2010, it has received funding from Austria, Finland, NDF and the UK. The implementation is led by the EEP Coordination Office (ECO) from regional hubs in Pretoria and Nairobi

This Administrative Manual for Project Implementation (Manual) presents requirements, instructions and guidance to the Project Developer (PD) on the implementation and reporting of an EEP Africa funded project. The Manual is an annex to the Project Funding Agreement (Contract) between NDF and the PD. If any part of this Manual is in conflict with the Contract, the Contract shall prevail.

NDF has the right to update and modify the Manual as needed. It is the PD's responsibility to make sure that the latest version of the Manual is being followed. The PD will be informed of changes to the Manual by ECO and the latest version of the Manual will always be available on the EEP Africa website (www.eepafrica.org).

2. Project Developer Responsibilities

The PD is responsible for implementing the project as agreed in the Contract and its Annexes. Any substantive changes in the project scope, activities or use of funding should be immediately reported to ECO.

The PD is responsible for meeting all narrative and financial reporting requirements. The PD must provide milestone reports to ECO according to the Reporting and Payment Schedule (RPS). The reporting interval must not be longer than six months.

The PD is responsible for including sufficient information on project implementation and expenditures in the reports to ensure a transparent and clear view of the project status is communicated. Any delays or difficulties should be flagged as soon as possible. If any of the reporting requirements are unclear, the PD should contact ECO for advice and guidance.

The PD will appoint a primary contact person with primary responsibility to communication and timely reporting to ECO,

The PD must submit all reports and queries directly to ECO via the EEP Africa Portal. ECO is in charge of the day-to-day facilitation and implementation of EEP Africa and all communication with the PD. No EEP Africa or project related questions should be addressed directly to NDF or other stakeholders if not specifically requested by NDF or ECO.

3. Milestone Reporting

Milestone reports must be submitted to ECO according to the RPS. A complete report includes a Progress Report, a Financial Report and relevant supporting documents. The reporting must follow the guidelines and requirements below and be submitted using EEP Africa reporting templates.

EEP Africa will regard all information related to the project as confidential if not otherwise communicated and agreed. Only ECO, its staff and consultants, and representatives of NDF will have access to the information without prior approval from the PD.

3.1 General Eligibility Criteria

All reporting templates can be found on the EEP Africa website and portal. A separate template can be found for the narrative Progress Report and for the Financial Report. Please also note that the Narrative Completion Report is reported on a separate template which is different from the narrative Progress Report template. The templates cannot be altered and have to be completed in the given format. All reports must include a submission date.

3.2 Progress Report

The reporting is results based and must include at least the following:

- a) A narrative summary of the cumulative progress of the project;
- b) A list of achieved outputs as compared to Expected Outputs;
- c) A detailed description of progress towards achieving the milestone deliverables set out in the RPS. The description should comment on the progress/achievement of all activities mentioned in the RPS and how they have contributed to the Expected Outputs of the project;
- d) For RPS activities that have been completed, the report must include information regarding their implementation with relevant supporting documentation. Studies and evaluations that are stated as milestone deliverables must be attached to the report as supporting documents;
- e) For RPS activities that have NOT been completed, the report must include an explanation as to why the activities have not been completed and a new schedule clarifying when they will be completed;

- f) A status update of the risks impacting or potentially negatively impacting the successful and timely implementation of the project and risk mitigation measures implemented, if any;
- g) A description of lessons learnt during the project period;
- h) A brief narrative description of project costs as they relate to the implemented activities;
- i) At least five photos that can be freely distributed and published by ECO and other parties involved in EEP Africa without further approvals.

3.3 Financial Report

The Financial Report must be based on actual expenditure and must cover the expenditure for the reporting period. If any activities mentioned in the RPS were not completed, the expenditure report should generally be lower than originally budgeted.

The Financial Report must include all required supporting documents and all documents must be submitted simultaneously. The PD ensures that the report and the supporting documents are in a clear form and appropriately recorder allowing verification by ECO without difficulties.

- a) All project expenditures must be reported on the correct budget lines;
- b) All project expenditures must be reported regardless of whether they are funded by the PD, third party or EEP Africa.
- c) The financial report must allow a clear audit trail from the reported figures to individual costs and invoices.
- d) All reported expenditures, regardless of whether they are funded by the PD, third party or EEP Africa, must have proper supporting documentation.
- e) All documentation must include sufficient voucher numbers, e.g. sales slips, invoices, receipts, tickets, payslips, payroll listings, timesheets, deposit slips, and canceled checks; to ensure the audit trail.
- f) For salary expenditures the payment must be additionally supported by an employee advice of receipt or an extract from the PD's bank account clearly showing the amount and recipient;
- g) In case a service has been provided by a third party that is not able to provide an official receipt, the provider must sign a receipt indicating the amount of the service and enclose a copy of her/his identity documentation/card;

- h) The exchange rate should be calculated using the conversion rate on the reporting day or other agreed rate.
- i) All reported expenditures need to follow the approved project budget. Deviations of no more than 10 percent or € 10,000, whichever is less, per budget category are acceptable if properly explained. If a budget category is exceeded by more than 10 percent or € 10,000, whichever is less, and no prior approval to the change has been approved in advance by ECO, the expenses might not be approved as eligible expenditures.
- j) The total eligible expenses that can be reimbursed/funded by EEP Africa cannot exceed the total amount stated in the contract.
- k) All supporting documents should be available for all expenditures upon request from ECO at any point during project implementation.

3.4 Possible Changes

If the PD wants to make any administrative, technical or financial changes to the project plan, the proposed changes need to be discussed with and approved by ECO in advance. If there are changes in the implementation that affect the reporting timetable, a request to amend the RPS must be sent to ECO for approval.

All changes in the project plan, budget, RPS or other annexes are only approved after careful consideration. Approval of proposed changes should not be assumed before a final decision has been communicated by ECO.

3.5 Extension Requests

If there is any indication that the project cannot be implemented and completed within the Contract period, the PD should inform ECO without any delay. If the delays are communicated and the request for extension is submitted to ECO without delay it is more likely that the extension can be approved if appropriate justifications can be presented. A delay in the request for an extension might result in a less favorable outcome than a request submitted in a timely manner.

Any extension is only approved after careful consideration. NDF will approve any major changes in project timeline, implementation or budget. Approval of requested extensions should not be assumed before a final decision has been communicated to the PD by ECO.

3.6 Project Completion

The Project Completion reporting consists a Narrative Completion Report, a Financial Report and a Project Audit Report.

The final narrative report must be submitted using the Narrative Completion Report template. The Narrative Completion Report requires a detailed assessment of the entire project. The report should compare the project plan with actual achievements, including space for deviations, comments and observations. Analysis of challenges encountered, lessons learnt and success factors should be extensively explained. The report should highlight conclusions with regards to future perspectives on the possibility of project replication and/or scale-up and sustainability. The Narrative Completion Report should clearly present the results of the project and must clearly state the outputs achieved as compared to Expected Outputs, and provide supporting documents for all outputs.

The Completion Report must include a final Financial Report and a Project Audit Report.

The full Completion Report must be shared with ECO the latest within one month of the Contract end date. The Completion Report needs to be approved within two months after the Contract end date. If the PD is unable to provide sufficient documentation so that the report can be approved within two months of the Contract end date, EEP Africa has no obligation to make the final disbursement of funds.

4. Monitoring and Site Visits

The PD shall permit and assist ECO, NDF and other stakeholder or designated third parties to carry out monitoring and site visits to the project. During the visits the PD shall grant access to all relevant project material and assist EEP Africa in the verification of the project results. EEP Africa has the right to perform visits and inspections also after the Contract period and completion of the project for verification of the sustainability of results. The same applies even if the Contract has been terminated.

5. Disbursement of Funds

Disbursements are made only against signed payment requests submitted by the PD to ECO according to a defined template. The template can be found on the EEP Africa website and portal. The payment request shall be prepared by the PD, signed by the mandated person and sent to ECO. Prior to the first disbursement ECO should receive a verification of certified signatories from the PD and an account holder certification from the recipient bank.

Disbursements are made only after all required reports and requests have been verified and approved by ECO.

If the disbursement request includes a request for an advance payment, a justification for the advance must be clearly stated, including a budget for how the advance payment is intended to be used. Any advance requests and justifications must be approved by ECO.

If the disbursement request includes a request for an advance payment, a justification for the advance must be clearly stated, including a budget for how the advance payment is intended to be used. Any advance requests and justifications must be approved by ECO. The final disbursement to the PD is subject to approval of the project Completion Report and all its relevant supporting documents. At least 15 % of the grant is reserved for the final disbursement.

When the requested funds have been received, the PD must confirm receipt to ECO by sending a bank statement or similar document that confirms the amount received.

6. Repayable Grant

Repayable grants are part of the financing toolkit under EEP Africa Innovation window. Any amount of financing requested exceeding EUR 500,000 will automatically be considered as a repayable grant. Exceptions to the above are projects with a focus on preparation of feasibility studies for on-grid and/or utility scale development and approaching a clearly definable financial close. These applications will be considered for repayable grants, regardless of financing level requested.

The repayment obligation comprises repayment of grant principal with no interest. Repayment should be in EUR within 5 years of project start and may be subordinated to other financing.

Terms and conditions will be defined in the Contract. Repayment of the repayable portion of the grant will be linked to the achievement of pre-agreed milestones and terms in the Contract and may be undertaken in instalments or in the case of a clear financial close in one instalment.

In the event that the PD is not able to repay the repayable grant a request to reschedule the repayment should be submitted without delay to ECO.

7. Procurement

The PD is required to perform all procurements funded by EEP in accordance with generally accepted good procurement practices. As a general rule the PD should aim to achieve the best possible economy, efficiency and quality.

The following procurement guidelines must be followed:

- Costs below € 3,000: Procedures to be decided by the PD. The price must be reasonable from a market perspective.
- Costs between € 3,000-60,000: Comparison of at least three quotes/offers to be obtained from suppliers. The request for bids, specifications, offers, justifications and other procurement-related documentation must be annexed to the Financial Report as supporting documents.

- Costs above € 60,000: Competitive open tendering with invitations to tender announced publicly. The procurement procedure must be separately agreed upon with ECO beforehand. The full tender dossier, invitations and adverts, and bid evaluation report should all be annexed to the Financial Report as supporting documents.
- Direct awarding can only be used if separately agreed upon with ECO beforehand. Potentially valid reasons for using direct awarding might be:
 - o the costs of tendering exceed the benefits;
 - o the contract is urgent for reasons independent of the PD;
 - o only one potential supplier has been identified.

Dividing contracts into smaller parts in order to keep the contract value below a certain threshold is forbidden.

The PD may use stricter procurement procedures than those detailed above.

8. Project Audit Report

A project audit must be performed by a legally authorized and certified audit firm appointed by the PD. The project audit should take place after all project expenses, except the auditing fee, have been paid. The auditors have the right to access all financial documentation linked to the project. The PD should ensure that the cost for the project audit is included in the approved project budget.

If the audit is performed by an audit firm that is not internationally known, documents proving the authorization and certification of the audit firm must be sent to ECO together with the Audit Report.

The Audit Report must be signed by the auditor and needs to include and present the auditor's findings and recommendations on the following aspects:

- a) there is an acceptable endorsement document for each expense;
- b) expenses are supported by appropriate original receipts and invoices as proofs of payment;
- c) procurements made with EEP Africa funding are in line with the EEP Africa guidelines and procedures and are properly supported;
- d) expenses have been made according to the project budget and any budgetary deviations or reallocations are in line with all current guidelines and other instructions issued by ECO;
- e) expenses reimbursed by or charged to EEP Africa do not include any value-added tax (VAT) that the PD can, or could be reasonably expected to, reclaim;

- f) expenditures are within a reasonable range of costs benchmarked against rates specified in the project document, market prices and/or other acceptable industry or Government rates for professional fees, mileage compensation and daily subsistence allowances.

9. Eligible Project Expenditure

All expenditures must be necessary for the project, reasonable and according to the approved project budget. All reported expenditures are subject to discretion and their eligibility evaluated in relation to the project plan. Expenditures will only be considered eligible, if the expenditure has been paid before the Contract end date and proper procurement procedures have been followed.

9.1 Eligible Project Expenses

- a) human resource expenses according to the actual costs;
- b) products and services purchased from external service providers;
- c) reasonable travel and accommodation expenses for project personnel; and daily allowances. The per diem rates must be based on PDs respective Government approved per diem rates. It should be made clear in the project budget if the selected per diem rate covers both accommodation and daily allowance or solely daily allowance.
- d) expenses for fixed assets, goods, logistics and transportation necessary for project implementation (machinery, equipment, etc.);
- e) rental or leasing expenses of premises, machinery and equipment necessary for project implementation (including motor vehicles) if they result solely from the project;
- f) general costs (indirect costs), e.g. costs resulting from the use of telephone calls, electricity or water, as well as accounting costs, rental and cleaning costs, office costs, when these can be shown to have occurred solely from the project (the allocation of indirect costs must be clearly demonstrated); and
- g) project audit expenses.

9.2 Ineligible Expenses

- a) any expenses that are not based on the approved project budget and plan or have not been approved in advance by ECO;
- b) merit pay, bonuses, fringe benefits and similar supplements to wages that are paid in addition to regular wage;
- c) general staff training;
- d) project preparation or other expenses incurred before the Contract was signed (including preparation of the EEP project application);
- e) project or other expenses, except those for the project audit, that are paid after the completion date of the Contract;
- f) depreciation of equipment, machinery and vehicles;
- g) overhead as a share of total costs;
- h) fines, penalty fees and legal expenses, except legal expenses that are related to the project and that have been approved in the budget;
- i) financing expenses: interest on loans, fees related to financing transactions, currency exchange fees and exchange rate losses;
- j) fees resulting from opening or managing an account, if the Contract does not specifically require this;
- k) value-added tax (VAT) that may be deducted or refunded, or compensated for in another way; and
- l) expenses for equipment, installations and maintenance that do not comply with professionally acceptable standards in the country of implementation or with those presented in the project document.

10. Anti-corruption and Integrity

All projects financed must adhere to NDF's Policy on Anticorruption and Integrity, http://www.ndf.fi/sites/ndf.fi/files/attach/anticorruption_guidelines_2012.pdf.

Reporting of concerns or evidence of corruption, fraud, coercion, collusion or obstructive practice can be done through the EEP Africa website or by contacting NDF directly at <http://www.ndf.fi/report-suspected-misconduct>

11. EEP Africa Compliance Requirements

Project applications must comply with NDF's Environmental and Social Policy and Guidelines 2017 (www.ndf.fi/sites/ndf.fi/files/attach/ndf_environmental_and_social_policy_and_guidelines_0.pdf) to be eligible. Any projects activities excluded under the policy will NOT be approved for EEP funding. A full list of these exclusions can be found in the policy.

A major aspect of human rights is the principle of non-discrimination. EEP Africa and NDF do not accept discrimination based on gender, race, nationality, language, ethnic origin, religion, disability, age, sexual orientation or political or other opinion.

All PDs, project partners and consultants must operate in line with the NDF Policy on Anticorruption and Integrity (<https://www.ndf.fi/integrity-and-anticorruption>). Any indication of non-compliance will cause a review of the non-compliance and possible termination of the Contract.

The PD must comply with all applicable permits and licenses relating to environmental and/or social aspects. The project's performance will be benchmarked towards and cannot deviate from international environmental and social standards, policies and guidelines as defined below:

- a) All applicable permits and licenses relating to environmental and/or social aspects must be in place. If the permits are not in place, a satisfactory plan for obtaining permits needs to be demonstrated.
- b) The project/client must adhere to the International Finance Corporation's (IFC) Environmental, Health and Safety (EHS) guidelines.
- c) Pollution prevention and abatement are required according to World Bank Group policies and guidelines (primarily) and must comply with IFC Industry Guidelines when applicable.

- d) Biodiversity conservation and sustainable management of living natural resources are to be appropriately addressed in accordance with World Bank Group requirements.
- e) Respect for workers' rights and their freedom of association and collective bargaining in accordance with ILO Declaration on Fundamental Principles and Rights at Work.
- f) Respect for human rights; discrimination based on gender, race, nationality, language, ethnic origin, religion, disability, age, sexual orientation or political or other opinion is not accepted.
- g) Community issues and affected Indigenous Peoples, such as involuntary resettlement, land acquisition, restriction on access, cultural heritage, etc. must be addressed in line with World Bank Group safeguard standards including the use of Free, Prior and Informed Consent (FPIC).

12. Other Rules

12.1 Repayment of Unused Funds

Any funds that have been disbursed but have not been fully used by the end of the project, must be repaid in full.

12.2 Branding and Marking

A metal billboard sign identifying the project as one financed by EEP Africa must be installed at the project site. The design of the sign must be coordinated with ECO. The PD ensures that the cost of the sign is included in the approved project budget.

All project-related printed or electronic documents prepared by the PD for promotional, informational or other purposes, including information on the PD's website, must display the EEP Africa logo and include the legend "Project financed by EEP Africa. EEP Africa is hosted and managed by the Nordic Development Fund (NDF) with financing from Austria, Finland and NDF". The logo is available on the EEP Africa website.

12.3 Regulation and Guidance from ECO and/or NDF

ECO and/or NDF have the right to provide additional regulation and guidance to the PD regarding the implementation and financial management of the project, as well as to issue further audit related specifications. The PD must comply with all such regulations and guidance.

12.4 VAT

EEP Africa is not able to deduct VAT or secure refunds on any VAT that is paid. The funds disbursed to the PD are considered to be a grant, not a payment for services provided by the PD.

The PD is responsible for following the applicable VAT regulation in the country or countries where the project or the PD is located. The PD must deduct or apply for refunding of VAT for project-related expenses, if allowed. The PD can only report VAT expenses if it is unable to deduct or apply for refunding of the VAT.

Disclaimer

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