

Powering Renewable Energy Opportunities (PREO) Programme

Support for productive use of energy (PUE) Action Learning Projects in
sub-Saharan Africa

*A Transforming Energy Access Programme, co-funded by UK Aid and the IKEA
Foundation and implement by Carbon Trust and Energy 4 Impact*

FREQUENTLY ASKED QUESTIONS (FAQS) RESPONSE DOCUMENT

JULY 2020

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Thank you for your interest in participating in this Call for Applications.

We have received multiple questions to date seeking clarifications as regards the eligibility criteria and the application process. Please see below the Frequently Asked Questions (FAQs) and the responses to these questions for clarification.

FAQs and PREO Responses

No.	QUESTION	RESPONSE
1	There are more than one deadlines listed for this Call for Applications, when is the official deadline for submission?	The official deadline for submissions is the 30th of July 2020 at 23:59 UTC.
2	How to apply and download application forms for the PREO Grant Call for Applications?	The download error experience by prospective applicants initially has since been corrected and all application documents should be downloadable from https://www.preo.org/apply-for-a-grant/ . Applications and supporting documentation are to be sent to contact@preo.org .
3	Will there be some form of Webinar to explain what the call is about?	There will not be a webinar to clarify what this Call for Applications entails, for further information pertaining to this Call for Applications please refer to the "Grant Application Guidance Note" that can be downloaded with the application documents and consult these FAQ responses for clarifications.
4	Co-financing: What sources of finance are eligible as co-financing? Are the requirements listed for the whole project or for the individual project partners and can non-lead partners contribute the co-financing?	Co-financing can come from a variety of sources, including equity, debt and grants (see below), and can be cash contributions or in-kind contributions. For in-kind contributions, applicants are requested to clearly describe the nature and details of such co-financing, and be prepared to demonstrate the basis for quantification. In-kind contributions should still offer value for money and contributions of time, labour, equipment etc. are expected to be reasonably and fairly quantified. If the lead organisation for a project is a sub-Saharan African owned and led organisation, the project (as a whole) would be required to raise or contribute 25% of the total project value in co-financing, meaning that the PREO grant funding request could be up to 75% of the total project value. The co-financing could be contributed or raised (through

<p>Are the co-financing limits applicable to all types of organisations, such as NGOs and NPOs?</p> <p>Can Co-financing can come from the project or company cash flows?</p> <p>If a project has already secured financing prior to the PREO Grant funding, would the project need to leverage additional/new funds to meet the co-financing criteria? And Can existing grant funding be used as co-financing for the PREO grant funding?</p> <p>If a project is led by an African registered company, does the project as a whole qualify for 75% funding, or only the lead, or only the African registered partners?</p> <p>Can a consortium partner (we as an international company) instead of the Lead applicant cover most of the co-financing amount? Especially considering COVID-19 impacts, it may not be easy for</p>	<p>external finance providers) by any of the project partners as cash or in-kind co-financing. If the lead organisation for a project is a foreign owned and led organisation, the project (as a whole) would be required to raise or contribute 50% of the total project value in co-financing, meaning that the PREO grant funding request could be up to 50% of the total project value.</p> <p>The funding limits, being the co-financing requirements and the grant funding requested, are applicable to the project and not to the individual partners. It is expected that PREO grant requests be in the range of €100,000-€200,000 but will consider project proposals up to €300,000 in value, making the total value of the projects under each application between €133,333 and €600,000, depending on whether the lead organisation of the project is a sub-Saharan African led and owned organisation or not. For example, a sub-Saharan African led and owned project requesting €200,000 from PREO would have a total project value €266,666; but a project led by a foreign owned and led organisation requesting €200,000 would have a total project value of €400,000.</p> <p>The 50% co-financing requirement for foreign led projects and 25% co-financing requirements for sub-Saharan African led projects are applicable to all types of organisations, meaning that NGOs and not-for-profit organisations are required to comply with the same requirements as any other organisation.</p> <p>Co-financing cannot be derived from anticipated or expected cashflows coming from the project activities. While the PREO grant funding will be used to invest in revenue-generating equipment or activities, the uncertainty of the future cash flows as a result of this equipment or activity means that these expected revenues cannot be used as upfront co-financing for this Call for Applications.</p> <p>There is some flexibility in what will be considered for co-financing under PREO. It is one of the key objectives of the PREO Programme to attract new finance into the PUE sector but it is understood that this is a challenge for many local and emerging organisations in this field. Therefore, projects or organisations that raise or contribute existing capital or financing as co-financing for this PREO grant are eligible for application. This co-financing, ie. existing capital or finance provided prior to application to PREO for grant funding, should be highlighted as such under Section 23 and Section 24 of the Grant Application Form. The PREO funding should be clearly complimentary to the existing financing and the use of the PREO funding clearly demarcated or</p>
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	<p>partners to find new finance sources</p> <p>Is the funding limits per project or per partner?</p> <p>Is the cash match funding (co-financing) necessary if we have partners in sub-Saharan Africa who are ready to contribute in-kind?</p>	<p>described so that it is clear what components of the project the PREO grant funding would be put towards. Existing financing from the Department for International Development (DfID) via other programmes is strongly discouraged under this Call for Applications</p> <p>It is important to note that for grant funding under PREO, preference will be given to projects that show greater value for money and potential to attract additional, private investment to their projects throughout the duration of the project. There should be clear outcomes and impacts attributed to the PREO grant funding provided and should not be used to pay-off or consolidate an organisation's existing debt capital or to be used as a stop loss reserve.</p> <p>Therefore, projects using existing capital or finance as their co-financing will need to prove the value for money (Section 25) proposition if PREO funding were to be granted and clearly highlight how the PREO grant funding would be used separately to the existing financing provided to the project or organisations. The merits of these projects will be evaluated on a case-by-case basis.</p>
5	<p>What are the eligibility requirements regarding organisation size, location, type and maturity?</p>	<p>The PREO grant funding is open to any organisation or consortia of organisations provided the application meets the requirements of the Call for Applications outlined in the "Grant Application Guidance Note". Organisations may be private or public companies, not-for-profit organisations and non-governmental organisations, community-based organisations, or state-owned entities. There are no restrictions on the size of the organisations applying for grant funding through PREO, provided that the organisations are able to provide appropriate management accounts for the due diligence procedure for shortlisted projects.</p> <p>The lead or partner organisations may be foreign owned and led or sub-Saharan African owned and led organisations, or a consortium with a combination thereof. The composition of the project consortium will have implications for the co-financing requirement, however, so please be sure to read the co-financing requirements in the "Grant Application Guidance Note". A foreign organisation in this definition is an organisation domiciled, managed, or owned in a jurisdiction outside of sub-Saharan Africa.</p> <p>Projects at all implementation stages are eligible to apply, provided the project has a productive use of energy application, is an energy demand-driven project and also targets to establish on-ground implementations (i.e. feasibility studies are not eligible). The</p>

		applicants will be required to comply with the co-financing requirement detailed in the Grant Application Guidance Note to be eligible for application, but PREO does not restrict the eligibility to companies or organisations that are mature or large-scale.
6	<p>Action Research Approach and Project Implementation: What are the key project research objectives?</p> <p>Should research activities take place before the project launch or after the project is implemented?</p>	<p>PREO funding will target projects that aim to test, implement or scale a proposed operating model, technology or solution that is based on an action learning approach.</p> <p>In order to measure and report the impact and learnings of the project, a baselining will be done following the contracting stage and before the project is implemented or interventions commence. This baselining will require information on the existing operating models such as the workforce, expenditure on male and female employees, sales or beneficiaries reached and customer/beneficiary engagement to identify the impact to date (prior to PREO funding). Throughout the project implementation, the applicants will be required to report quarterly on their impact against this baseline using the KPIs that are agreed between PREO and the applicants. Therefore, the research activities will commence before the operating model (the project) commences to quantify the baseline, and throughout the project duration to report on project impacts.</p>
7	Are projects using energy from renewable energy/diesel hybrid mini-grids considered as eligible for funding?	As the Powering Renewable Energy Opportunities (PREO) Programme, we define off-grid energy as renewable energy that is not transmitted and distributed by the national, provincial or municipal grid network. Mini-grids supplied using diesel, natural gas or other fossil fuels will not be considered as eligible for this programme. Therefore, only clean energy sources and biodiesel mini-grids would be accepted, but projects using energy derived from non-renewable sources would not be eligible for funding under PREO.
8	Can the Call for Applications documents be translated into another language?	Unfortunately, the PREO Programme can only accept applications in English and will be reporting on project (and programme) impacts in English. As such, the application documents are only available in English.
9	Does Clean cooking and energy from biomass fits in to this call?	Clean cooking projects or projects that make use of bioenergy are eligible to apply for PREO grant funding. Clean cooking projects would need to demonstrate their productive use of energy application as a means to generate or enhance income for the user. Domestic clean cooking applications are not eligible for funding under PREO as this is seen as a consumptive use of energy; however, commercial applications of clean cooking equipment or products, whereby the user derives an income or generates revenues from the clean cooking, will be eligible.

10	For organisations which are recently established and lack access to audited management accounts, what will be required for the due diligence procedures for shortlisted applicants?	For the PREO due diligence procedures, any management accounts (unaudited or audited) that detail the financial health of the organisation/s as a going concern would be required, with preference given to audited management accounts. In the event that the organisation cannot make a full year of records available, the organisation/s would be required to provide appropriate managements accounts to show the financial health of the organisation/s. The types of management account that are required could include a profit and loss statement, a statement of financial position, a cash flow statement. If these accounts cannot be provided, any account of the organisation/s' financial health that the applicant sees fit may be submitted for due diligence of shortlisted applicants.
11	Can a single entity apply for different projects?	<p>An organisation, as either a lead organisation or a partner organisation, may apply for more than one project under this Call for Applications. An organisation cannot submit multiple applications if the organisation is the only organisation for the submitted applications, ie. there are no other partners in the applications, but the organisation may be a partner (lead or otherwise) in multiple applications.</p> <p>It is important to note that an organisation, as a sole project implementer or as a lead organisation, will only be eligible to receive funding for one project from PREO. Meaning that an organisation that has submitted multiple applications as the lead partner or a sole project implementer, and has been shortlisted for more than one project, will only be able to receive funding for one project as the project lead. A non-lead partner will therefore be eligible for funding for more than one project.</p>
12	What is a "Tax Compliance Certificate"? We are a UK registered company, will our company registration number suffice?	For organisations registered in the UK, applicants can call Her Majesty's Revenue and Customs (HMRC) and request a Certificate of Compliance. This Certificate of Compliance can be used as the "Tax Compliance Certificate" for this Call for Applications. HMRC can be reached on: +44 (0) 3000 513 756.
13	Regarding the Full / Detailed Financial Proposal? Is there a specific template for how you want this presented?	The Full/Detailed Financial Proposal will expand on the "Project Finance" section in the Grant Application Form (Sections: 20, 21 and 22). In the Full/Detailed Proposal, applicants will be required to detail the project payment schedules, PREO grant arrears payments, PREO grant advance payments and the PREO grant utilisation profile over the project timeline. The Full/Detailed Financial Proposal will therefore expand on the current Project Finance template without requiring the applicants to prepare an entirely new financial proposal.