



EEP

ENERGY AND ENVIRONMENT
PARTNERSHIP / SOUTHERN AND EAST AFRICA

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

EARLY STAGE WINDOW

12th CALL FOR PROPOSALS (CfP12)

Guidelines prepared for
FIRST PROPOSAL APPLICATION

FIRST PROPOSAL APPLICATION GUIDELINES FOR THE 12th CALL FOR PROPOSALS: EARLY STAGE

Programme Objectives and Background

The Energy and Environment Partnership Programme with Southern and East Africa contains of a challenge fund that seeks high-quality applications for projects in the Southern and East 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 in Hatfield, Pretoria, South Africa.

Application form and submission details

The first proposal application form and related material are accessible online at www.eepafrica.org. Applicants should register into the application form site. Draft applications can be saved and continued later. Completed applications should be submitted online by pressing 'submit' button at the bottom of the page. After submission, no changes can be made.

The deadline for the submission of applications is **April 25th, 2015 at 10h00** (South African time, GMT+2). Applications submitted or received after the time of submission deadline will be rejected.

If you have difficulties in submitting your proposal through the EEP Online Application portal, please contact the EEP Coordination Office (ECO) eep.cfp@kpmg.fi and mark the email subject with "Query Cfp12 / Cfp13".

Cfp12 First proposal stage: points of particular note

- The concept note stage that was used in previous calls of the Programme has been reformed to a first proposal stage. The main difference is that the first proposal is more detailed and therefore urge prospective applicants to reserve sufficient time to complete it.
- Applicants that have been determined successful in the first proposal stage will be invited to the second and final proposal stage and prepare a final proposal.
- 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 properly completed, except where indicated as optional.
- Only requested documents and annexes should be submitted.
- The Programme reserves the right to request additional information at any stage of the process.
- Any significant discrepancy between the first proposal and the final proposal stage documentation constitutes ground for possible rejection of an application.
- All application text shall be in English.
- Using services of external service providers, e.g. professional proposal writers and persons not directly involved with project implementation is allowed. If external consultants are used, the name of this company needs to be disclosed. Costs accrued for these services are not eligible costs.
- The project budget shall be Euro denominated (EUR). Official financial statements may be submitted in original presented language and currency.
- Any applicant eventually selected for entering into a project contract is 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 the Cfp12 are to be submitted no later than **11 April, 2016** to eep.cfp@kpmg.fi (please mark: "**Query Cfp12**" in the subject title)
- The Programme has no obligation to select any application and reserves the right to amend this set of guidelines.

I. Eligible Applicants

Eligible applicants for project financing by the Programme are:

- 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.

Any applicant should be registered with the appropriate registration body in its country of operation and a certified registration number will be required in the application form. Applicants, who are not registered in the country of project implementation, must document a local anchoring or partnership(s).

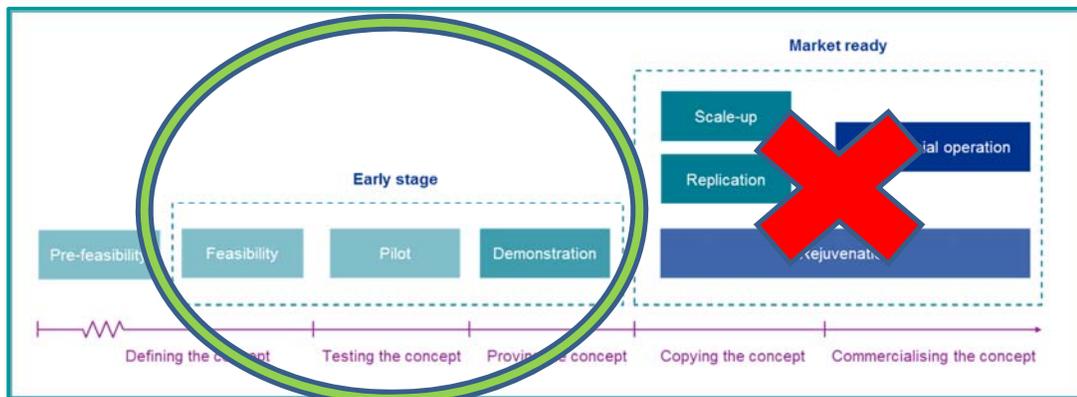
Individuals and mainstream government entities e.g. Government Ministries and National/Provincial/District Departments are not eligible. An applicant should be registered with the appropriate registration body in its country of operation and a certified registration number will be required on the project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

Applicants who have received funding in previous EEP-S&EA Calls for Proposals (CfPs) are allowed to participate in this call. However, any applicant bidding for a second set of financing for the same project type (feasibility study, pilot, demonstration) must either be at the end of, or near completion of the previous project in order to demonstrate success and a move towards market readiness. If bidding for a second feasibility, pilot or demonstration in a second country the applicant must be able to demonstrate strong evidence of success of the previous project first. No re-funding for same project in same country is possible unless there is a clear move from one project type to another that shows clear progress in that country.

Each organisation can submit ONLY ONE application for a given country. Applicants can partner with other organisations or entities in order to ensure capacity and competence to successfully implement the proposed project. The signed contract of the consortium needs to be submitted as an attachment to the proposal. The consortium should agree on who will be the (EEP) lead applicant.

II. Project Type

The scope of this Call for Proposals (CfPs) is limited to projects that deal with the development phase of renewable energy and energy saving/energy efficiency projects. The proposed project must comprise of activities that are part of a cycle leading to further investment and sustainable commercialization. In other words, each proposed project needs to have a business case that supports the Programme objectives.



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

- a) **Feasibility Study:** Analysis and evaluation of a proposed project to determine technological, commercial, social and environmental viability, as well as feasibility of the estimated full scale project cost and economic viability. The feasibility study may be a refinement of a pre-feasibility study and should present information for investors to finance the next stage of the project. Investors may be part of the feasibility work to ensure smooth transition from the feasibility to a pilot or demonstration financing. The main output should be a “bankable feasibility study” acceptable for financiers with all the necessary agreements in place e.g. permits and licenses, environmental impact assessment (EIA) approvals, access to land and other business specific requirements according to the laws of the country where the project is to be implemented. Optimal is further to reach feedstock supply agreements and power purchase agreements.
- b) **Pilot Project:** Testing of an RE/EE product, service, and business or delivery model, including social and local appropriateness on a small scale, for the first time, or in a new market, in order to ensure the conditions and operational details regarding e.g. feasibility, time, cost, size and risks before large scale 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 larger roll out or commercialization after the piloting phase.

As opposed to a demonstration project, a pilot project does not yet possess earlier proven evidence that a product/service or a technology works in the selected circumstances but is intended to test and develop new products, services, and/or business or delivery models so that the project can optimize the procedures and gather lessons learned for a roll out or a commercialization in the following phases of the project.

- c) **Demonstration Project:** A project has in the pilot phase gained experience that the tested product/service or a technology can be successfully implemented in the selected location for implementation. In the demonstration phase the project strives to establish evidence that a project, a product/service and business or delivery model is a viable concept in the chosen market context, such as the geographical or socio-economic area, and could be applied elsewhere in similar circumstances. This may show the performance of a product/service or a technology in actual conditions, or it may encourage introducing the product/services or technology in the target market. For a demonstration project to be approved for EEP grant, the project proposal should clearly indicate the specific context and describe further steps towards roll out or commercialization. The demonstration project proposal should also provide basis for a high probability that the product/service or a technology can be successfully implemented in the selected location for implementation, such as experiences gained from other markets, or in test environments or through a pilot project.

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, technology research, capacity building/training, policy development or financing schemes, such projects are out of the scope of this call.

III. Technology/Energy Resource Focus

EEP S&EA as a whole is in principle 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. Yet for this call it is important to reason the innovative aspect of the chosen approach to the local market. The sector focus and intended RE/EE technology applications should be clearly identified in the overall project summary.

IV. Geographic Coverage

The projects must be implemented in at least one of the following Southern and Eastern African EEP S&EA partner Countries: *Botswana, Burundi, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Swaziland, Tanzania, Uganda and Zambia.*

Projects whose resources and budgets are allocated to specific project activities to be carried out in more than one of the above countries are considered as **Regional** projects. Projects involving more than one country but with most of the project resources and budgets (more than 80%) utilised in only one country CANNOT be considered as regional.

V. Duration

The project implementation period starting in August 2016 is limited to 15 months, after which the project is expected to move towards the next phase of development and closer a self-sustaining / self-financing commercial operation.

VI. Size of funding

A grant in the **range of minimum € 100,000 to maximum € 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 total project budget** (Grant applied / 0,7 = the total project budget).

Total project budget (example)	Grant applied from the EEP (example)	Required minimum co-financing in %	Required minimum co-financing in € (example)
142,857 €	100,000 €	30%	42,857 €
285,714 €	200,000 €	30%	85,714 €
428,571 €	300,000 €	30%	128,571 €

The total budget is to be shown a) among up to four identified major tasks and b) (if applicable) with any local in-country and/or other partners. The application needs to include the minimum co-funding, while the financing plan shall identify how the total budget is covered in terms of a) income sources and b) types of finance as well as c) the status of readiness for each finance component (verified/available, being negotiated and date of expected commitment, applied or other). The availability/commitment of raising the minimum share of co-financing needs to be clearly addressed in the application.

There is no upper limit for co-financing and the applicants are encouraged to provide co-financing above the minimum required amount, which is many cases demonstrate credible ownership, risk sharing and commitment.

If the project has open applications for grant funding to the same project scope from other sources, details on the applied funding must be documented in an application. In addition, applicants need to present a plan on how to proceed in case funding from both/several sources are granted. Information should be provided to ensure full accountability of the funds and no overlapping of funding is acceptable.

The EEP funds should be considered as catalytic "seed funding" to support concrete and sustainable projects. Therefore there has to be complete clarity on matched financing needs to be supported by evidence prior to first payment of the grant, in the form of equity or an external signed financing contract.

VII. Eligibility conditions "six rules" and cross cutting characteristics that the proposal needs to address

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.

When preparing the application, it is of high importance to explain the following eligibility conditions and cross cutting characteristics as clearly as possible.

Eligibility conditions “six rules”

The eligibility conditions are criteria's that the applicant need to adhere to for having the opportunity to obtain EEP funding:

- 1) **Clear development rationale and an economic rationale:** the application needs to be clear regarding the factors that ensure the planned development impacts and commercial viability of the project. It is also important to explain in detail what the development impacts are, how does the project aim to reduce costs of modern RE/EE services and how does the project aim to improve upon the financial sustainability of these services to low income and/or vulnerable groups. The (expected) commercial viability is to be explained by providing supporting calculations, and by explaining clearly the business model and target market (who is the customer(s), distributor(s), seller(s), etc.)
- 2) **Clear demonstration of additionality:** the application should be clear and concrete regarding the main reasons why the EEP funding is needed and why the project will not take place without it.
- 3) **Clear sustainable development outcomes:** it is necessary to explain how the applicant and the possible partner(s) account for responsibility issues (environment, social issues and corporate governance) in their current operations and in their work with possible sub-contractors, what are the responsibility policies and practices that will be used in the project, and how they support clear sustainable development outcomes.
- 4) **Minimisation of market distortions:** the EEP aims to support healthy market growth and therefore possible interventions by the projects, such as providing products/services with a lower than market price, should be well justified.
- 5) **Credible contribution to achieving systemic market impact:** the EEP aims to support healthy market growth and therefore it is essential to explain how the project aims to impact the market in question and its development as a whole, and not only parts of it.
- 6) **Incentives with commercial partners are aligned:** it is strongly recommended that the applications transparently explain the motives for the proposed project for commercial partners in particular.

Cross cutting characteristics of the application

Specific attention needs to be given to the following cross cutting characteristics:

Gender

The proposal needs to inform the projects contribution to gender aspects i.e. to explain how the project aims to support equality between men and women. Proposed beneficiaries and targets are requested to be disaggregated by gender in the proposal when possible. As well the applicant needs to indicate if and how the project will benefit minority groups. Applicants are required to include clarity on who the customers/beneficiaries are.

Poverty Reduction

The application needs to address the overall development objective of the Programme: "Poverty reduction through inclusive and job-creating green economy and improved access and security while mitigating global climate change". As part of the poverty reduction aspects the proposal needs to address what level(s) of direct impact the application contributes to poverty alleviation e.g. poverty-enabling (such as on-grids, CO2), poverty-inclusive (such as mini-grid) or poverty-directed (the very poorest are the target group).

Innovation

The Early stage window will place particular focus on testing proposed innovative business models where priority will be given to projects that are innovative and resourceful in both generating and distributing energy, reducing the costs of modern energy services, improving upon the financial sustainability of these services to low income and/or vulnerable groups and/or in collecting payment for their services, even in the most remote areas. These can cover new technologies to meter use, manage energy distribution, set up network of "pay-as-you-go" energy vendors to collect payments via mobile money, etc. The innovations in cost efficiency and sustainability should represent progress towards affordable and sustainable energy services for the poor and capital-constrained/cash-based populations. A range of potential categories of innovations are eligible, including; technology (efficiency), project financing arrangements, user-financing and payment arrangements, revenue collection models, franchising arrangements, innovative service delivery models, etc.

In the evaluation, emphasis is placed on the assessment of the potential commercial viability of the proposed projects, as well as on inclusive innovation processes that use participatory gender-sensitive co-creation methods with end-users to address all household and community energy needs (e.g. lighting, communication, cooking, heating, water pumping, mechanical power) and that increase particularly women's access to energy for productive uses and income-generating activities, and strong economic, social and environmental sustainability as well as business viability, scale-up and replication potential. By testing, documenting and disseminating the lessons learnt of these innovations, the EEP granted projects provide a direct contribution to the regions' efforts to promote inclusive economic growth.

Difficult markets

Key attention will be paid on how well the project reach out to difficult markets through its product/service or technology, business or delivery concept will. The applicant should describe the target market including information of main challenges identified. The applicant should describe how the proposed project concept will overcome those barriers and risk mitigation procedures. It is possible to distinguish between internal and external barriers. Internal barriers refer to the project, a product/service or a technology and business or delivery model specific difficulties such as informational, human resources, financial, product and price, or distribution, logistics and promotion barriers. External barriers comprise of procedural, governmental, customer and foreign competitor, business environment, and tariff and non-tariff barriers.

Difficult markets can exist within countries or areas and are not necessarily countries as a whole, i.e. this criterion looks at the specific market situation for the proposed project.

VIII. None eligible topics

Projects that relate to or include any of the following elements **cannot be funded**:

- Military equipment or services: The use of military personnel to control civil disobedience, even in emergency situations. Anything that supports, or builds the capacity of a partner country's military, including training in non-military matters. Training in counter-subversion methods, suppression of political dissidence or intelligence-gathering on political activities. Activities designed to combat terrorism directly. Anything that contributes to the strengthening of the military or fighting capacity of the armed forces is excluded.
- Exploitation of adult workers or employment of children
- Luxury goods: alcoholic beverages, manufactured and unmanufactured tobacco, fur skins (raw, tanned or dressed), pearls and precious and semi-precious stones.

- Drugs not on the World Health Organization Essential Drugs List
- Pesticides: these include 12 persistent organic pollutants: aldrin, chlordane, DDT, dieldrin, endrin, heptachlor, hexachlorobenzene, mirex, toxaphene, PCBs, dioxins and furans.
- Chlorofluorocarbons (CFCs)
- Tobacco: the Programme cannot fund projects that identifiably support the tobacco sector, including the agricultural production and processing of tobacco.
- Alcohol: Brewers and producers of alcoholic beverages
- Projects which promote plant biofuels from *Jatropha curcas* Spp. are not eligible.

IX. Project Partners and Consultants

An applicant should be a company or 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. 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. Any local Partner must have a major role in the project implementation. 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 final proposal stage.

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

The project budget should not include any margin of the project partner. The project partner must participate in the 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.

X. 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:

Output Indicators	Target	Explanation and Assumptions
Amount of private sector investment the project/business anticipates to mobilize at the end of the project duration (€)		
Annual cumulative tCO _{2eq} emission reductions achieved <i>(please provide brief explanation of calculation and assumptions)</i>		
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 <i>(Please disaggregate into rural and urban households / where applicable)</i>		
Number of direct jobs that the project will create for women, men and youth <i>(please disaggregate for women and men, and into temporary and permanent jobs)</i>		

Output Indicators	Target	Explanation and Assumptions
Newly installed electricity generation (MW) e.g. from renewable energy system(s) installed and/or products sold		
Amount of energy generated (MWh) e.g. from renewable energy systems installed and/or products sold <i>(please provide brief explanation of calculation and assumptions and disaggregate by heat energy and electrical energy)</i>		
Absolute amount of energy saved (MWh/year) through installation of energy efficient technologies / projects.		
Total potential installed and generation capacity (MW and MWh) <i>(NB: only fill this section if you have proposed to undertake a feasibility study)</i>		

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.

The proposal should to the extent possible include result based milestones with clear, measurable deliverables.

The applicant will clearly need to demonstrate how knowledge and results of the project will be shared to EEP and beyond.

XI. 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:

- Costs up to € 3,999: comparison of at least three quotes/offers obtained directly from suppliers.
- Costs between € 4,000 and € 29,999: competitive tendering with invitations to tender sent directly to potential suppliers.
- 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 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.

XII. EEP National Coordinators

In each of the 13 EEP partner countries the Programme has a National Coordinator who form the liaison between EEP and the national government. In the evaluation process National Coordinators assess whether the proposal is in line with the national policies. The National Coordinators have the right to veto a project when it is clearly not aligned with national policies. National Coordinators can be approached by applicants for additional country specific information. Please note that our National Coordinators do not have decision power in the application process and are not able to influence decisions taken by the Programme donors.

Contact details of the National Coordinators by country can be found at www.eepafrica.org.

XIII. Evaluation process

The EEP S&EA application process is a two-stage process; this first proposal stage represents the first stage. Successful applicants from the first proposal stage will be invited to submit a final proposal, which represents the second stage. Further to an approval of the final 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.

Screening of Applications

Submitted first proposals are pre-screened by ECO (the EEP Coordination Office) for completeness and basic eligibility. Projects that pass the pre-screening are evaluated by the National Coordinators (NC) for compliance with national priorities and an evaluation team undertakes a full assessment of technical, business, financial and administrative, development as well as regional aspects before the application is submitted to the EEP Partners Committee (EPC) for approval to proceed or rejection.

The components of the application evaluation is presented below:



The selection of applicants for the final proposal stage is done based on the evaluation scores and the assessment of the EEP Partners Committee (EPC). Selected applicants will be invited to submit a final proposal for final evaluation and due diligence. Adjustments or improvements to the project design may be suggested.

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

Contracting

Successful applicants from the final 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 final 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.

Application screening and selection timeline

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

1. Opening of the 12th Call for Proposals: **22 March, 2016**
2. Deadline for submitting first proposals **25 April, 2016 at 10:00** 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 first proposals for final proposal stage to be confirmed
4. Status notifications/invitations for final proposals to be confirmed
5. Deadline for receiving final proposals: to be confirmed
6. Contract signing and start of projects: tentatively August/September, 2016