

Powering Renewable Energy Opportunities (PREO) Programme

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

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

FREQUENTLY ASKED QUESTIONS (FAQS) RESPONSE DOCUMENT

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Contents

1.	What is the PREO programme?	3
2.	How is PREO funded?	3
3.	When does the call open and close?	3
4.	How do I apply?	3
5.	Who can apply?	4
6.	If my project is more focused on product innovation, should I apply?	4
7.	How does PREO select grant awardees and what is the due diligence process?	4
8.	What do we mean by partners, sub-contractors or supporting parties, and what are the conditions of partnerships?	4
9.	How long may projects be conducted for?	5
10.	Does my application have to be in English?	5
11.	Can I make updates to my application after submission?	5
12.	Can I submit other applications or similar applications in future funding calls?	5
13.	Co-financing: What sources of finance are eligible as co-financing?	5
14.	Are the requirements listed for the whole project or for the individual project partners and can non-lead partners contribute the co-financing?	5
15.	Are the co-financing limits applicable to all types of organisations, such as NGOs and NPOs?	6
16.	Can co-financing come from the project or company cash flows?	6
17.	What are the eligibility requirements regarding organisation size, location, type and maturity? ..	6
18.	Action Research Approach and Project Implementation: What are the key project research objectives? Should research activities take place before the project launch or after the project is implemented?	7
19.	What sectors are eligible for the PREO open call?	7
20.	Are projects using energy from renewable energy/diesel hybrid mini-grids considered as eligible for funding?	8
21.	Does clean cooking and energy from biomass fits in to this call?	8
22.	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?	8
23.	Can a single entity apply for different projects?	8
24.	What is a "Tax Compliance Certificate"? We are a UK-registered company, will our company registration number suffice?	9
25.	Regarding the Full/Detailed Financial Proposal? Is there a specific template for how this must be presented?	9

Thank you for your interest in participating in the 23/24 sub-Saharan Africa focused PREO Call for Applications.

Please see below Frequently Asked Questions (FAQs) and the responses to these questions for clarification.

1. What is the PREO programme?

The Powering Renewable Energy Opportunities (PREO) programme is a demand-led, productive use of renewable energy (PURE) programme stimulating partnerships, innovation and learning to address the needs and improve the livelihoods of sub-Saharan African. PREO's mission is to enable enterprises to harness clean energy to improve incomes, build climate resilience and reduce reliance on fossil fuels.

Since 2019, PREO has been supported by the IKEA Foundation and UK aid via the Transforming Energy Access platform and delivered by the Carbon Trust and Mercy Corps Energy 4 Impact. To date, PREO had funded 34 catalytic grants and 22 technical assistance assignments to private sector and non-profit enterprises across 11 African countries.

Projects funded through PREO have resulted in over 17,000 end users purchasing a PURE product or accessing a PURE service to improve their livelihoods. PREO has been responsible for the creation of over 400 jobs, half of which are full-time. Beyond these direct impacts, PREO has also demonstrated pioneering solutions that show the ability to raise incomes, improve livelihoods, and enhance climate resilience of people.

2. How is PREO funded?

This open call is funded with UK aid, from the UK government via the Transforming Energy Access (TEA) platform, and the IKEA Foundation.

3. When does the call open and close?

The funding call opens on 30 November 2023 and will close on 31 January 2024 at 23:59 UTC.

4. How do I apply?

Please ensure you carefully read the Grant Application Guidance Note prior to applying and refer to this FAQ document as needed. Download the application form (Excel file) where you will be asked to provide details of your project, including a project budget spreadsheet, and supporting documents. The excel application form along with the FAQ and Grant Application Guidance Note can be downloaded from <https://www.preo.org/grant-funding/>

Once you have completed all necessary fields in the application and collated relevant documents, please upload the application form here: [Link to application](#)

To submit your application form, you will need to use a Google gmail account.

For information on how to set up a gmail account see here: [Create a Gmail account - Gmail Help \(google.com\)](#)

Once submitted you will receive an automatically generated response confirming receipt of your application.

5. Who can apply?

Any legally registered and physically established business or non-profit organisation based in sub-Saharan Africa may apply. For a full list of eligible countries, please refer to the PREO Application Form.

6. If my project is more focused on product innovation, should I apply?

If your proposed project is focused on product innovation, rather than testing a business model selling a PURE product or service, then it is strongly encouraged that you apply to the [Efficiency for Access Open Call on Agritech](#) which is open for applications until 17 January 2024.

7. How does PREO select grant awardees and what is the due diligence process?

Applications will undergo an impartial yet rigorous assessment process by a diverse pool of PREO assessors and an expert independent review committee. The applications will be assessed consistently, using evaluation criteria, which is specified in the Submission Evaluation section of the Grant Application Guidance Note. Once all applications have been assessed, the independent review committee will meet to determine the applications to be awarded based on assessment score outcome. Where required a 'portfolio' approach may be used to ensure funding is spread across multiple scope areas, geographic locations, stages of business development, project duration, project cost, and levels of project risk. We understand the risks involved in innovation projects and welcome applications for projects that are both high risk and high reward (impact). Unsuccessful applicants will be notified of the outcome of the assessment and may request feedback.

The successful applications will then undergo technical due diligence, which may involve requests for further information and data, and interviews. Applicants that pass technical due diligence will undergo financial diligence, involving the checking of audited accounts. Please note that we understand that some organisations may not be able to answer some due diligence questions affirmatively. Should this be the case for your organisation, please do not let this deter you from applying as we may seek to mitigate these risks in other ways. Successful applicants that pass due diligence will be notified that they are to be awarded a grant.

8. What do we mean by partners, sub-contractors or supporting parties, and what are the conditions of partnerships?

Partners, sub-contractors and supporting parties are third-party or external organisations that will play a role in the project. The name of these organisations should be provided with a description of their role and the status of their confirmation of participation. Sub-contracting services supplied by partner organisations should exclude any profit element and be charged at cost. Where a partner is also a sub-contractor within a project, it is important that the organisation in receipt of the project funding stays within state aid limits.

If you apply as a partnership, the lead partner will assume all responsibility for the project and will be the recipient of the grant funding. At least 50% of the staff budget must be allocated to the lead partner, i.e. staff costs allocated for all other partners and sub-contractors must be less than 50% of the total staff costs. In addition, more than 50% of purchases for capital equipment and other costs must be made by the lead partner.

9. How long may projects be conducted for?

PREO Action Learning Projects supported under the open call must have completed final project reporting, including final report, external communications report and presented to the PREO team within eighteen (18) months of signing the grant agreement.

10. Does my application have to be in English?

Yes, we do not have the ability to assess applications submitted in languages other than English.

11. Can I make updates to my application after submission?

No, you will not be able to update an application once it has been submitted.

12. Can I submit other applications or similar applications in future funding calls?

Yes, you may submit other applications or a similar application in future funding calls.

13. Co-financing: What sources of finance are eligible as co-financing?

Co-financing can come from a variety of sources, including equity, debt and grants, and can be cash or in-kind contributions.

- **In cash:** direct financial contributions to the project from the applicant and/or third parties such as donors (individuals, foundations, family offices, governments), impact investors or venture capital firms. You may be asked to provide evidence of the matching commitment that details the conditions, timescales as well any other considerations.
- **In kind:** in kind matched funding includes any significant and quantifiable contribution to the project that is not financial. This may include use of goods, services and facilities, as well as provision and access to equipment. Evidence will need to be provided to the Fund team when submitting milestone reports for the relevant, applicable milestones.

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.

14. Are the requirements listed for the whole project or for the individual project partners and can non-lead partners contribute the co-financing?

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 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.

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 USD 100,000 to USD 200,000 but will consider project proposals up to USD 300,000 in value, making

the total value of the projects under each application between USD 133,333 and USD 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 USD 200,000 from PREO would have a total project value USD 266,666; but a project led by a foreign owned and led organisation requesting USD 200,000 would have a total project value of USD 400,000.

Lead organisation ownership origin	Max. PREO grant request	Contribution required from org.
sub-Saharan African owned and led organisation	PREO will grant up to 75% of project value max.	25% of total project value
Foreign owned / led organisations	PREO will grant up to 50% of project value max.	50% of total project value
PREO grant request funding amounts (example)		
Lead org	Request from PREO	Total project value - incl. % from the org
sub-Saharan Africa led org	USD \$200,000	USD \$266,666 (incl. 25% from org)
Foreign owned org	USD \$200,000	USD \$400,000 (incl. 50% from org)

15. Are the co-financing limits applicable to all types of organisations, such as NGOs and NPOs?

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.

16. Can co-financing come from the project or company cash flows?

Co-financing cannot be derived from anticipated or expected cash flows 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.

17. What are the eligibility requirements regarding organisation size, location, type and maturity?

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.

Organisations must fall into one of the following categories:

- private or public companies
- not-for-profit organisations
- non-governmental organisations
- community-based organisations
- 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 to meet required due diligence process for shortlisted projects.

The lead or partner organisations (where applicable) 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, 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.

Projects at all implementation stages are eligible to apply, provided the project has a productive use of renewable energy (PURE) application, is an energy demand-driven project and also targets to establish on-ground implementations (i.e. feasibility studies are not eligible). The 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.

18. Action Research Approach and Project Implementation: What are the key project research objectives? Should research activities take place before the project launch or after the project is implemented?

PREO funding will target projects that aim to test, implement or scale a proposed PURE operating model, technology or solution that is based on an action learning approach.

In order to measure and report the impact and learnings of the project, as part of PREOs monitoring and evaluation process, 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 end-users reached and customer/end-user 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, 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.

19. What sectors are eligible for the PREO open call?

PREO grants include, but are not limited to the following sectors:

- **Agro Processing:** solar-powered milling, drying, oil press, egg incubation and pulping
- **Cooling:** positive (between 0°C and 15°C) and negative (between -15°C and 0°C) temperature cold storage, solar freezing, and milk chilling
- **Solar Irrigation**

- **E-Waste Recycling:** end-of-life PURE products, as well as supportive renewable energy assets
- **Textiles:** manufacturing or mending shoes and sewing clothes commercially
- **E-Mobility:** electric transport including electric two-wheelers, three-wheelers and boats
- **Education:** solar-powered appliances for educational use
- **Healthcare:** solar-powered appliances for medical use
- **ICT:** use of digital technology such as computers or phones to manage and process information and to communicate with others. It is used in various fields, including education, business, healthcare, entertainment and many others
- **Street Lighting:** solar-powered

If your project does not fit into one of these categories, **please select the “Other” category.**

20. Are projects using energy from renewable energy/diesel hybrid mini-grids considered as eligible for funding?

The Powering Renewable Energy Opportunities (PREO) Programme, defines 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.

21. 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 but will be required to demonstrate their productive use of renewable energy (PURE) 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 clean cooking, will be eligible.

22. 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?

PREO due diligence procedures, require any management accounts (unaudited or audited) that clearly detail the financial health of the organisation(s), 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 alternative appropriate management accounts to show the financial health of the organisation/s. The types of management accounts 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. (Please note that any alternative accounts provided will be checked for suitability).

23. Can a single entity apply for different projects?

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, i.e. there are no other partners in the applications, but the organisation may be a partner (lead or otherwise) in multiple applications.

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.

24. 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 contact His 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.

25. Regarding the Full/Detailed Financial Proposal? Is there a specific template for how this must be presented?

The Full/Detailed Financial Proposal will expand on the "Project Finance" section in the Grant Application Form (Sections: 18, 19 and 20). 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.