

Powering Renewable Energy Opportunities (PREO) Programme

*A programme co-funded by UK aid via the Transforming Energy Access platform
and the IKEA Foundation,
implemented by the Carbon Trust and Mercy Corps-Energy 4 Impact*

**Support for productive use of renewable energy (PURE) projects in
Pacific Island countries,
funded by UK aid via the Transforming Energy Access platform**

FREQUENTLY ASKED QUESTIONS (FAQS) RESPONSE DOCUMENT

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Thank you for your interest in participating in the 2024 Pacific Island-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 people in Pacific Island countries and sub-Saharan Africa. 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 through the Transforming Energy Access platform and is delivered by the Carbon Trust and Mercy Corps Energy 4 Impact. To date, PREO has funded 34 catalytic grants and 22 technical assistance assignments to private sector and non-profit enterprises across 11 African countries. The programme is now being expanded to Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu.

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 and enhance climate resilience of people.

2. How is PREO funded?

This open call is funded with UK aid, provided by the UK government through the Transforming Energy Access (TEA) platform.

3. When does the call open?

The funding call opens on Thursday 4 April 2024.

4. What is the application submission deadline?

The Submission Deadline is Sunday 26 May at 23:59 UTC.

5. How do I apply?

Please ensure that you carefully read the "Grant Application Guidance Note" before applying and refer to this FAQ document as needed.

Interested innovators should visit [the PREO website](#) to download the full application pack.

Follow the procedure outlined:

First step: Download the Excel application form in which applicants will be asked to provide details of the project, including a project implementation plan, budget, and risk register.

Second step: Open the online Google form, complete all questions, and upload all required supporting documents (outlined in the Google form).

Third step: Lastly, upload the completed Excel form into the online Google form and hit submit.

(All supporting documents and the Excel application form should be uploaded at one time via the online Google form)

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 \(google.com\)](https://www.google.com/help/creatinggmail.html)

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

6. Who can apply?

Any legally registered and physically established business or non-profit organisation may apply for funding related to a project to be delivered in one of the following Pacific Island countries:

- Fiji;
- Papua New Guinea;
- Samoa;
- Solomon Islands;
- Tonga; and
- Vanuatu.

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 select 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). Unselected applicants will be notified of the outcome of the assessment and may request feedback.

The selected 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 due 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 it 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 any 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 projects supported under the open call must complete final project reporting, including a final report, external communications report, and presentation to the PREO team, within 24 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 resubmit my application if errors have been made?

Yes, applicants can re-submit their applications if necessary, provided that the re-submission is received by PREO before the “Submission Deadline” detailed above. Please notify us at contact@preo.org if you wish to resubmit your application before the deadline, so we can omit the first submission.

13. 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.

14. 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.

- **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, including details of the conditions, timescales and any other relevant considerations.
- **In-kind:** in-kind matched funding includes any significant and quantifiable contribution to the project that is not financial. This may include the use of goods, services and facilities, as well as the provision of, and access to, equipment. Evidence will need to be provided to the Fund team when submitting milestone reports for the relevant and 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.

15. Are the co-financing requirements listed required from 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 Pacific Island owned and led organisation (meaning, an organisation owned and led from a country in the Pacific Islands Forum, excluding Australia and New Zealand), the project (as a whole) would be required to raise or contribute 15% of the total project value in co-financing. This means that the PREO grant funding request could be up to 85% 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 internationally owned and led, the project (as a whole) would be required to raise or contribute 30% of the total project value in co-financing. This means that the PREO grant funding request could be up to 70% 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. We expect PREO grant requests to fall within the range of £50,000 to £150,000, but we will consider grant requests up to £200,000 in value. This results in the total value of the projects under each application ranging between £58,824 and £285,714, depending on whether the lead organisation of the project owned and led by a Pacific Island organisation. For example, a project owned and led by a Pacific Island organisation requesting £200,000 from PREO would have a total project value £235,294. In contrast, a project owned and led by an international organisation requesting £200,000 would have a total project value of £285,714.

| Project Owned & Led by: | PREO Grant Request | Required co-financing contribution | Total Project Value |
|-------------------------|-------------------------------------|------------------------------------|---------------------|
| | <i>(% of overall project value)</i> | | |
| Pacific Island Org. | 85% | 15% | 100% |
| International Org. | 70% | 30% | 100% |

Example with £200,000 PREO Grant Request

| Project Owned & Led by: | PREO Grant Request | Required co-financing contribution | Total Project Value |
|-------------------------|--------------------|------------------------------------|---------------------|
| Pacific Island Org. | £200,000 | £35,294 | £235,294 |
| International Org. | £200,000 | £85,714 | £285,714 |

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

The 30% and 15% co-financing requirements for internationally led and Pacific Island led projects, respectively, apply to all types of organisations. This means that NGOs and not-for-profit organisations are required to comply with the same requirements as any other organisation.

17. 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. Although the PREO grant funding will be used to invest in revenue-generating equipment or activities, the uncertainty of future cash flows resulting from this equipment or activity means that these expected revenues cannot be used as upfront co-financing for this Call for Applications.

18. 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 or 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 they can provide appropriate management accounts for the required 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; or
- state-owned entities.

Applications led by or including an organisation with a local presence in the project location, and/or those that are women-led, are preferred. Additionally, applications including an organisation owned and led from a country in the Pacific Islands Forum (excluding Australia and New Zealand) are also preferred.

The lead or partner organisations (where applicable) may be internationally owned and led or Pacific Island owned and led organisations, or a consortium with a combination of both. 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".

Projects at all implementation stages are eligible to apply, provided that the project has a PURE application, is an energy demand-driven project, and targets establishing 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.

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

PREO catalytic grant 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. Projects should be focused on implementation of a working technology with a goal of achieving commercial viability, rather than on technical innovation to develop novel technologies.

In order to measure and report the impact and learnings of the project as part of PREO's 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) begins to establish the baseline and will continue throughout the project duration to report on project impacts.

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

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

- **Agro Processing:** renewably-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 renewably-powered cold storage, freezing and milk chilling
- **Renewably-powered water solutions;**
- **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 (among others);
- **Education:** renewably-powered appliances for educational use;
- **Healthcare:** renewably-powered appliances for medical use;
- **Hospitality:** renewably-powered systems or appliances for hospitality use;
- **Information and communication technology (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; and
- Renewably-powered **street lighting**.

If your project does not fit into one of these categories, **please select the "Other" category** and provide details of the appropriate sector.

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

The PREO programme defines off-grid energy as renewable energy that is not transmitted or distributed by the national, provincial or municipal grid network. Mini-grids supplied using diesel, natural gas or other fossil fuels will not be considered eligible for this programme. Therefore, only mini-grids powered by clean energy sources and biodiesel will be accepted. Projects using energy derived from non-renewable sources will not be eligible for funding under PREO.

22. Does clean cooking and energy from biomass fit into 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 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.

23. 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 shortlisted applicants to provide management accounts (audited or unaudited) that clearly detail the financial health of the organisation(s), with preference given to audited management accounts. If an organisation cannot provide a full year of records, alternative appropriate management accounts must be provided to demonstrate its financial health. The types of management accounts that are required could include: a profit and loss statement, a statement of financial position, and 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. (Please note that any alternative accounts provided will be checked for suitability).

24. Can a single entity apply for different projects?

An organisation, as either a lead organisation or a partner organisation within a joint application, may apply for more than one project under this Call for Applications.

An organisation cannot submit multiple applications if it is the only organisation for the submitted applications, i.e., if there are no other partners in the applications.

However, it is important to note that an organisation that has submitted multiple applications as the lead partner or 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.

If an organisation has been involved as a non-lead partner on multiple applications, it will be eligible for funding for more than one project.

25. What is a "Tax Compliance Certificate" for a UK-registered company?

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.

26. Regarding the Detailed Financial Proposal, is there a specific template for how this must be presented?

The Detailed Financial Proposal will expand on the "Project Finance" section in the Grant Application Form (Sections: 18, 19 and 20). In the 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 Detailed Financial Proposal will therefore expand on the current Project Finance template without requiring the applicants to prepare an entirely new financial proposal.