

# ANNOUNCEMENT OF UPCOMING CALL FOR PROPOSALS

**THIRD BGFA CALL FOR PROPOSALS TO BE LAUNCHED IN  
APRIL 2021 (BGFA3)**

***UGANDA***

Helsinki, 25 March 2021



BGFA will shortly launch a new Call for Proposals in Uganda (BGFA3) inviting interested off-grid energy service providers to compete for results-based finance for the provision of energy access. This follows the decision made by BGFA donors Denmark and Sweden after the first Steering Committee of the Beyond the Grid Fund for Africa (BGFA) related to the Uganda Country Programme. The aim is to stimulate new sustainable business models through a number of Funding Windows and Lots which incentivise and accelerate the private sector to offer affordable and clean off-grid energy access at scale in Uganda.

This Announcement Document provides a general description of the application process, presents key pre-qualification criteria and requirements, and details the Ugandan Country Programme, Funding Windows and Lots. Detailed Pre-Qualification Guidelines for BGFA3 will be published at launch in April 2021, and further information will be disseminated via the BGFA website and social media channels.

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

BGFA Uganda is supported by:



**MINISTRY OF  
FOREIGN AFFAIRS  
OF DENMARK**  
*Danida*



## List of Abbreviations

BGFA	Beyond the Grid Fund for Africa
BGFZ	Beyond the Grid Fund for Zambia
Danida	Danish International Development Agency, the brand used by the Ministry of Foreign Affairs of Denmark
DS	Direct to Scale
ESP	Energy Service Provider
LS	Launch to Scale
Nefco	Nordic Environment Finance Corporation, the Facility Manager of BGFA
REEEP	Renewable Energy and Energy Efficiency Partnership, the Programme Implementation Manager of BGFA
Sida	Swedish International Development Cooperation Agency
USAID	United States Agency for International Development



## 1 Introduction

The Beyond the Grid Fund for Africa (BGFA) is a results-based initiative established to incentivise the private energy sector to provide affordable clean, high-quality energy services to underserved people in off-grid rural and peri-urban areas in Sub-Saharan Africa.

BGFA is designed to catalyse and accelerate the emergence of business models for the provision of affordable energy access at scale whilst demonstrating sustainability over time. BGFA supports, in particular, the objective of Sustainable Development Goal 7 to ensure access to affordable, reliable, sustainable, modern energy for all by 2030, the Paris Agreement on climate change and host country priorities.

BGFA was set up in 2019 on the initiative of the Swedish Government, and it is now a multi-donor facility which also includes Denmark and Germany. USAID's Power Africa initiative also participates in the BGFA through an in-kind contribution. 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. On the ground, the BGFA Programme is implemented in partnership with the Renewable Energy & Energy Efficiency Partnership (REEEP) as Programme Implementation Manager.

The Uganda Country Programme is jointly funded by Denmark and Sweden.

To enable the market to prepare for the upcoming BGFA3, see below a description of the application process and key pre-qualification criteria and requirements. Applicants will need to comply with, at minimum, these criteria to be invited to submit final applications for funding. Detailed Pre-Qualification Guidelines for BGFA3 will be published at launch in late April 2021.

## 2 BGFA3 funding and process

### 2.1 Background

BGFA builds on the experiences of the successful, award-winning pilot programme in Zambia, the Beyond the Grid Fund for Zambia (BGFZ; <https://www.bgfz.org/>), which is a Swedish Government initiative implemented by REEEP under Power Africa. BGFZ commenced in 2016, and the early positive experiences in terms of rural and peri-urban consumers' interest in buying affordable energy service connections, mobilised private capital and strong social and gender outcomes encouraged Sweden to expand the pilot programme into Burkina Faso, Liberia and Mozambique and open a new funding round in Zambia.

Further information is available at [www.beyondthegrid.africa](http://www.beyondthegrid.africa).

BGFA bridges a key gap between early-stage support, traditionally offered by challenge funds and (impact) equity, and concessional/commercial debt needed for transitioning to scale in Sub-Saharan Africa. The BGFA approach provides direct, results-based financing to energy service providers (ESPs) to unlock early structural

challenges in the market, build business and investor confidence, and proactively mobilise various types of downstream investment and debt financing.

A Market Scoping phase, with extensive outreach to local energy authorities and potentially interested ESPs, concludes that expansion of the BGFA approach is highly relevant and warranted in Uganda. The study specifically identified and recommended two funding types to support a sustainable energy transition in early- to middle-stage markets:

- 1) flexible and catalytic 'impact equity' to launch early-stage markets (*Launch to Scale* – LS) and
- 2) wholly post-paid, per-connection results-based financing to support scaling of distribution in middle-stage markets (*Direct to Scale* – DS).

## 2.2 Country Programme, Funding Windows and Lots

On 24 March 2021, the donors gave the green light to launch BGFA3, inviting interested off-grid ESPs to compete for the following Funding Windows/Lots<sup>1</sup> to be disbursed during a 4-year period:

COUNTRY PROGRAMME	FUNDING WINDOW	FUNDING LOT	INDICATIVE INDIVIDUAL CONTRACT SIZE (EUR million)	NUMBER OF EXPECTED CONTRACTS
Uganda	Launch to Scale (LS)	<b>Funding Lot #8</b> Up to EUR 6.2 million <i>Standalone</i>	1.2 - 2.5	3 - 5
	Launch to Scale (LS)	<b>Funding Lot #9</b> Up to EUR 6.2 million <i>Mini-/Micro-grids</i>	2.0 - 4.0	2 - 3
	Direct to Scale (DS)	<b>Funding Lot #10</b> Up to EUR 8.3 million <i>Standalone</i>	2.0 - 3.0	2 - 3
<b>TOTAL</b>		<b>EUR 20.7 million*</b>		<b>7 - 11</b>

\*This includes a second contribution of DKK 60 million (approximately EUR 8 million), which is expected to be made available by the Danish Ministry of Foreign Affairs (Danida) for the Uganda Country Programme, subject to final parliamentary approval.

The overall aim of BGFA3 is to incentivise off-grid ESPs to offer energy services to people in rural areas with up to 600,000 connections in total. This would benefit more than 3 million Ugandans. The indicative individual contract ticket size per company is expected to be EUR 1.2-4 million, depending on the Lot.

<sup>1</sup> BGFA utilises sequential numbering of the Funding Lots since BGFA1.

During the implementation phase, successful ESPs will be eligible to also receive technical assistance and business support from BGFA including advice related to, for example, monitoring and evaluation as well as the mobilisation of additional funds.

Productive use will be incentivised through multipliers and add-ons in conjunction with the core underlying incentives, in particular in Funding Lots #8 and #9. No separate allocation is planned for productive use.

Whilst the donors are committed to fund these Funding Windows, the ongoing impact of COVID-19 may necessitate adjustments in the allocations outlined above.

### 2.3 Selection process

The BGFA3 selection process will be carried out in two stages:

1. A Pre-Qualification stage and
2. A Final Application stage

During the Pre-Qualification stage, applicants will be required to submit a short concept note and limited supporting documentation to provide evidence that they fulfil certain eligibility criteria and meet minimum financial and technical capacity requirements, and therefore can be presumed to be able to provide a credible and high-quality proposal to deliver energy services at scale in Uganda. Applicants that have successfully passed the Pre-Qualification stage will be invited to take part in the Final Application stage.

During the Final Application stage, applicants will be required to submit a full proposal including a business plan, financial model(s) and supporting documents, allowing for full independent evaluation and subsequent due diligence review.

Similarly to previous calls, BGFA3 will be organised as an on-line, paperless application process via an electronic intake system.

### 2.4 Timing

According to plan, the BGFA3 Pre-Qualification stage will be launched in late April 2021, and it is expected that it will be open for about eight (8) weeks. Detailed Pre-Qualification documentation (including an Invitation, Pre-Qualification Guidelines and Pre-Qualification Concept Note template) for BGFA3 will be made public at the launch.

Applicants successfully passing the Pre-Qualification will be invited, according to plan, to take part in the Final Application stage in August 2021 with a possibility to submit applications until mid-October 2021.

All deadlines are to be published at the launch and are subject to change.

Final decisions on BGFA3 financing are expected to be made by the end of April 2022.

Other relevant information will be provided on the [www.beyondthegrid.africa](http://www.beyondthegrid.africa) website and per email in due course.

To subscribe to these email updates, please sign up to our mailing list here: <http://eepurl.com/gIMJcn>

## 2.5 Registration and submissions

Applicants will be required to register and submit applications only via the BGFA intake system. Applicants will be requested to submit all documentation in English and to denominate all financial information in EUR. Submitted Pre-Qualification proposals will be considered to be in their final form.

Applicants will be requested to post questions via the intake system. Questions and answers will be made available to all applicants in a redacted form according to guidelines and the schedule applicable to the Pre-Qualification.

## 3 Key evaluation criteria to be awarded funding

### 3.1 Final Applications

Final Applications will be evaluated according to a number of evaluation criteria and requirements. Criteria and requirements are expected to include, but not be limited to, the following:

- Technical feasibility
- Commercial feasibility
- Market comprehension and relevance
- Management capacity and experience
- Comprehensive development impact potential
- Gender equality
- Consumer protection<sup>2</sup>
- E-waste management
- Financing structure and financial leverage
- Implementation and operational capacity
- Value for money

The Pre-Qualification stage will concentrate on applicants' compliance with certain key eligibility criteria and minimum technical and financial capacity requirements. Applicants meeting these minimum requirements will be invited to submit Final Applications.

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<sup>2</sup> In their final Pre-Qualification application, Applicants will be required to warrant that they are ready to commit to GOGLA's Consumer Protection Code. More information can be found here: <https://www.gogla.org/consumer-protection>. More specifically, Applicants will be required to have committed to the code at the Due Diligence stage (i.e. a [letter of commitment](#) and a letter of declaration sent to GOGLA) and to submit a completed [self-assessment tool](#) to BGFA. BGFA awardees will be required to renew their commitment to the Code throughout the duration of the programme as per [GOGLA's self-assessment policy](#).

The Final Application stage will focus on the quality of the business plan and the requested subsidy per weighted energy service calculation, resulting in overall value for money. The evaluation will incorporate a reverse auction approach in which projects are ranked and awarded based on overall value for money.

### 3.2 Key criteria and requirements

The Pre-Qualification will include, but not be limited to, a screening of applicants' compliance with the below key criteria and requirements.

#### ***Eligible project country***

The only eligible project country under BGFA3 is Uganda.

#### ***Eligible applicants***

BGFA3 is targeted at providing funding to allow private ESPs to accelerate access to modern and affordable energy.

#### ***For-profit entities***

To be eligible for BGFA3 funding, for-profit applicant companies shall be legally incorporated and included in the register of for-profit companies in Uganda or commit to be registered as such by the time of a possible contract.

#### ***Non-profit entities***

Non-profit entities, public institutions, community-based organisations or other non-commercial entities are eligible to participate as Consortium Members, Significant Sub-Contractors or Partners if they apply for funding through a for-profit subsidiary or as a member of a consortium with a for-profit entity as lead applicant (Lead Applicant<sup>3</sup>).

However, a governmental entity, public agency or donor cannot function as a Consortium Member, Project Partner or Significant Sub-Contractor.

#### ***Persons***

Individual persons or groups of persons (who are not legally incorporated or registered) are not eligible.

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<sup>3</sup> Lead Applicant is defined as a for-profit company which is legally incorporated and/or registered in the Project Country (or which is legally incorporated and/or registered in its home country and which warrants establishing a legally incorporated and or registered for-profit company in the Project Country prior to any possible award of a contract). The Lead Applicant shall be the legal counterparty for signing contracts with Nefco. The Lead Applicant shall undertake, on behalf of itself or a Project Consortium, to assume full responsibility for delivery of the proposed project towards Nefco. The Lead Applicant should be in compliance with all tax, regulatory and legal frameworks in its home country and in the Project Country.



## *Project Consortia*

Project Consortia<sup>4</sup> are eligible to apply for BGFA3 funding provided the consortia are led by a Lead Applicant that is a for-profit company and the consortia as the Lead Applicant will assume full responsibility for implementing the project and be Nefco's direct counterparty in the financing documentation. Project Consortia will need to demonstrate management capacity, transparency and accountability. Consortia may be composed of different Consortium Members<sup>5</sup>.

## *Project Partner*

Project Partners may be non-commercial in nature but will be required to have a material and meaningful interest in the successful realisation of the project. Typical Project Partners may include product suppliers; financial service partners; engineering, procurement and construction (EPC) service providers; or similar.

A Project Partner is any company, organisation or legal entity (including associations, NGOs and not-for-profit organisations, etc.) which is not a Lead Applicant, Consortium Member or a Significant Sub-Contractor, and which does not have a direct commercial or economic interest in the delivery of the proposed project, but which partners or cooperates with a Lead Applicant or a Project Consortium in a meaningful way to provide support and/or facilitation (on a commercial or non-commercial basis) for the realisation of the proposed project (e.g. through the provision of awareness raising, training, capacity building, etc.). Projects may involve more than one Project Partner. A Project Partner shall be legally registered in its home country and be in compliance with all tax, regulatory and legal frameworks in its home country and in the Project Country.

## *Significant Sub-Contractor*

Any company or organisation which is contracted by a Lead Applicant or a Project Consortium to be responsible for directly delivering and/or operating one or more components of the proposed project that totals 15% or more of the value of the proposed BGFA funding in the Project Country. For clarity, equipment suppliers and manufacturers in the normal course of the Lead Applicant's/Consortium's business

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<sup>4</sup> Project Consortium: a group of companies or organisations which agree to form a consortium for the purposes of applying for BGFA funding and delivering the proposed project in the project country. The Consortium should be regulated and organised by a Consortium Agreement. The Consortium Agreement should document the rationale for the Consortium and identify the Lead Applicant and set out how the Consortium will be managed and work in practice. The Consortium Agreement should provide for joint and several liability of the Consortium Members as between them with a right for Nefco to invoke its contractual rights and any claims for liability related to the proposed project as a whole through the Lead Applicant (as Nefco's only counterpart under BGFA contracts). A draft version of the Consortium Agreement should be shared with Nefco at the latest at the Final Application stage. The final version of the Consortium Agreement should be satisfactory to Nefco and a signed version of the agreement should be provided to Nefco at the latest before the signing of a possible BGFA contract. The Consortium may consist of for-profit and not-for-profit entities provided that a Lead Applicant has been identified.

<sup>5</sup> Consortium Member: a legally registered company or organisation in its home country in compliance with all tax, regulatory and legal frameworks in its home country and in the Project Country.

shall not be considered Significant Sub-Contractors in this context unless they are also contracted with activities directly related to proposed project roll-out and operation (e.g. installation and commissioning and/or operation of mini-grid infrastructure). A Significant Sub-Contractor shall be legally registered in its home country and be in compliance with all tax, regulatory and legal frameworks in its home country and in the Project Country.

### ***Compliance***

To pre-qualify, applicants will be required to have familiarised themselves with and be ready to adhere to Nefco's general policies and guidelines as relevant for the implementation of the proposed project available at <https://www.Nefco.int/about-Nefco/legal-framework-and-guidelines/>.

All applicants will have to demonstrate that they are in good standing in the relevant country of registration and in compliance with all relevant tax, policy and regulatory frameworks in that country and in the project country.

Applicants will be required to have sufficient corporate governance structures and policies in place. As a minimum, these should cover:

- Environmental aspects (an e-waste management plan will be required at the time of the Final Application)
- Social aspects
- Gender aspects (a gender action plan will be required at the time of the Final Application)
- Prohibited practices

### ***Eligible projects***

The following minimum criteria will apply for eligibility of any project proposal to BGFA3. In addition, specific Funding Windows or Lots may include further criteria which applicants may need to meet for a project to qualify during the Final Application round in order to be awarded funding.

#### ***Technologies and standards***

In order to be eligible for funding under BGFA3, a project will be required to utilise one or more of the following technologies in the generation of electricity, as relevant for the specific funding window applied for:

- Solar photovoltaic (PV),
- Wind,
- Hydroelectric and
- Biomass,
- Bio-ethanol,
- Biogas

Cooking solutions based only on dry biomass or non-renewable energy solutions will not be eligible.

The project will be required to employ technologically modern systems, hardware and software complying with relevant industry technical standards and meet any relevant statutory standards and regulations in the project country as specified in more detail in the Pre-Qualification Guidelines.

In order to be eligible for funding under BGFA3, a project will be required to employ technologically modern power systems hardware and software subcomponents complying with relevant (e.g. ISO/IEC, IEC IEEE or equivalent) technical standards. Any project deploying standalone solar-home systems (SHS) will be required to meet a minimum standard for quality and reliability. This may be demonstrated by products having been, or in the process of being, Lighting Global or IEC TS 62257-9-8:2020 certified.

#### *Monitoring and metering*

In order to be eligible for BGFA3 funding, a project will be required to ensure a minimum level of automated data collection on energy services deployed.

The applicant will be required to establish a data transfer integration via an application programming interface (API) to the monitoring platform used for BGFA monitoring purposes (currently EDISON). This integration shall support the automated transfer of a range of data points including, but not limited to customer information, energy service specifications, geography/location, payments and transactions, consumption, etc. Specific requirements for the integration will be described in more detail in the Pre-Qualification Guidelines.

#### *Environment, social and gender aspects*

BGFA3 supports renewable energy services and solutions.

BGFA recognises the environmental challenges when dealing with end-of-life off-grid solar products, especially in ensuring proper collection and recycling of waste. Effective policies, regulation and the physical infrastructure to manage e-waste are lacking in most African countries. BGFA3 will require companies to meet certain minimum e-waste policy requirements. At the Final Application stage or, at the latest, prior to any possible contract award, the applicants will be required to provide a plan for e-waste handling demonstrating that they can meet requirements, which will be described in more detail in the Pre-Qualification Guidelines and in the Final Application Guidelines.

To be successful, applicants will be required, at a minimum, to offer equal opportunities for men and women. This will be evaluated through both organisational governance aspects at the time of application (such as gender-balanced representation at all hierarchical levels and equality of pay) and the inclusion of gender considerations in the applicants' Final Application (e.g. gender action plan, marketing/awareness-raising strategy, potential for productive use of energy for women, etc.).

## **Project financing**

Lead Applicants/Project Consortia will be required to specify the total BGFA funding requested and the annual BGFA funding needs, as available per the BGFA3 Funding Windows and implementation phase (Launch to Scale and Direct to Scale), over the relevant programme period of 2022-2026.

BGFA3 funds may be used to cover expenditures and investment in all legitimate business establishment and operational activities including:

- Business establishment and preparation
- Hardware and software costs
- Personnel costs
- Training and capacity building
- Scale-up

Lead Applicants/Project Consortia will be required to demonstrate commensurate levels of project co-financing from any other party. Although BGFA does not require minimum co-financing secured at the time of contract, projects will be required to demonstrate a credible capital structure and financial model, as well as a fundraising plan, to result in co-financing amounting to at least 100% of the funding request from BGFA.

## **Technical and professional capacity requirements**

Applicants/Consortia will be required to have sufficiently documented resources, competence and experience to perform projects in the area(s) of expertise proposed.

Applicants/Consortia will be required to propose a key management team responsible for performing and coordinating the services proposed to be offered under the project(s). The qualifications of the team will have to be adequate for the purpose/activities described in the application(s).

If the Lead Applicant/Project Consortia intend to direct the implementation of aspects of the award contract to consultants or sub-contractors, i.e. to Project Partners (in addition to a Consortium Members), for any portion of work that represents more than 15% of the total award value, this will need to be specified in both the Concept Note (during the Pre-Qualification stage) and the Final Application.

## **Financial position requirements**

Applicants will be required to present a sound financial position, demonstrated on the basis of the Lead Applicant's most recent (not older than two years) Audit Report and audited financial statements. The information provided will be used to assess the financial health and profitability of the applicant, and the availability of financial resources to implement the project.

#### Lead Applicant:

- Audited financial statements will need to demonstrate that the applicant is in a stable liquidity position and must show a current ratio with a minimum value of one or higher.
- Minimum audited annual turnover of USD 1 million for 2020 will be required to access Direct to Scale funding. In terms of meeting the eligibility criteria, the parent company's financials will be decisive, if the subsidiary does not meet the eligibility criteria.

If the Lead Applicant has not yet formed a company in the project country or does not have any financials, the parent company ratios will apply.

### 3.3 Proof of compliance with criteria and requirements

Nefco will require full proof of applicants' compliance with the above eligibility criteria and requirements, at the latest before signing or through conditions precedent for entry into force or first disbursement under any signed contracts.

Any substantial changes to or non-substantiation of the key pre-qualification information in the Final Application compared with the Pre-Qualification Application will lead to rejection of the Final Application.

## 4. Reservation

Nefco reserves the right to adjust and further supplement the above-described key pre-qualification eligibility criteria and requirements, as well as any other provided guidance related to BGFA3 at its discretion.