

## **LETTER OF INVITATION**

### **Second BGFA Call for Proposals (BGFA2)**

### **Pre-Qualification**

**Project:** Beyond the Grid Fund for Africa

**Country:** Mozambique

**Sector:** Access to modern, clean and affordable energy

**Funding source:** Sida / Sweden

**Type of contract:** Results-based financing contract

**Launch date:** 8 February 2021 at 16:00 hrs Helsinki Time (UTC +3 hrs)

**Closing time:** 29 March 2021 at 16:00 hrs Helsinki Time (UTC +3 hrs)

### **Background**

BGFA is a results-based funding facility established to incentivise the private energy sector to provide affordable clean, high quality off-grid energy services to underserved people in rural and peri-urban areas in Sub-Saharan African countries.

BGFA supports, in particular, the objective of Sustainable Development Goal 7, which aims to ensure access to affordable, reliable, sustainable, modern energy for all by 2030, the Paris Agreement on climate change and host country priorities.

The BGFA programme is set up as a separate funding facility, which is administered by the Nordic Environment Finance Corporation (NEFCO) as the Facility Manager. The BGFA programme has been designed and is implemented in partnership with the Renewable Energy and Energy Efficiency Partnership (REEEP) as the Programme Implementation Manager.

BGFA is now launching its second Call for Proposals (BGFA2) inviting interested off-grid energy companies to compete for funding with the aim of engaging them to develop new sustainable businesses and thereby accelerate access to affordable and clean off-grid energy at scale for customers in peri-urban and rural areas of Mozambique.

The Mozambique Country Programme, the specific Funding Window and Funding Lot have been designed in close cooperation with the Mozambican Energy Fund (FUNAE), which has contributed substantially to off-grid energy access over the last 20 years. The roll-out is expected to be implemented under a pilot licensing framework focusing on the provision of off-grid energy services through micro-grid solutions within specified energy service areas.

The energy services are to be implemented during a four-year period with total funding of EUR 6.7 million provided by the Swedish government.

A first Call for Proposal (BGFA1) is on-going in Burkina Faso, Liberia and Zambia. A third call for proposals for Uganda (BGFA3) is currently being prepared and expected to be launched in May/June 2021.

Power Africa, an initiative administered by USAID, is providing an in-kind technical assistance contribution to the BGFA Programme. Denmark has joined the BGFA programme for its expansion into Uganda and Germany is about to join the on-going BGFA1 as regards activities in Zambia.

### **Eligible Applicants**

BGFA2 is targeted at incentivising private energy companies to accelerate access to off-grid modern and affordable energy.

Further information on the Pre-Qualification eligibility criteria and minimum requirements can be found in the attached BGFA2 Pre-Qualification Guidelines.

### **Nature of Financing**

The BGFA approach provides direct, results-based financing to energy service providers to unlock early structural challenges in the off-grid market, build business and investor confidence and proactively mobilise various types of downstream investment and debt financing.

To be successful Applicants are expected to provide a substantial amount of their own financing as well as to mobilise co-financing.

In 2020-21, progress towards addressing the energy access objective (Sustainable Development Goal 7) has been jeopardised by the COVID-19 pandemic, which has hit African economies and, in particular, the poorest and most vulnerable communities hard. The BGFA seeks to support much-needed connections and the implementation of decentralised energy solutions in order also to mitigate the impact of the virus and promote a green recovery.

### **Expectations**

The expectation is that up to 42,000 off-grid ESSs will be established during the project implementation period, thus benefiting more than 210,000 people in peri-urban and rural areas. The indicative individual contract ticket size is expected to be EUR 1.5 – 2 million.

### **Selection process**

Applicants and project proposals will be evaluated in two phases:

- I. Pre-Qualification stage (this phase); and
- II. the Final Application stage.

The current invitation calls for Pre-Qualification applications. Only Applicants of project proposals passing the Pre-Qualification stage will be invited to submit a full application during the Final Application stage.

Final decisions on the financing are expected to be made by February 2022.

### **Pre-Qualification stage**

All documentation submitted for the Pre-Qualification should be provided in English and all financial information shall be denominated in EUR. Submitted Pre-Qualification applications will be considered to be in their final form.

The BGFA2 Pre-Qualification Guidelines, including the Pre-Qualification Concept Note template annexed to them outline the BGFA2 funding opportunities as well as the eligibility criteria and minimum requirements that Applicants and proposed projects need to meet in order to be invited to submit a full proposal and compete for BGFA2 funding.

Pre-Qualification applications should be submitted online at the latest by **29 March 2021 at 16:00 hrs Helsinki Time** (UTC +3 hrs) ('Closing time). The online intake system and related guidance will be accessible via [www.beyondthegrid.africa](http://www.beyondthegrid.africa) from 8 February and the application forms in the online system will be open from 16:00 hrs Helsinki Time (UTC +3 hrs).

The online application intake system will be closed after the Closing time. Only online submissions are permitted; any submissions using other methods or submitted or received after the Closing time will be rejected. However, NEFCO, reserves the right to extend the submission deadline.

It is the responsibility of the Applicant to ensure that the Pre-Qualification application complies with the eligibility criteria and minimum requirements and is submitted by the set deadline.

### **Registration and additional information**

All communication relating to the Pre-Qualification process will be made to Applicants via the online application intake system, SmartME. It is strongly recommended that Applicants wishing to submit project proposals for pre-qualification **register** on this application platform **at the earliest opportunity**.

Registration is done by filling in the name of the Applicant, type and place of the project proposal, contact person and contact e-mail address.

Questions relating to the Pre-Qualification phase can be submitted until **1 March 2021 at 16:00 hrs Helsinki Time** (UTC +3 hrs) as set out on the intake system. Applicants will be requested to post questions only via the SmartME intake system. Questions and answers will be made available to all Applicants in a redacted form on 10 March 2021.

The Pre-Qualification stage is expected to be completed by the end of May 2021.

### **Final Application stage**

Applicants successfully passing the Pre-Qualification stage will be invited to submit a full proposal tentatively by end of May 2021. Guidelines for the Final Application

stage are scheduled to be published in June 2021 inviting Applicants to submit full proposals tentatively by the end of August 2021.

A contract template will be made available at the Final Application stage and used as the basis for the negotiations. Applicants are kindly requested to note that only minor deviations from the template can be made.

Applicants will be duly informed of their progress and the final results of the BGFA2 will be communicated.

### **Reservation**

The Pre-Qualification Guidelines do not constitute an offer. All contracts are subject to a successful due diligence review and individual prior no-objection from the donor(s).

NEFCO reserves the right to adjust and/or further supplement the Pre-Qualification eligibility criteria, and minimum requirements, as well as any other guidance related to BGFA2, provided here, in the Pre-Qualification Guidelines or otherwise. In case of possible changes, Applicants will be informed in a timely manner before the expiry of application deadlines.

Any substantial changes to or non-substantiation of information included in the full application submitted during the Final Application stage compared with the Pre-Qualification application may lead to rejection of the full application.

Helsinki, 8 February 2021

Attachment: BGFA2 Pre-Qualification Guidelines