

## **FINAL APPLICATION GUIDELINES**

*Final Application stage open only to invited Applicants*

### **FIRST BGFA CALL FOR PROPOSALS (BGFA1)**

#### ***BURKINA FASO, LIBERIA AND ZAMBIA***

**Helsinki, 18 December 2020**



The Beyond the Grid Fund for Africa (BGFA) launched the first Call for Proposals (BGFA1) and published the Pre-Qualification Guidelines on 15 September 2020 inviting interested off-grid energy service providers (ESPs) to compete for funding. BGFA1 aims to incentivise ESPs to scale up innovative sustainable businesses and thereby accelerate access to affordable and clean off-grid energy for customers in peri-urban and rural areas of Burkina Faso, Liberia and Zambia.

BGFA1 Pre-Qualification received strong response, with 84 applications submitted. Out of these, 46 applications passed the Pre-Qualification and the Applicants/Lead Applicants of these project proposals have now been invited to take part in the Final Application stage.

These Final Application Guidelines:

- (i) describe the Final Application stage and subsequent processes up until possible contract signing;
- (ii) present the requirements that invited Applicants/Lead Applicants need to demonstrate that they meet in their final applications;
- (iii) include a Final Application Submission and Business Plan Template ([Annex A](#)) and other templates to be filled in online and uploaded by invited Applicants/Lead Applicants as part of the final application;
- (iv) provide guidance ([Annexes B–C](#)) on supportive documentation and information invited Applicants/Lead Applicants need to provide and upload online as part of the final application; and
- (v) include for information certain legal documentation templates, which Applicants/Lead Applicants scoring highest for BGFA1 financing during the Final Application stage will be requested to provide prior to contracting or agree to as a part of a possible contract.

Please note that the Final Application stage is open only to Applicants/Lead Applicants, who have successfully passed the Pre-Qualification stage and still fulfil those requirements. Applicants/Lead Applicants will therefore be requested to confirm this during the Final Application process.

Invited Applicants/Lead Applicants are requested to submit a full final application at the latest by **15 February 2021**.

Applicants/Lead Applicants taking part in the Final Application process will be duly informed of their progress and the final results of the BGFA1 will be communicated once the Applicants/Lead Applicants selected have been contracted.

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## List of abbreviations and definitions

<b>Applicant</b>	A single, for-profit ESP applying for BGFA1 funding
<b>BGFA</b>	Beyond the Grid Fund for Africa (a funding facility set up and managed by NEFCO and implemented on the ground in partnership with REEEP)
<b>BGFA1</b>	The first BGFA call for proposals targeted at Burkina Faso, Liberia and Zambia
<b>BGFZ</b>	Beyond the Grid Fund for Zambia (a pilot programme initiated by Sweden with REEEP acting as Sweden's implementing agent)
<b>Business Plan Template</b>	Final Application Submission and Business Plan Template. See Annex A - to be filled in online by Applicants/Lead Applicants
<b>Consortium Member</b>	A for-profit or non-profit entity forming part of a Project Consortium
<b>Country Programme</b>	BGFA1 is organised into three Country Programmes, one for each of the three eligible Project Countries
<b>Demonstrable Operational Experience</b>	Applicants'/Lead Applicants' proven operational off-grid experiences in the Project Country or in other SSA countries
<b>DS</b>	Direct to Scale (Funding Window offered only in Zambia)
<b>EET</b>	Eastern European Time
<b>ESP</b>	An Energy Service Provider
<b>ESS</b>	Energy service subscriptions made by end-customers entering into a contract with an ESP for the provision of energy services

<b>Final Application (FA)</b>	BGFA1 is divided into two stages: a Pre-Qualification and a Final Application stage (only ESPs successfully passing the Pre-Qualification stage will be invited to take part in the Final Application stage)
<b>Financial Model</b>	See Annex A - to be provided online by Applicants/Lead Applicants
<b>Funding Lot</b>	Amount of BGFA1 funding available to ESPs for the provision of a specific type or mix of off-grid energy solutions under each Funding Window
<b>Funding Window</b>	Amount of BGFA1 funding available to ESPs either in the form of LS or DS funding
<b>KfW</b>	German state-owned development bank; co-funding the BGFA1
<b>Lead Applicant</b>	A for-profit ESP company applying for BGFA1 funding on behalf of a Project Consortium
<b>LS</b>	Launch to Scale (Funding Window available in all three eligible Project Countries)
<b>Mini-/Micro-grid</b>	Refers broadly to an isolated or grid-connected power distribution network, including its own renewable generation capacity, load management and control as well as distribution infrastructure, built and operated by a micro ESP utility
<b>Nano-grid</b>	A small solar system that can be deployed on a rent-to-own based model and may be shared between a small number of customers for residential, commercial or institutional use
<b>NEFCO</b>	Nordic Environment Finance Corporation, BGFA Facility Manager. NEFCO has established the BGFA Programme and manages it as a separate funding facility

<b>Pre-Qualification (PQ)</b>	BGFA1 is divided into two stages: a Pre-Qualification and a Final Application stage (only ESPs successfully passing the Pre-Qualification stage have been invited to take part in this Final Application stage)
<b>Project Consortium</b>	A group of for-profit or non-profit entities (led and represented by a for-profit ESP Lead Applicant) that have formed or agreed to form a consortium to apply for BGFA1 funding and eventually implement the proposed project
<b>Project Country</b>	BGFA1 funding can only be used to implement projects in Burkina Faso, Liberia and Zambia (only these countries are eligible Project Countries)
<b>Project Partner</b>	A for-profit or non-profit entity with a material and meaningful interest in the implementation of the proposed project (e.g. product suppliers; financial service partners; engineering, procurement, and construction service providers; capacity building and training organisations and initiatives; NGOs or similar)
<b>REEEP</b>	Renewable Energy and Energy Efficiency Partnership, BGFA Programme Implementation Manager. The BGFA Programme has been designed and is implemented on the ground in partnership with REEEP. REEEP, together with Sweden, has developed the BGFZ pilot programme and is acting as Sweden's implementation agent for BGFZ.
<b>SHS</b>	A solar home system
<b>Sida</b>	Swedish International Development Cooperation Agency
<b>Significant Sub-Contractor</b>	A company or organisation, sub-contracted by an Applicant/Lead Applicant with direct responsibility for implementing and/or operating one or more components of the proposed project representing a minimum of 15% of the awarded BGFA1 funding
<b>SmartME</b>	BGFA1 is organised as an online, fully paperless application process and handled via an electronic intake system called SmartME
<b>SSA</b>	Sub-Saharan Africa



<b>Standalone</b>	Refers broadly to an isolated renewable energy-powered energy service provided to customers and includes a range of products ranging from an SHS to a powered agricultural device and Nano-grids
<b>Tier</b>	Categorisation used to distinguish different levels of energy services by the amount of generated electrical energy, Wh/day combined with peak capacity (W) and availability (h) (latter only relevant to Mini-grids)
<b>USAID</b>	United States Agency for International Development
<b>Value for Money (VfM)</b>	<p>When evaluating and scoring applications received during the Final Application stage the following will be taken into account:</p> <p>(i) the weighted cost per offered ESS (wC); and(ii) the quality of the Business Plan.</p> <p>Based on these parameters independent evaluators will determine the overall value for money (VfM) of the proposal.</p>
<b>Weighted cost per ESS (wC)</b>	When evaluating and scoring application received during the Final Application stage the energy service Tiers offered by Applicants are weighted. The weight increases with the quality of energy services (Tier) offered by companies.

# 1 BGFA1 funding and application process

## 1.1 Background and objectives

Reference is made to Section 1.1 of the [Pre-Qualification Guidelines](#).

## 1.2 Funding opportunities and disbursements

Reference is made to Section 1.2 of the [Pre-Qualification Guidelines](#).

## 1.3 Country Programmes, Funding Windows and Funding Lots

For general information on the Country Programmes, Funding Windows and Funding Lots, reference is made to Section 1.3 of the [Pre-Qualification Guidelines](#).

In addition to that, Applicants/Lead Applicants are requested to take into account in their final proposals Annex L defining the geographical focus of BGFA1 (exclusion zones and priority areas) in each target country.

When preparing their final proposals, Applicants/Lead Applicants' attention is generally drawn to relevant local requirements and analysis.<sup>1</sup>

With regard to duty waivers, Applicants/Lead Applicants are requested to submit their price offer based on the assumption that a duty waiver will apply on all imported products and to specify clearly in the proposal which exemptions apply to any existing operations they may already have in the target country.

Liberia only: Applicants/Leads Applicant applying for funding under the Liberian Country Programme are requested to also include information on the relative increase in the incentive requested from BGFA1 if a duty waiver cannot be secured before the signing of a potential BGFA1 contract.<sup>2</sup>

As regards proposed Micro/Mini-grids, Applicants/Lead Applicants are expected to submit financial models with the same level of detail that they would use to apply for

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<sup>1</sup> E.g. for Funding Lots #2 and #3 under the Liberian Country Programme, Applicants/Lead Applicants are encouraged to consider the preliminary results of the Liberian National Electrification Analysis into their deployment plans. Data used for the GIS model underpinning this Draft National Electrification Analysis can be downloaded under the following links: [Shapefiles](#), PDF and Site coordinates: [Part 1](#) and [Part 2](#).

<sup>2</sup> On-going discussions with Liberian authorities aimed at making it possible for ESPs selected for BGFA1 funding to obtain a duty waiver by entering into a partnership agreement with the Rural and Renewable Energy Agency (RREA). Should a duty waiver or substantial fiscal advantage be secured after the submission of the Applicant/Lead Applicant's proposal, BGFA will require the full benefit of the waiver to be passed on to the end-consumers



licensing/permitting (as relevant) and tariff approval from relevant regulatory authorities.

## **Evaluation, due diligence and contract template**

The Final Application stage is focused on assessing the quality of Applicants’/Lead Applicants’ business plans and on carrying out a price per weighted energy service calculation (wC), resulting in an overall evaluation and scoring of the proposed project and its overall value for money (VfM).

BGFA1 funding will be awarded to ESPs using a reverse auction approach, where project proposals will be scored and ranked based on their overall expected VfM to reach the BGFA1 targets.

To this effect, Applicants/Lead Applicants are kindly asked to fill in and upload a relative comprehensive amount of documents and information. This includes in particular the following:

- A completed Business Plan (following the template provided in [Annex A](#));
- A financial model (in the form of an Excel file with visible formulae); and
- Detailed information about the offered ESS (incl. Tiers, types and amounts).

For more guidance and information, please see the [Annexes](#). Some additional information and templates will be also provided in the support section of SmartME.

Applicants/Lead Applicants are in particular encouraged to carefully familiarise themselves with the Tier matrixes included in [Annex C](#) and guidance on how to insert ESS data in the SmartME intake system in [Annex C](#).

For offered ESS to be considered “productive”, Applicants/Lead Applicants would, in addition to the above information, need to show that the ESS in question support productive use of certain specified physical equipment. A list of physical equipment fulfilling BGFA1 “productive use” requirements is included in [Annex C](#).

Clean cooking solutions (especially electric cooking<sup>3</sup>), productive applications, and commercial and institutional connections, as identified in the respective Country Programmes and described in Section 1.3 of the [Pre-Qualification Guidelines](#), are incentivised through the weighting mechanism applied to respective energy service Tiers for the purposes of calculating the final VfM.

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<sup>3</sup> Applicants/Lead Applicants wishing to explore possibilities to integrate clean cooking solutions in their proposals may refer to the Modern Energy Cooking Services Programme (<https://mecs.org.uk/>).

## BOX 1: REVERSE AUCTION APPROACH

A reverse auction is a type of auction in which the traditional roles of buyer and seller are reversed. This is because there is only one buyer, but many potential sellers.

In an ordinary auction, usually a number of interested buyers compete to buy goods or services by offering increasingly higher prices to one seller. In contrast, in a reverse auction, the traditional roles of buyer and seller are reversed, because here several sellers are competing to obtain business from one single buyer. As a result, prices will typically decrease as the sellers underbid each other. In a reverse auction, sellers with the lowest price bids are automatically ranked highest and the seller(s) offering the lowest price will get the contract.

BGFA1 funding will be awarded to Applicants/Lead Applicants through a reverse auction, but project proposals with the lowest average wC will not automatically be ranked highest. This is because BGFA1 is not only seeking to reward low prices (affordability), but also to incentivise ESPs to offer high-quality energy solutions and to offer energy services in a long-term and sustainable way so as to generate concrete, positive development impacts both during project implementation and beyond.

During the Final Application stage project proposals will therefore be evaluated and scored taking into account both the price offered as well as the quality, sustainability and development impacts of the solutions offered, including in particular gender and e-waste aspects. Accordingly, project proposals found to offer the overall best VfM to BGFA1 will be ranked highest.

Once the applications have been evaluated, scored and ranked applying the described reverse auction approach, a thorough due diligence review of the highest-scoring project proposals under each Funding Lot will be carried out.

The due diligence will include a thorough review of all technical, social, environmental, financial, institutional and legal aspects, which are deemed relevant for a successful transaction.

Applicants/Lead Applicants should be aware that during the due diligence the onus is on them to demonstrate that they do indeed have credible plans and will have access to the resources needed to, in fact, deliver the number, types and Tier of ESS offered. Based on findings during the due diligence review, NEFCO reserves the right not to proceed to contract negotiations, insofar as Applicants/Lead Applicants cannot adequately demonstrate this and that the proposed project complies with BGFA1 technical, social, environmental, financial, institutional and legal requirements.

Applicants/Lead Applicants are in particular requested to keep in mind that the wC may not be negotiated or changed by Applicants/Lead Applicants during the due diligence process. Only potential computational or mathematical errors may be corrected. Changes due to external factors beyond ESPs' control (e.g. changes in duties or taxes) may be taken into account. These may lead to a re-ranking of Applicants/Lead Applicants.

NEFCO will seek to allocate all available funding within any given Funding Lot to highest scoring ESPs, starting from the top. If not enough funds to contract all offered ESS when highest scoring ESPs have been contracted, NEFCO may offer to contract a lesser volume of ESS than offered, but at the same subsidy level per Tier. In such case, Applicants/Lead Applicants will not be bound to enter into a contract.

A contract template setting out requirements to ESPs and for payment of BGFA funds from a business perspective is made available in [Annex E](#) and will be used as the basis for the contract negotiations. Applicants/Lead Applicants should note that the contract template is still subject to further development, but that only minor deviations from key parameters of the present contract template can be expected during contract negotiations.

Applicants/Lead Applicants are encouraged to carefully review the contract template and its annexes/appendixes.

NEFCO reserves the right not to start negotiations with any of the Applicants/Lead Applicants. All contracts are subject to a successful due diligence review and individual prior no-objection from the donor(s).

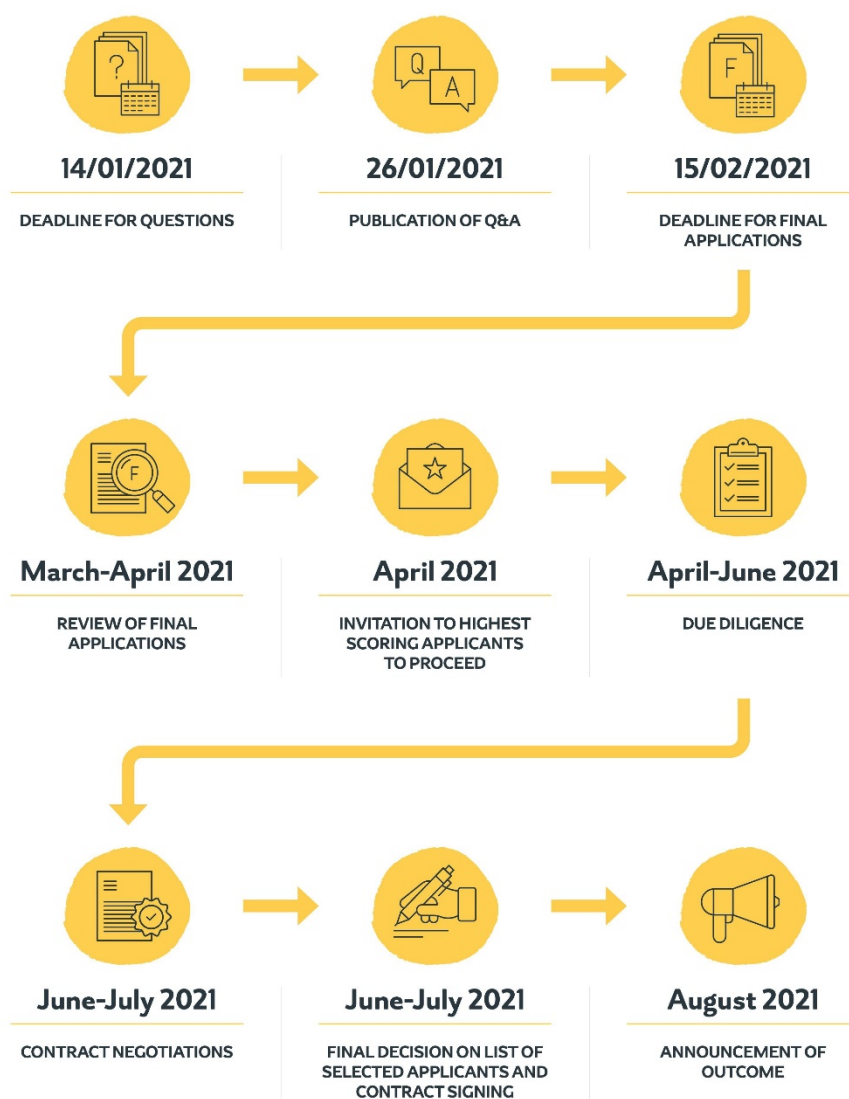
## 2 Final application process

### 2.1 Timing

The BGFA1 SmartME application intake system will be opened for Applicants/Lead Applicants to submit their final applications by 22 December 2020 and remain open until **15 February 2021** 16:00 hrs (EET, Helsinki time).

All contracts between ESPs and NEFCO for BGFA1 funding are expected to be signed by the end of H1 2021. ESPs contracted are expected to be able to commence operations shortly after signing.

Applicants/Lead Applicants will be duly notified of their progress and the final results of BGFA1 will be communicated.



**FIGURE 1. FINAL APPLICATION STAGE TIMELINE**

For more information about the entire BGFA1 funding round and timelines, please check the [www.beyondthegrid.africa](http://www.beyondthegrid.africa) website. Kindly note that all deadlines are still subject to possible change, depending also on the COVID-19 situation.

## 2.2 Application intake system – SmartME

The Final Application stage of the BGFA1 is organised as an online, paperless application process via the SmartME electronic intake system.

The SmartME application intake system is specifically tailored for BGFA1 in order to simplify the application process as much as possible. Applicants/Lead Applicants are encouraged to give feedback using the [bgfa@nefco.fi](mailto:bgfa@nefco.fi) account on how the SmartME intake system is working, so that we can learn and improve our services.

## 2.3 Submissions

Applicants/Lead Applicants invited to take part in the Final Application stage are requested to submit their final applications and upload documents only via the BGFA1 SmartME intake system using the registered email accounts they obtained at the PQ stage.

Applicants/Lead Applicants are required to submit all documentation in English and to denominate all financial information in EUR. If some documentation is not available in English, it may be provided in local official languages. In this case, Applicants/Lead Applicants are required to provide an unofficial English translation. Notarised translations of key documents may be required at the due diligence stage. NEFCO reserves the right to reject applications on this basis.

Submitted final applications will be considered to be in their final form and may not be amended once submitted.

Applicants/Lead Applicants shall bear all their own costs incurred in the preparation and submission of the Application.

## 2.4 Questions and answers

Applicants/Lead Applicants are invited to submit any questions concerning the Final Application process via the SmartME intake system's support section only and, in order to receive an answer, **at the latest by 14 January 2021** at 16:00 EET.

Questions and answers will be made available to all Applicants/Lead Applicants invited to take part in the Final Application stage in an anonymised and redacted form on **26 January 2021**. Questions will not otherwise be edited.

# 3 Final Application eligibility criteria and minimum requirements

## 3.1 General

The Final Application stage consists of the following elements:

- (i) a completeness check – to confirm that Applicants/Lead Applicants still comply with PQ requirements and have provided all requested FA documentation and information; and
- (ii) an evaluation and scoring of the application.

The completeness check will be carried out as a pre-screening based on the data provided in the SmartME intake system.

The evaluation will be carried out based on a detailed assessment and scoring of the application as a whole to establish the expected VfM of each application. This evaluation will be carried out by a team of third party, independent evaluators.

### 3.2 Eligible Applicants

During the Final Application stage, invited Applicants/Lead Applicants will be requested to confirm in their application that they still fulfil BGFA1 PQ applicant eligibility requirements and provide possible additional information and justification for any changes.

Applicants/Lead Applicants are kindly reminded that no governmental entity, public agency, or donor can function as a Consortium Member, a Project Partner or a Significant Sub-Contractor.

### 3.3 Financial position requirements

During the Final Application stage, invited Applicants/Lead Applicants are requested to confirm in their Final Application that they still fulfil BGFA1 PQ financial requirements and to provide any additional information related to these minimum requirements.

### 3.4 Professional capacity requirements

During the Final Application stage, invited Applicants/Lead Applicants are requested to confirm in their Final Application that they still fulfil BGFA1 PQ professional capacity requirements and to provide any additional information related to these minimum requirements.

### 3.5. Market experience requirements

During the Final Application stage, invited Applicants/Lead Applicants are requested to confirm in their Final Application that they still fulfil BGFA1 PQ market experience requirements and to provide any additional information related to their market experience requirements.

### 3.6. Prohibited Practices, Integrity Due Diligence and Compliance requirements

During the Final Application stage, invited Applicants/Lead Applicants are requested to confirm in the Final Application that they still fulfil BGFA1 PQ compliance requirements and provide possible additional information related to these minimum requirements.



All applicants shall anticipate and appraise any foreseeable impacts and risks their activities may have on the environment and climate and social factors (including human rights) in order to identify, avoid and/or minimise adverse impacts and risks to an acceptable level, or if unavoidable, to offset and compensate for these impacts and risks. Reference is made to Annex F and H.

The highest scoring Applicants/Lead Applicants will be required to: (i) complete and sign a certificate of compliance; and (ii) fill in an environmental and sustainability questionnaire before start of the due diligence review and contract negotiations. A template of the certificate of compliance is attached for information in Annex D and a draft template of the environmental and sustainability questionnaire is attached for information in Annex H.

During the due diligence review, highest scoring Applicants/Lead Applicants will be required 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.

For Zambia only: Applicants/Lead Applicants selected for funding under the Zambian Country Programme will be required to comply with NEFCO rules and policies and in addition to that possible KfW specific requirements, as regards project financed with German funds. We do not expect these to be markedly different, because our policies like all international financial institutions are closely aligned.

### 3.7. Eligible projects

During the Final Application stage, invited Applicants/Lead Applicants are requested to confirm in the Final Application that their proposed project fulfils all BGFA1 PQ project requirements and to provide any additional information related to these minimum requirements.

In addition, invited Applicants/Lead Applicants are, during the Final Application stage, required to take the following into account: Applicants/Lead Applicants applying for funding under Funding Lot #3 (Mini-micro grids in Liberia) will in particular be requested prior to possible contract signing to secure from the Liberia Electricity Regulatory Commission at minimum a permit (or licence as appropriate) and approval of the proposed tariffs for at least one site.

### **Additionality**

Invited Applicants/Lead Applicants will need to demonstrate in the business plan that the proposed project is additional, i.e. it would not happen without BGFA1 funding. BGFA1 does not cover sunk costs that ESPs have already incurred, e.g. the cost of previously deployed systems. Costs already incurred, non-project related costs, items already financed or approved to be financed by other financiers are likewise not eligible.

Parallel financing (i.e. linked to any other on-going activities but not directly linked to the proposed BGFA1 project) is also not eligible as co-financing, noting, however, that some infrastructure, etc. may be shared between similar activities. In this case, appropriate allocations of the shared resources should be made and will be considered acceptable, provided that the allocation is realistic and adequately justified.

Further, double counting of ESS is not allowed and ESS established with BGFA1 funding shall be solely reported to BGFA.

Zambia only: Invited Applicants/Lead Applicants with existing contracts under the BGFZ pilot programme may propose to deliver ESS in parallel both with BGFZ and BGFA1 funding, provided they can show additionality (i.e. differentiated product lines, business model and/or accelerated growth). If the energy services offered to BGFA1 are the same or closely comparable to those already provided under BGFZ, only ESS that exceed existing BGFZ contractual commitments for the specific contract period can be included as ESS under BGFA1.

Invited Applicants/Lead Applicants who are receiving funding from AECF<sup>4</sup> are eligible to apply for BGFA1 funding and indeed such applications are welcomed. AECF funding, however, cannot be counted towards co-funding and, as for other parallel financing activities, double counting of ESS is not admissible. BGFA1 will work with AECF and any awarded Applicants/Lead Applicants who are also recipients of AECF funding to ensure that ESS are clearly attributed to respective programmes. This may require that all ESS deployed by the contracted ESPs (supported through both AECF and BGFA1 funding) in the Project Country be specifically monitored through the BGFA Edison IT-system.

## Technical requirements

Reference is made to the [Pre-Qualification Guidelines](#), Section 3.7.

Invited Applicants/Lead Applicants are required to demonstrate, for example through robust biomass resource assessments and collection plans, that any proposed biomass, bioethanol and/or biogas solutions are not likely to lead to deforestation or other forms of ecological degradation and do not have material negative impacts on protected areas and biodiversity.

## Consumer protection

Reference is made to the [Pre-Qualification Guidelines](#), Section 3.7.

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<sup>4</sup> <https://www.aecfafrica.org/>

Prior to the signing of contracts, for funding under the Standalone Funding Lots, Applicants/Lead Applicants will be required to commit to GOGLA's consumer protection code (i.e. send a [letter of commitment](#) and a letter of declaration to GOGLA with copies to NEFCO) and to submit a completed [self-assessment tool](#) to NEFCO. Contracted ESPs will further be required to renew their commitment to the GOGLA consumer protection code throughout the duration of the contract as per GOGLA's [self-assessment policy](#).

Prior to the signing of contracts, for funding under the Mini-grid Funding Lots, Applicants/Lead Applicants will be required to commit to follow the [consumer protection principles for clean energy Mini-grids](#) established by the Alliance for Rural Electrification (i.e. send a [letter of commitment](#) to this alliance with copy to NEFCO) and to submit a completed self-assessment tool to NEFCO.

## **Monitoring, reporting and payments**

Reference is made to the [Pre-Qualification Guidelines](#), Section 3.7 and additional requirements described in the following.

BGFA1 funding is, based on its nature, accordingly made available in return for ESPs implementing the proposed business and development Project, and selling and sustaining the offered number of ESS to end-customers in peri-urban and rural areas. Due to the pioneering character of selected ESPs' efforts, it is, however, also acknowledged that it might not be possible to progress exactly as initially foreseen. Accordingly, delays and the need for adjustments of payment milestones might arise.

Applicants/Lead Applications selected for contract negotiations will be required to suggest Project milestones and ESS delivery milestones that they propose are met in order for them to receive payments, so as to ensure effective project progress and a good cash flow. For more information on this, please see the contract template and its annexes and appendixes.

Contracted Applicants/Lead Applicants must facilitate online automated monitoring of the ESS delivery milestones via Edison. Contracted ESPs must further generally be willing to provide detailed information on business performance, development impacts, market developments and related risks through progress reports and regular engagement with the BGFA team as described in more detail in [Appendix C to the contract template \(Annex E\)](#).

BGFA1 uses a proprietary software platform called Edison for reporting and monitoring purposes. To be able to provide data to this system, contracted Applicants/Lead Applicants will be required to establish automated data transfer integration via an application programming interface (API) with Edison.

The integration must be able to support an automated daily (minimum) transfer of a range of data points related to customer information, energy service specifications,

geography/location, power storage and load data, payments and transactions, consumption, etc.

The specific data type requirements for BGFA1 will be provided to Applicants/Lead Applicants selected for contract negotiations. The precise method of integration – for instance, via regular scheduled posts to one or more endpoints – will be determined via a standardised integration protocol with each contracted ESP subsequent to contracting based on the technical solution(s) employed by each ESP.

#### **BOX 2: DESCRIPTION OF EDISON**

Edison is the name of proprietary monitoring software used to automatically monitor and audit energy service distribution projects. Edison is designed to capture and reflect data on energy services from energy service providers in near real-time via application programming interfaces (APIs). Some general information on how the platform works can be found at <https://edison.bgfz.org/info>.

Invited Applicants/Lead Applicants will be required, in case of a contract under BGFA1, to employ modern control, monitoring, metering and customer-relationship management systems in their delivery of energy services. To the extent needed, contracted Applicants/Lead Applicants will be required to enter into a data-sharing agreement.

For ESPs distributing small Standalone systems, the data collection and sharing requirements may typically be met using various modern sales/loan or pay-as-you-go (PAYGo) management platforms.

For ESPs operating large Standalone activities, Nano-, Mini- or Micro-grids, data collection and sharing requirements could typically be met using various modern control and monitoring solutions, as well as ‘smart’ metering solutions.

Contracted Applicants/Lead Applicants will be eligible for up to EUR 5,000 in technical support to cover expenses incurred during establishment of the integration to Edison.

#### **End-of-life management and e-waste**

Reference is made to the [Pre-Qualification Guidelines](#), Section 3.7 and [Annex F to these Final Application stage Guidelines](#).

#### **Gender Inclusion**

Reference is made to the [Pre-Qualification Guidelines](#), Section 3.7, the requirements described below and in particular to [Annex G to these Final Application stage Guidelines](#).

Invited Applicants/Lead Applicants are required to offer equal opportunities for men and women, both through their own employment practices and that of any Consortium

Members, and through the proposed project. Lead Applicants will be required to ensure that Consortium Members fulfil these requirements and should note that this will be a condition precedent for payments.

At a company level, invited Applicants/Lead Applicants will be required to be able to provide a company-wide acceptable gender policy and an acceptable Sexual Exploitation, Abuse and Harassment (SEAH) policy.

Additionally, invited Applicants/Lead Applicants will be requested to demonstrate their existing gender mainstreaming across the organisational governance structure, including existing gender-balanced representation at all hierarchical levels and equality of pay based on the use of specific gender pay gap indicators, as detailed in Annex G.

Additionally, invited Applicants/Lead Applicants will be required to demonstrate that they are committed to close any potential gender gap and to meet BGFA1 requirements prior to contract signing or to the first payment at the latest prior. This applies also to Consortium Members. In case a Consortium Member does not fulfil these requirements at signing, Lead Applicants must commit to ensure that Consortium Members will develop an acceptable gender and SEAH policy prior to the first payment at the latest, and Lead Applicants will be requested to provide proof of full compliance with this commitment (e.g. through the Consortium Agreement) as a condition precedent for the first payment.

At the project level, invited Applicants/Lead Applicants are required to describe the inclusion of gender considerations in the design of their proposed projects, including a marketing/awareness-raising strategy and potential productive use of an energy plan for women (as relevant to the proposed project), articulating the Applicants/Lead Applicants' strategy to maximise inclusiveness and in turn, the gender outcomes of the proposed project.

BGFA1 gender requirements are described in more detail in Annex G.

### 3.8. COVID-19

COVID-19 has had a significantly adverse effect on off grid businesses over the last year. All applicants should anticipate and appraise any foreseeable impacts on their activities that continued COVID-19 or any successor pandemic may have on the applicant's ability to deliver the ESS offered. It should also seek to mitigate such adverse impacts therein to an acceptable level. COVID-19 related risk shall be addressed in section 13 (Risks) of the Business Plan.

## 4. Evaluation

### 4.1 Approach

Only applications which are complete and fulfil all requirements based on the final completeness check will be evaluated. Evaluation and scoring will be undertaken by an independent, external evaluation committee appointed by NEFCO.

Final applications will be ranked based on the evaluation results for each Funding Lot and subsequently shortlisted.

The highest ranking Applicants/Lead Applicants with project proposals representing up to the total EUR amount available for each Funding Lot will be invited to undergo a due diligence review and if the review is successful, invited to sign a contract, starting with the highest ranking applications.

The funding for productive use will be allocated to the highest ranking Applicants/Lead Applicants insofar as they have offered productive use services noting NEFCO's right to reduce the allocation once the set aside has been used. Funds under the set asides that cannot be allocated in this way will be transferred back into the relevant Funding Lots and allocated to support non-productive services.

Some lower-ranking applications may remain on a reserve list, but Applicants will be notified if this is the case. A due diligence review of compliance and eligibility of lower-ranked Applicants/Lead Applicants may be initiated also for reserve list Applicants.

### 4.2 Value for money

BGFA1 funding will be awarded to Applicants/Lead Applicants, who demonstrate in their applications the best overall value for money. Proposals with business plan scores below 60 points (out of 100) will be eliminated from CS calculation. The evaluation methodology is described in more detail in [Annex C](#).

The wC and the quality of the business plan will be compounded to create a single comparison score (CS) as follows:

$$CS = (wC_{low}/wC * X * 100) + (BP * (1-X))$$

where:

CS - is the comparison score

wC - is the weighted cost per energy service;

wC<sub>low</sub> is the lowest of all evaluated weighted costs per energy service

BP - is the score obtained at the final application stage and reflecting the quality of the business plan.

X is the weight for the wC



Weight for the wC is 0.3 in all Funding Lots except for the DS Funding Lot, which has a weight of 0.4. This refers respectively to 30% weighting for wC and 70% weighting for the quality of the business plan for LS Funding Lots and 40% weighting for wC and 60% weighting for quality in the DS Funding Lot.

Costs are accorded a higher weighting in the DS Funding Lot due to a more developed business environment in Zambia and the greater maturity of DS applicants.

Invited Applicants/Lead Applicants will be ranked according to their final CS score. The higher the CS score, the higher the VfM offered to BGFA1.

NEFCO reserves the right to reject applications on the basis of an abnormally low wC.

### 4.3 Required documentation

Comprehensive supporting documentation should be uploaded in the SmartME intake system as detailed below:

**TABLE 1. KEY DOCUMENTS TO BE UPLOADED DURING THE FINAL APPLICATION STAGE.**

<b>Matter</b>	<b>Documentation</b>
<b>1. Ownership</b>	Capitalisation table including full legal names, percentage ownership, and citizenship/jurisdiction of each owner
<b>2. Financial status</b>	Most recent audit reports and financial statements of Applicant/Lead Applicant or parent if relevant (during last 3 years)  Including an explanation (if relevant) where liquidity ratio or equity requirements are not met, to justify that the required level of financial stability can be established via the parent company. Updated information can be provided in SmartME.
<b>3. Company overview</b>	Company profile and list of completed/ongoing projects
<b>4. Organisational chart</b>	Group and company organisational chart
<b>5. Draft Consortium agreement</b>	As relevant, a draft Consortium agreement, which outlines the rationale for the Consortium approach, the roles and responsibilities of each Consortium Member, how the Consortium will work and acknowledges the role of the Lead Applicant as NEFCO contracting partner with full responsibility for the Project
<b>6. Product specifications</b>	Technical specifications of proposed solutions/product(s)
<b>7. Financial Model</b>	A minimum four-year financial model ( <u>Excel file with apparent formulae</u> , including actuals 2019-2020 (if applicable) plus four years' projections 2021 – 2024, and a clear assumptions-sheet) for the duration of the proposed project including: <ul style="list-style-type: none"> <li>Investment and operating cash flows</li> <li>Profit &amp; loss statements</li> <li>Balance sheet</li> <li>Budget</li> </ul>
<b>8. Confirmation of Intention to Apply</b>	A signed Confirmation of Intention to Apply Letter
<b>9. Annual delivery of offered ESS schedule and funding request</b>	Annual ESS schedule and funding request forming the basis for the Milestones
<b>10. Quality Certification</b>	If applicable, VeraSol certification letters
<b>11. Co-funding</b>	Proof of co-funding already secured
<b>12. Certification</b>	If relevant, Global LEAP Awards Winner/Finalist certificate
<b>13. Security plan</b>	A detailed and robust security plan indicating a high level of security awareness and capabilities relevant for the Project Country.

**TABLE 2. EVALUATION CRITERIA FOR THE BUSINESS PLAN**

<b>Evaluation criteria</b>	<b>Sub-total</b>
Technical feasibility	5
Commercial feasibility	11
Market comprehension	10
Management capacity and experience <sup>5</sup>	12
Development impact potential	18
Financing	18
Implementation and operation capacity	22
Professionalism & presentation of proposal	4
<b>Total</b>	<b>100</b>

The BGFA places the strongest emphasis on compliance with environmental, social, health and safety standards and labour<sup>6</sup> norms in line with local as well as NEFCO and other international standards. These are addressed in the Annexes D, E, G and H that follow.

<sup>5</sup> Please note that gender equality at the company level will be assessed as part of the evaluation criteria "management capacity and experience", whereas gender inclusion in the project design will be assessed as part of "development impact potential". Points will be awarded based on the assessed quality of these parameters.

<sup>6</sup> Such as IFC Labour and Working Standards Performance Standard PS 2  
[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps2](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2)

**TABLE 3. SCORE SCALING**

*(to be calculated proportionally in line with the maximum points for each scoring category / criterion and rounded to the nearest integer)*

SCORE	CRITERIA
0	The Applicant/Lead Applicant fails to address the criterion or cannot be assessed due to missing or incomplete information (unless the result of an 'obvious clerical error')
1	Poor: the criterion is inadequately addressed or there are serious inherent weaknesses
2	Fair: the Applicant/Lead Applicant broadly addresses the criterion but there are significant weaknesses
3	Good: the Applicant/Lead Applicant addresses the criterion well but with a number of shortcomings
4	Very good: the Applicant/Lead Applicant addresses the criterion very well but with a small number of shortcomings
5	Excellent: the Applicant/Lead Applicant successfully addresses all relevant aspects of the criterion; any shortcomings are minor

#### 4.4 Proof of compliance and due diligence

NEFCO will require full proof of invited Applicants'/Lead Applicants' compliance with all set requirements during a due diligence review, which will be carried out prior to any contract signing. Supporting documentation will be required in advance of or during the due diligence review.

Exceptionally, proof can be provided after contract signing, but in this case in the form of a condition precedent which contracted Applicants/Lead Applicants would need to meet before entry into force or the first payment under any signed contract.

Any substantial changes in applications submitted during the Final Application stage compared with the application submitted during the Pre-Qualification stage may, at the discretion of NEFCO, lead to the Application being rejected during the Final Application stage. Changes that improve the project design in accordance with the BGFA requirements are acceptable at NEFCO's discretion.

## 5. Contracting

A draft contract template is made available in [Annex E](#) and will be used as the basis for contract negotiations. Invited Applicants/Lead Applicants are kindly requested to note that the contract template is still being developed, but only minor deviations from key parameters set out in the can template can be expected during the contract negotiations.

NEFCO reserves the right not to start negotiations with any of the invited Applicants/Lead Applicants. All contracts are subject to a successful due diligence review and individual prior no-objection from the donor(s).

## 6. Project Implementation, Payments and Monitoring

BGFA1 funding is provided as results-based financing with payments made in return for contracted ESPs meeting agreed milestones for the implementation of business and development aspects of the Project and the delivery of ESS at the contracted wC.

BGFA1 funding will be released upon ESPs' provision of a progress report demonstrating that the agreed milestones have been met within acceptable thresholds.

## 7. Reservations

NEFCO reserves the right to request additional information from invited Applicants/Lead Applicants at any stage of the application process.

NEFCO further reserves the right to adjust and/or further supplement the Final Application requirements, as well as any other guidance related to BGFA1, provided here or otherwise. In the event of any changes, invited Applicants/Lead Applicants will be informed in a timely manner before the expiry of application deadlines.

The Final Application Guidelines do not constitute an offer and access to BGFA1 funding is always subject to funding made available by donors to NEFCO.

## 8. Data protection and confidentiality

When registering for the first time to the SmartME intake system, invited Applicants/Lead Applicants were required to read and agree to NEFCO's [Terms and Conditions](#) and [Privacy Policy](#) as well as Adalia's (the provider of the SmartME intake system) Terms & Conditions and Privacy Policy. When re-entering the SmartME system and submitting the application under the Final Application stage, the same Terms and Conditions will apply.

## 9. Misconduct, Environmental Inquiries and Procurement Complaints

Should Applicants/Lead Applicants wish to report misconduct or make an environmental inquiry or a procurement complaint, please go to the following links:

<https://www.nefco.org/contact-us/report-corruption-and-misconduct/>

<https://www.nefco.org/contact-us/environmental-and-social-inquiries-and-complaints/>

<https://www.nefco.org/contact-us/procurement-complaints/>

Any complaints in relation to the BGFA3 process will be handled in accordance with [NEFCO Procurement Policy and Procedure](#).



## Annex A. Business Plan Template<sup>7</sup>

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<sup>7</sup> Please note that there is some Funding Lot specific variation in this template in SmartME.

## Annex B. Technology Requirements

### General requirements

*Some minor adjustments to the technology requirements have been made compared to those set out in the Pre-Qualification Guidelines. Please use these as the final technology requirements which supersede those of the PQ stage.*

Applicants/Lead Applicants are invited to familiarise themselves with the technology requirements described below and, where required, warrant in the SmartME intake system that they are willing to commit to these standards.

Applicants/Lead Applicants should employ technologically modern power systems, i.e. hardware and software subcomponents complying with relevant technical standards (e.g. ISO/IEC, IEC IEEE or equivalent) to ensure quality and reliability.

Applicants/Lead Applicants must offer a minimum three-year warranty on all systems, products and services. Applicants/Lead Applicants must offer a toll-free end-customer care line to receive and respond to customer service requests.

Systems relying on lead-acid batteries will not be eligible for BGFA1 funding. Generally, BGFA1 has a strong preference for technologies which maximise the lifetime of applied energy provision systems.

In order to successfully demonstrate eligibility of a proposed product/system for BGFA1 funding, Applicants/Lead Applicants are required to meet the following technology-specific criteria (as relevant to the proposed project):

### Solar Home Systems (SHS)<sup>8</sup>

To be successful, Applicants/Lead Applicants will, at the Final Application stage, be required to submit proof of the VeraSol certification, warranting that proposed products conform to either: 1) the Lighting Global Quality Standards; or 2) the quality standards in the recently published [IEC TS 62257-9-8:2020](https://www.iec.ch/standards/store/details.aspx?CID=62257-9-8:2020).

- If selected for contract negotiations compliance will be checked during the due diligence review where Applicants/Lead Applicants will be asked to provide a Lighting Global verification letter or a VeraSol certification letter for each product. This will be checked against the publicly accessible list of VeraSol/Lighting Global accredited products (<https://data.verasol.org/>)<sup>9</sup>.
- For modular SHS, Applicants/Lead Applicants will, if selected for contract negotiations, be requested to submit proof of the VeraSol certification of the

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<sup>8</sup> SHSs are defined as systems which comprise all components required to provide basic energy services as a kit, including (and may consist of interchangeable components from a product family):

- 1) PV module(s), charge control unit(s), battery/batteries;
- 2) Cables, switches, connectors, and protective devices sufficient to connect the PV module(s) and charge control unit(s) and battery/batteries; and
- 3) Loads (optional): lighting and requisite cables, load adapter cables (e.g. for mobile phones) and other appliances (TV, fan, radio, etc.) and their requisite cables.

<sup>10</sup> As per VeraSol's definition:

family of products<sup>10</sup> (as described above) as well as provide a VeraSol assessment of the Available Daily Electrical Energy in Wh/day. If the product has not been tested as a full kit, and a Wh/day estimate is not already presented in the VeraSol Spec Book for the combination proposed by the Applicant/Lead Applicant in question, the Applicant/Lead Applicant will need to request that VeraSol calculate available electrical energy per day from existing data and component ratings for the proposed combination (a fee may have to be paid to VeraSol<sup>11</sup> and is not refundable under BGFA3).

- As regards possible deviations from the combination of components (including all appliances and lights) tested in the Lighting Global/VeraSol certified product: Applicants/Lead Applicants will, if selected for contract negotiations, be requested to submit proof of VeraSol certification for the proposed combination (as described above). If VeraSol cannot calculate a value for the available electrical energy per day from existing data, the Applicant/Lead Applicant may be required to submit lab test results of the proposed combination of products to VeraSol for assessment.

These requirements will also apply to possible new systems proposed included in a BGFA1-funded project.

Any costs incurred by Applicants/Lead Applicants while fulfilling these compliance and testing requirements should be covered by Applicants/Lead Applicants and will not be compensated by BGFA1.

Applicants/Lead Applicants will in a possible BGFA1 contract be requested to undertake an obligation to provide a three-year warranty on all components forming part of the core SHS, including the PV panel(s), the main battery pack, the controller and lights, and a one-year warranty on all other appliances sold with the SHS.

### **Refrigerators, Solar Water Pumps (SWP), Electric Pressure Cookers (EPC)**

Any product included in the 'Global LEAP Awards Buyer's Guides', i.e. already named winner or finalist in a previous rounds of Global LEAP awards competitions, will automatically be eligible for BGFA1 funding. Applicants/Lead Applicants will be asked to provide a Global LEAP Awards Winner/Finalist certificate for each proposed product at the due diligence review. Compliance will also be checked, during the due diligence review, against the comprehensive 'Global LEAP awards'- list (i.e. finalists and winners) available on VeraSol's website (<https://data.verasol.org/>) and in several buyers' guides.<sup>12</sup>

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<sup>10</sup> As per VeraSol's definition:

<https://verasol.org/publications/framework-for-testing-product-component-families>

<sup>11</sup> Please reference VeraSol certification service pricing at <https://verasol.org/updates/updated-pricing-for-verasol-certification-services>

<sup>12</sup> Buyer's guides for 1) fridges: [2017](#) and [2019](#) rounds, 2) SWP pumps: [2019](#) round, and 3) EPC: please refer to the preliminary list of eligible products [here](#). Any change in the final list of Global LEAP Winners and Finalists (to be published in January) will have to be reflected in the proposed projects, if possible before the submission of the Final Proposal and at the latest at the due diligence review.

Applicants/Lead Applicants selected for contract negotiation offering other products, i.e. products that were not included in the previous Global LEAP award competitions, will be required to provide evidence at the due diligence stage showing that the proposed products are at least equivalent to performance and quality benchmarks of Global LEAP Awards Finalists for each product category. To verify this the following procedure will apply:

- Provision of two randomly-selected product samples to an independent third-party test laboratory that has an active partnership with VeraSol<sup>13</sup> for testing, using the relevant Global LEAP test methods.<sup>14</sup> Costs related to determining that these requirements are met should be covered by Applicants/Lead Applicants and will not be compensated under BGFA1<sup>15</sup>.
- Provision of the test result in a standard test report template enabling REEEP to liaise with VeraSol to compare the quality and performance of the offered product against the similar size/form factor category as specified in the Global LEAP Awards. The costs of VeraSol's assessment will be covered through BGFA1. After evaluation, all product data reviewed by VeraSol will be shared publicly on its dedicated database.

These requirements will also apply to new systems proposed including during the course of BGFA1.

### **Mini-/Micro-grids<sup>16</sup>**

Mini-grids should meet the general eligibility criteria for technical standards for generation, storage, load control and distribution. Applicants/Lead Applicants should include references to relevant technical (e.g. IEC TS 62257), health and safety and other standards at the latest in the business plan. As regards Mini-grids Applicants/Lead Applicants should demonstrate compliance with all relevant statutory regulations, including planning (and other site selection requirements), licensing and technical standards applicable in the Project Country.

To receive BGFA1 financing, Mini-grids should rely on an AC (single-phase or three-phase) distribution system. DC Mini-grids are not eligible for financing under BGFA1.

Mini-grids should incorporate modern load control, monitoring and management systems, as well as 'smart' metering solutions, so as to enable integration with the Edison monitoring platform.

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<sup>13</sup> List of labs (<https://verasol.org/test-labs>, section Off-Grid-Appropriate Appliances and Productive Uses) and for electric pressure cooker: Colorado State University lab. Prior to contacting a VeraSol partner lab, it is recommended to liaise with VeraSol ([info@verasol.org](mailto:info@verasol.org)) to confirm which partner labs are suitable for a given technology.

<sup>14</sup> <https://efficiencyforaccess.org/publications/type/test-methods/>

<sup>15</sup> Any costs incurred before award will not be compensated by BGFA1. The costs incurred after award will not give rise to additional payment from BGFA1 but can be considered as eligible costs.

<sup>16</sup> A Mini-/Micro-grid is defined as an aggregation of loads and one or more energy sources operating as a single system providing electric power isolated from a main power grid. A Mini-/Micro-grid will include primarily renewable-based generation, energy storage and load control.

Applicants/Lead Applicants selected for contract negotiation will be requested to provide detailed technical design documentation for all aspects of the Mini-/Micro-grids and the proposed solution will be checked during due diligence review according to the international Quality Assurance Framework (QAF) for Mini-/Micro-grids as established by the US Department of Energy (DoE) and National Renewable Energy Laboratory (NREL) (<https://www.nrel.gov/docs/fy17osti/67374.pdf>).

## **Nano-grids**

Widely accepted technical standards applicable to Nano-grids are not available at this point in time. Technical requirements for Nano-grids under BGFA1 are expected to be established at the due diligence review stage on a case-by-case basis, and may refer to a combination of technical standards applicable to the Standalone and Mini-/Micro-grid Funding Lots, as appropriate, depending on the size and complexity of the technology employed and the overall infrastructure of the proposed project.

## **All other appliances and systems**

For appliances not yet covered by Global LEAP Awards (e.g. solar mills, water filtering units, solar ovens, etc.), Applicants/Lead Applicants selected for contract negotiations will during the due diligence review be requested to provide lab testing results from a VeraSol partner lab<sup>17</sup> to ensure that the technical specifications indicated for the appliance(s) are accurate. Any costs incurred by Applicants/Lead Applicants from these tests should be covered by Applicants/Lead Applicants and will not be refundable under BGFA1. If lab testing is not feasible (e.g. large PV-powered cold rooms), NEFCO may request that the Applicants/Lead Applicants provide the manufacturer's self-reporting performance data over a period of time. The data will be handed over to VeraSol, which will make it publicly available.

Applicants/Lead Applicants selected for contract negotiation will be required to demonstrate that any proposed biomass, bioethanol and/or biogas solutions are not likely to lead to deforestation or other forms of ecological degradation and do not have material negative impacts on protected areas and biodiversity. Cooking solutions based on the use of dry biomass only or non-renewable energy solutions are not eligible.

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<sup>17</sup> Liaise with VeraSol ([info@verasol.org](mailto:info@verasol.org)) to confirm which partner labs are suitable for a given technology.

## Annex C. Energy Service Tier Matrix and ESS input data

During the Pre-Qualification stage, Applicants/Lead Applicants were encouraged when filling in the Concept Note to closely study and refer to the parameters described in a separate annex named: Energy Service Tier Matrix (Annex D to the Pre-Qualification Guidelines).

During this Final Application stage, Applicants/Lead Applicants are kindly requested when filling in the Business Plan Template ([Annex A](#)) and preparing their financial model to categorise the different types of ESS offered using the five main Tier levels described in this Annex.

During the evaluation of applications, the energy service Tiers offered in the final project proposal will be weighted to reflect how much they each contribute to the overall objectives of the BGFA1. The weighting mechanism reflects the increased quality of access with increasing Tier levels.

Energy services related to clean cooking (including electric cooking), productive use and delivery of public services are given a particular weight when deployed together with an eligible ESS. The weighting mechanism reflects the development impact of productive use and delivery of public services and is based on the relative cost of appliances.

The applied weights are described below. Applications submitted will be evaluated based on their ability to maximise the value for money offered to BGFA1.

### General Definitions

- *Residential customer*: an end-customer (person or household) receiving energy services for dwelling purposes.
- *Commercial customer*: an end-customer (businesses, including micro, small and medium-sized enterprises, industries and to some extent also the so-called informal sector) receiving energy services for power appliances, machinery and any type of productive use equipment used in the production of goods or services for the purpose of the end-customer's income-generating activity. Actors within the informal sector may qualify as commercial end-customers as long as the energy service is used solely for an income generating activity (i.e. not serving a residential end-customer).
- *Institutional customer*: an end-customer (a public or private entity) receiving energy services to provide public services, for free or at a reasonable cost, to a community (e.g. health, education, drinking water, street lighting, etc.).

### Tier matrix for Standalone systems



When seeking funding under Funding Lots #1, 2, 4 and 6, Applicants/Lead Applicants should categorise ESS based on available daily electrical energy (in Wh/day), applying the following indicative energy service Tier matrix.

**TABLE 4. ENERGY SERVICE TIER MATRIX FOR STANDALONE SYSTEMS**

TIER LEVEL	1A	1B	2A	2B	2C	3	4	5
Eligible customers	Residential / Commercial / Institutional					Commercial* / Institutional		
Available Daily Electrical Energy [Wh/day]	≥ 20	≥ 35	≥ 70	≥ 175	≥ 310	≥ 600	≥ 1000	≥ 2000
Weight	1	2	3	4.5	5.25	27.5	55	110

\*Weights for commercial customers Tier 3-5 will be discounted by 30% due to the increased capacity to pay of commercial customers relative to other types of customers.

For SHS, available electrical energy per day refers to the eponymous indicator in the VeraSol certification (see Technical Standards in [Annex B](#)).

For Nano-grids and large Standalone systems that do not use available daily energy as an indicator, the battery storage capacity of the system can be used as a proxy for daily electrical energy, and the Tier of individual ESS can be defined by the battery capacity allocated to each end-customer.

In the case of hub-/kiosk-based models, the number of ESS shall be capped by the average number of daily rentals/services sold to end-customers<sup>18</sup>. Each rental customer will need to be registered in EDISON and ESPs will be required to enable tracking of the level of service (frequency of renting) provided to each individual customer in order to determine whether the service provision meets the ESS requirements. If it is not possible to track the service or customer use, it will not be possible to count them towards met ESS numbers.

- All returning customers, defined as customers renting a battery at least 54 days over a 90-day rolling period, can be counted towards an individual ESS.
- All other rentals may be grouped in an institutional ESS.

As per the above Tier matrix, the following thresholds will apply:

- For residential customers, ESS providing more than 20 Wh of available electrical energy per day will qualify. The weight for standalone systems sold to residential customers will be capped at 5.3.

<sup>18</sup> As an example: if a hub offers 100 batteries with a capacity of 20 Wh for rent every day and, on average, 80% of batteries are rented on a daily basis. The maximum number of ESS (Tier 1A) is 80 and is reached if 100% of rentals can be traced back to returning customers. If returning customers represent 26% of rentals (i.e. equivalent to:  $80 \times 26\% = 20.8$  battery/day), it corresponds to 21 Tier 1A residential ESS. The remaining rentals (i.e. equivalent to 59.2 batteries/day or 1.18 kWh/day) can be pooled into one single Tier 4 institutional ESS.

- For commercial and institutional customers, ESS providing more than 20 Wh per day of available electrical energy will qualify.

In order to promote clean cooking, clean cooking solutions will be incentivised as follows:

- ESS deployed together with an electric cooking appliance will benefit from a 50% premium on top of the corresponding base weight<sup>19</sup>. This will apply to all types of customers, as defined in the Table 4 above.
- The weight applicable to standalone clean cooking solutions, such as bio-digesters and solar ovens will be that of a Tier 2C.

In order to promote productive use and the delivery of public services, commercial or institutional ESS deployed together with an eligible piece of equipment will benefit from a premium on top of the corresponding base weight. Eligible equipment and applicable premiums are defined below in a separate section on productive use.

### Tier matrix for Mini-/Micro-grid Funding Lots

Applicants/Lead Applicants seeking funding to deliver ESS through Micro-/Mini-grids under Funding Lots #3 and #5 should be categorised according to the daily service used by or categorised according to the daily service used or subscribed (in Wh/day) by the end-customer, according to the indicative energy service Tier matrix set out below.

**TABLE 5. ENERGY SERVICE TIER MATRIX FOR MINI- /MICRO-GRIDS**

TIER LEVEL		1–2	3	4	5
Daily service (kWh used/day - or upper limit)		< 1	≥ 1		
Peak capacity (W)		NA		≥ 800	≥ 2000
Availability of supply (hours)		≥ 4	≥ 8	≥ 16	≥ 22
of which evening supply (hours)		≥ 2		≥ 4	
Weight	Residential and commercial customers	1			
	Institutional customers	5	7	10	15

#### Definitions:

- Peak capacity is only applied to Tiers 4 and 5 ESS and refers to the monthly peak capacity, which is defined as the maximum average capacity consumed by an end-customer calculated over a 5-minute period in a calendar month. In order to meet the peak capacity requirements, the monthly peak capacity needs to exceed the applicable threshold at least 50% of the time over two years.

<sup>19</sup> In order to benefit from the 50% premium, the electric cooking appliance needs to be dimensioned in line with the expected number of beneficiaries.

- Availability of supply: electricity should be available to end-customers (if they wish to purchase it) for a minimum amount of time every day for at least 90% of the days in the year.
- Evening supply: end-customers should be able, if they so wish, to purchase the energy service and to draw current for at least two hours between the hours of 18:00 and 06:00 (i.e. it is not a requirement that every end-customer actually consumes power during evening hours).

Electric cooking, productive use and the delivery of public services will be incentivised as follows:

- ESS deployed together with an electric cooking appliance will benefit from a 50% premium on top of the corresponding base weight. This will apply to all types of customers, as defined in the Table 5 above.
- Commercial or institutional ESS deployed together with an eligible piece of equipment will benefit from a premium on top of the corresponding base weight. Eligible equipment and applicable premiums are defined below in a separate section on productive use.

### **Premiums for Productive Use and the Delivery of Public Services**

The distribution of productive use equipment by ESPs in identified priority sectors (see productive use description in the [Pre-Qualification Guidelines](#)) will be incentivised according to the following framework.

Productive use will be incentivised for commercial and institutional customers through 1) the base weight associated with the type of ESS (as per the applicable energy service tier matrix for the Funding Lot in question, the type of end-customer and Tier categories); and 2) the applicable premiums as defined below.

The delivery of public services will be incentivised for institutional customers through 1) the base weight associated with the type of ESS (as per the applicable energy service tier matrix for the Funding Lot and Tier category); and 2) the applicable premiums as defined below.

**TABLE 6. INCENTIVE FRAMEWORK**

ELIGIBLE EQUIPMENT/APPLIANCES	PREMIUM
Productive use (commercial and institutional customers)	
Refrigeration	50%
Pumping for irrigation	50%
Agricultural processing and multi-functional platforms	50%
Artisanal use (e.g. welding, carpentry and wood work, sawing)	50%
Public services (institutional customers)	
Drinking water (including pumping and treatment)	60%
Electrical medical equipment*	60%
Street light	No premium. weight=0.34 per unit for Mini-grid lots and weight= Tier 2C for Standalone lots

\*For registered health centres, clinics and hospitals and for investments greater than €1,000

### Weighted cost per connection

The Energy Service Tiers will be weighted to reflect how much then contribute to the objectives of BGFA1. The weighting will increase with the quality of energy services provided. These weights will be used to determine the average weighted cost of the basket of ESS offered through the Applicant's/Lead Applicants proposal, as per the below formula:

$$wC = \frac{\sum_i \frac{Cost_i * ESS_i}{w_i}}{\sum_i ESS_i}$$

where:

- **wC** - is the weighted cost per connection
- **i** - represents the different energy service categories (type of customers and Tier levels) as defined in the Tier matrix.
- **ESS<sub>i</sub>** - is the targeted number of energy services offered under category i
- **Cost<sub>i</sub>** - is the subsidy per connection requested by the Applicant/Lead Applicant under category i
- **w<sub>i</sub>** - is the weight associated with category i (including a premium, as applicable)

A concrete example below aims to illustrate how Applicants/Lead Applicants should use the intake system to put in their target number of ESS and how the data will be used to calculate the wC per ESS, based on the above formula.

In the context of the Standalone Funding Lot# 1, Applicant 1 offers to deploy within the contractual period (four years) the following ESS:

- 15,000 Tier 1A residential ESS
- 500 Tier 3 residential ESS, including
  - o 100 ESS with an electric cooking appliance and
  - o 10 ESS with a productive use appliance (e.g. fridge)
- 5,000 Tier 3 commercial ESS, including
  - o 500 with an electric cooking appliance
  - o 2,500 with an eligible productive use appliance (e.g. mix of grain mills, fridges and oil presses)
- 50 Tier 4 institutional ESS, including 45 with an eligible productive use appliance/equipment (e.g. drinking water)
- 500 standalone cooking solution (e.g. bio-digester)
- 100 street lights

Applicant 1 applies for the following BGFA1 funding for the different ESS categories and eligible equipment:

- €15 per Tier 1A ESS
- €150 per Tier 3 residential and commercial ESS, including proposed appliances
- €4,000 per Tier 4 ESS, including proposed equipment
- €100 per standalone cooking solution
- €70 per street light

Given that residential ESS do not qualify to receive a premium for an appliance other than electric cooking solutions, the input table will look as follows:

**TABLE 7. ESS INPUT**

Intake system/Tiers	1A	1B	2A	2B	2C	3	4	5	Standalone cooking	Street light
BGFA1 subsidy in EUR / ESS (incl. potential appliance/equipment)	15					150	4,000		100	70
# residential ESS without any appliance *	15,000					400				
# residential ESS with electric cooking appliance *						100				

Intake system/Tiers	1A	1B	2A	2B	2C	3	4	5	Standalone cooking	Street light
# commercial ESS without any appliance/equipment *						2,000				
# commercial ESS with electric cooking appliance						500				
#commercial ESS with productive use appliance						2,500				
# institutional ESS without any appliance/equipment **							5			
# institutional ESS with electric cooking appliance **										
# institutional ESS with productive use appliance **							45			
Number of standalone cooking appliances									500	
Number of street lights										100

\* Excluding standalone cooking solutions

\*\* Excluding street lights and standalone cooking solutions

The data intake system requirements for the Micro/mini-grid Funding Lots will be similar to that for Standalone Funding Lots, except for the fact that standalone cooking solutions do not qualify.

The wC per ESS will be calculated in a similar manner in Micro/Mini-grid Funding Lots. Applicable weights will however be those set out in Table 5.

### **Allocation of BGFA1 funding for productive use and the delivery of public services**

The budget set aside for productive use in BGFA 1 will be used with priority for the financing of equipment and appliances eligible for productive use purposes and/or the delivery of public services (as defined in Annex B).

The amount set aside for productive use will be calculated based on following equation:

$$Funding_{prod.use} = \sum_i Cost_i * p_i * ESS_i * s_i$$

Where:

- **Funding<sub>prod.use</sub>** - is the total amount as requested by the Applicant/Lead Applicant for productive use equipment/appliances
- **i** - represents the energy service categories (type of customers and Tier levels) as defined in the Tier matrix.
- **ESS<sub>i</sub>** - is the number of energy services offered under category i
- **Cost<sub>i</sub>** - is the subsidy per connection under category i
- **p<sub>i</sub>** - is the premium associated with category i
- **s<sub>i</sub>** - is the proposed share of ESS<sub>i</sub> deployed with a piece of equipment/appliance eligible for a premium p<sub>i</sub>

Applying this equation to the example of Applicant 1:

**TABLE 8. CALCULATION OF THE TOTAL FUNDING REQUEST FOR PRODUCTIVE USE**

Intake system/Relevant Tiers for productive use	3	4	Street light
BGFA1 subsidy (€)	150	4,000	70
Number of commercial ESS with productive use appliance	2,500		
Applicable premium	50%		
Number of institutional ESS with productive use appliance		45	
Applicable premium		60%	
Number of street lights			100
Total funding request for productive use (€)	302,500 =2,500*50%*150+45*60%*4,000+100*70		

The funding for productive use will be allocated to highest scoring Applicants/Lead Applicants on in so far as they have offered productive use services. Funds under the set aside that cannot be allocated in this way will be transferred back into to relevant Funding Lots and allocated to support non-productive use services.

## Reservation

NEFCO reserves the right to adjust and/or further supplement the above described specification parameters.

## Annex D. Draft Certificate of Compliance Template

*Applicants/Lead Applicants selected for BGFA1 financing will be required to fill in and sign a certificate of compliance before start of the due diligence review and contract negotiations.*

Questions:	Answers:
<p><b>Contractual standing - litigation</b></p> <ol style="list-style-type: none"> <li>1. Can the Applicant/Lead Applicant confirm that it is presently fulfilling all of its significant contractual obligations?</li> <li>2. Have any of the Applicant's/Lead Applicant's significant contracts ever been terminated due to material non-performance?</li> <li>3. If YES, kindly describe the circumstances.</li> <li>4. Can the Applicant/Lead Applicant confirm that no litigation, arbitration or administrative proceeding is currently ongoing or pending that could adversely affect the Applicant's/Lead Applicant's ability to implement the project should it be selected for funding under BGFA1? This includes the confirmation that the Applicant/Lead Applicant is not bankrupt, wound up or ceasing its activities, having its activities administered by courts, having entered into receivership, reorganisation or being in any analogous situation.</li> <li>5. If NOT, kindly describe the type of proceedings and circumstances.</li> </ol>	
<p><b>Sanctions</b></p> <ol style="list-style-type: none"> <li>6. Can the Applicant/Lead Applicant confirm that neither it nor, to the best of its knowledge, any of its officers, employees or sub-contractors intended to implement any part of the proposed project: <ul style="list-style-type: none"> <li>(a) have been convicted in any court of law in any jurisdiction, for an offence involving any Prohibited Practices or SEAH (as defined in NEFCO's policies, see references included below in footnote 2) or any other illegal activity detrimental to the interest of BGFA; or</li> <li>(b) are currently under any form of sanction and/or exclusion decision by a government, an international organization or other international organ?</li> </ul> </li> <li>7. If the Applicant/Lead Applicant or any of its officers, employees or sub-contractors are under any form of sanction, please provide details, including date of reinstatement, as applicable.</li> <li>8. Can the Applicant/Lead Applicant confirm that if it or any of its officers, employees or sub-contractors should come under any sanction, the Applicant/Lead Applicant will disclose such sanctions without delay?</li> </ol>	
<p><b>Compliance with NEFCO Policies</b></p> <ol style="list-style-type: none"> <li>9. Can the Applicant/Lead Applicant confirm that it has familiarized itself with and is ready to adhere to NEFCO's policies and guidelines as relevant for the</li> </ol>	



implementation of the proposed project should the Applicant/Lead Applicant be selected for BGFA1 funding during the Final Application stage? <sup>20</sup>	
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### Prohibited Practices

10. NEFCO requires all counterparties to adhere to the highest ethical standards and has zero tolerance of Prohibited Practices<sup>21</sup>.

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<sup>20</sup> <https://www.nefco.org/about-nefco/legal-framework-and-guidelines/>

This include the following policies:

- [NEFCO's Environmental and Sustainability Guidelines](#)
- [NEFCO's Sustainability Policy](#)
- [NEFCO's Gender Policy](#)
- [NEFCO's Policy on Anticorruption and Compliance](#)
- [NEFCO's Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment \(SEAH\)](#)
- [NEFCO's Procurement Guidelines](#)

<sup>21</sup> “**Prohibited Practices**” as defined in NEFCO’s Policy on Anticorruption and Compliance (adopted on 12 December 2019 and in force as of 1 January 2020):

- a) “**Abuse**” meaning theft, misappropriation, waste or improper use of property or assets related to the Project, either committed intentionally or through reckless disregard;
- b) “**Coercion**” meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party for the purpose of improperly influencing the actions of a party;
- c) “**Collusion**” meaning an arrangement between two or more parties designed to achieve an improper purpose, including for the purpose of improperly influencing the actions of another party;
- d) “**Corruption**” meaning the promise, offering, giving, receiving, or soliciting, directly or indirectly, anything of value or any undue advantage, or any act or omission that involves the abuse of authority or functions, for the purpose of influencing or causing to influence improperly the actions of another party, or for the purpose of obtaining an undue advantage for oneself or for another party;
- e) “**Fraud**” meaning any act or omission, including misrepresentation or concealing a material fact, that knowingly or recklessly misleads, or attempts to mislead, a party for the purpose of obtaining a financial or other benefit or undue advantage for oneself or for a third party, or to avoid an obligation;
- f) “**Obstruction**” meaning
  - i. Deliberately destroying, falsifying, altering or concealing evidence material to an investigation;
  - ii. Making false statements to investigators in order to materially impede an investigation;
  - iii. Failing to comply with requests to provide information, documents or records in connection with an investigation;
  - iv. Threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to a NEFCO investigation or from pursuing an investigation; or
  - v. Materially impeding NEFCO’s contractual rights of audit or access to information;
- g) “**Money Laundering**” meaning
  - i. The conversion or transfer of property, knowing that such property is derived from criminal activity, to conceal and disguise the illicit origin of the property, or assisting any person who is involved in the commission of such activity to evade the legal consequences of this action;

Can the Applicant/Lead Applicant confirm that: i) it will take all available measures to adhere to NEFCO's Policy on Anticorruption and Compliance both at the application and selection stage as well as during project implementation, if selected for BGFA1 funding; and ii) it has not been engaged in any Prohibited Practices in competing for BGFA1 funding, which includes that no public authority officials, representatives of or persons working for BGFA (including personnel at NEFCO and REEEP) has received or will be offered any direct or indirect benefit in connection to the Applicant's/Lead Applicant's application and possible selection for BGFA1 funding?	
<b>SEAH</b> 11. Can the Applicant/Lead Applicant confirm that it will take all available measures to adhere to NEFCO's Policy on the Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH Policy)?	
<b>Conflict of Interest</b> 12. Can the Applicant/Lead Applicant confirm that it is not engaged in any other activity that may cause a conflict of interest with the purpose of BGFA, if the Applicant/Lead Applicant should be selected during the Final Application stage to receive BGFA1 funding? Conflict of interest refers to the following but is not limited to: the Applicant/Lead Applicant having a business or family relationship with NEFCO's personnel involved in the application process or the supervision of the resulting contract; the Applicant/Lead Applicant being controlled by or controlling another Applicant/Lead Applicant, or being under common control with another Applicant/Lead Applicant, or receiving from or granting subsidies directly or indirectly to another Applicant/Lead Applicant, having the same legal representative as another Applicant/Lead Applicant, maintaining direct or indirect contacts with another Applicant/Lead Applicant which allows the first Applicant/Lead Applicant to have or give access to information contained in the respective Applications or Offers, influencing them or influencing decisions of NEFCO; being engaged in a consulting services activity, which, by its nature, may be in conflict with the assignments that the Applicant/Lead Applicant would carry out for NEFCO.	
<b>Environmentally safe practices and social responsibility</b> 13. Can the Applicant/Lead Applicant confirm that it is in compliance with all applicable environmental, labour, health and safety laws of a jurisdiction relevant for its business?	

- ii. The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing such property is derived from criminal activity;
- iii. The acquisition, possession or use of property knowing, at the time of receipt, that such property was derived from criminal activity; or
- iv. Participation or assistance in any of the activities above;

**“Financing of Terrorism”** meaning the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist activities.

**“Terrorist activities”** shall have the same meaning as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism.

14. Can the Applicant/Lead Applicant confirm that it, if selected for BGFA1 funding, is willing to undertake to seek economic, environmental and social progress with a view to achieving sustainable development?	
15. Can the Applicant/Lead Applicant confirm that it will use its best efforts to refrain from any act or omission that would be environmentally harmful during implementation of the proposed project, if it should be selected for BGFA1 funding during the Final Application stage?	

The Applicant/Lead Applicant acknowledges and confirms that it has examined all instructions, forms, terms, conditions and specifications in the Final Application Guidelines.

The Applicant/Lead Applicant understands and acknowledges that NEFCO reserves the right to verify any information provided by the Applicant/Lead Applicant, and that NEFCO at its sole discretion may decide that any untrue statement may result in the project proposal being rejected.

Before contracting, NEFCO will carry out a thorough integrity due diligence review of highest scoring Applicants/Lead Applicants in accordance with NEFCO's Policy on Integrity Due Diligence (IDD) and request that Applicants/Lead Applicants provide NEFCO with further information relating to the Applicant's/Lead Applicant's legal status, ownership, organization etc. The Applicant/Lead Applicant confirms that it will cooperate with NEFCO and provide such information upon request without delay.

By the signature of a duly authorized representative of the Applicant/Lead Applicant, the Applicant/Lead Applicant hereby certifies that all of the above information and statements are true and correct. The Applicant/Lead Applicant undertakes to bring to the attention of NEFCO any change in situation/or status with regard to the questions here above.

Date and place: \_\_\_\_\_

Authorised signature: \_\_\_\_\_

Name in capitals: \_\_\_\_\_

Position: \_\_\_\_\_

Organisation: \_\_\_\_\_

## Annex E. Draft Contract Template

This draft is not a representation or an offer and shall not create basis for any claim against Nordic Environment Finance Corporation

### **SUSTAINABLE OFF-GRID ENERGY SERVICES AGREEMENT**

[Host Country]

BETWEEN

**NORDIC ENVIRONMENT FINANCE CORPORATION**  
(AS FACILITY MANAGER OF  
THE BEYOND THE GRID FUND FOR AFRICA)

AND

**[NAME]**  
(AS ENERGY SERVICE PROVIDER)

DATED \_\_\_\_\_ 2021

**SUSTAINABLE OFF-GRID ENERGY SERVICES AGREEMENT** made and entered into between the following parties:

1. Nordic Environment Finance Corporation, an international financial institution established pursuant to a treaty between Denmark, Finland, Iceland, Norway and Sweden ("**NEFCO**"), with its main office in Helsinki, Finland, as facility manager; and
2. [*Name and address and bank account of energy service provider*] duly organized and existing under the laws of [*country of incorporation or establishment of the energy service provider*], as the energy service provider ("**Energy Service Provider**").

## **WHEREAS:**

The Beyond the Grid Fund for Africa ("**BGFA**") is a funding facility established by NEFCO in February 2019 upon Sweden's request with the aim to offer results-based financing to incentivise off-grid energy companies to establish and scale up innovative sustainable businesses and thereby accelerate the access to affordable and clean off-grid energy for customers in peri-urban and rural areas in challenging Sub-Sahara African markets, starting with Burkina Faso, Liberia, Zambia and Mozambique.

The BGFA was established with the aim to stepwise develop the facility into a multi-donor programme.

Power Africa, a U.S. Government-led partnership, in June 2020 joined the BGFA programme and is providing in-kind technical assistance support.

Germany in [month] 2021 through a separate bilateral funding arrangement has joined the BGFA programme as regards funding activities in Zambia.

The BGFA funding facility is managed by NEFCO and BGFA programme activities in the above target countries are implemented on the ground in partnership with The Renewable Energy and Energy Efficiency Partnership ("**REEEP**").

Pursuant to the BGFA First Call for Proposals ("**BGFA1**") covering activities in Burkina Faso, Liberia and Zambia, the Energy Service Provider has been selected to receive BGFA funding in return for its implementation of the proposed business and impact development project and provision of the offered off-grid energy services ("**Project**" and "**Services**") described in Annex 1 ("**Project and Service Description**").

## **NOW, THEREFORE, NEFCO AND THE ENERGY SERVICE PROVIDER AGREE AS FOLLOWS:**

### **SECTION 1 DEFINITIONS**

- 1.1 Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the Preamble to this Agreement have the meanings set forth therein, and the following additional terms have the following meanings:

**"Additional ESS"** means ESS established beyond the project proposal submitted to the BGFA1 (understood as an increased number, tier level or type of ESS, ESS for productive use or ESS in more distant and challenging rural areas).

**"Advance Payment"** means a payment to the Energy Service Provider made in advance of meeting of milestones under this Agreement, in the amount described in Annex 1, the Project and Service Description.

**"Affiliates"** means officers, directors, authorised employees, affiliates, agents or representatives of the Energy Service Provider, including suppliers and consultants financed with resources of the BGFA Programme (but does not include Partners).

**"Agreed Co-financing Amount"** has the meaning described in Article 3.3.

**"Agreement"** means this particular Sustainable Off-grid Services Agreement, including all annexes, appendixes, schedules and agreements supplemental hereto, as such agreement may be amended from time to time.

**"Banking Day"** means, in relation to any place where transactions under this Agreement have to be carried out, a day on which commercial banks in such place are neither required nor authorised to be closed.

**"Closing Date"** means the latest date for the Energy Service Provider's submission of the last Payment Request.

**"Direct to Scale Component"** has the meaning given in Annex 1, Project and Services Description.

**"Edison IT platform"** means an IT system for automated transfer of anonymised ESS data.

**"Energy Service Provider"** means the recipient of BGFA1 funding.

**"Energy Service Provider's Bank Account"** means a bank account held by the Energy Service Provider for the purpose of the Project and provision of Services, in a bank acceptable to NEFCO.

**"Environmental Impact Assessment"** means a report prepared by [a *competent expert contracted by the Energy Service Provider*] assessing the environmental impact resulting from the implementation of the Project and provision of the Services by the Energy Service Provider.

**"ESS"** is an abbreviation for an "energy service subscription" and means a contractual arrangement between the Energy Service Provider and a customer for the provision of sustainable off-grid energy services.

**"ESS Delivery Schedule"** means the schedule for the Energy Service Provider's delivery and installation of the agreed amount, type and ESS tiers with customers set out in Appendix B.

**“Exercise Period”** means the time period during which NEFCO can exercise the Option, as set out in Article 3.16.

**“EUR”** and the sign “€” mean euro, the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

**“FM Affected Party”** means the Party affected by a Force Majeure Event.

**“Force Majeure Event”** means an event or circumstance beyond the control of a Party that could not, after using all reasonable efforts, be overcome and which (but for the provisions of SECTION 8) results in or causes the failure of that party to perform its obligations under this Agreement, provided that:

- such party did not play a substantial role in bringing about the event or circumstance; and
- a lack of funds will not constitute a Force Majeure Event.

**“Force Majeure Period”** has the meaning given to it in Article 8.2.

**“Host Country”** means the *[insert name of Host Country]* as the country in which the Project will be implemented and the Services will be provided.

**“Investors”** means Sweden and Germany.

**“Launch to Scale Component”** has the meaning given in Annex 1, Project and Services Description.

**“Monitoring & Reporting Plan”** means the monitoring and reporting requirements set out in Appendix C.

**“Option”** means the option for NEFCO to procure Additional ESS set out in Article 3.15.

**“Partner(s)”** means *[name of Partner(s) to be filled in. Can be either: Consortium Members, Project Partners or Significant Sub-Contractors].*

**“Payment Request”** means a request for payment as detailed in Article 5.3.

**“Prohibited Practice”** means any of the following:

- a) **“Abuse”** meaning theft, misappropriation, waste or improper use of property or assets related to the Project, either committed intentionally or through reckless disregard;
- b) **“Coercion”** meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party for the purpose of improperly influencing the actions of a party;

- c) “**Collusion**” meaning an arrangement between two or more parties designed to achieve an improper purpose, including for the purpose of improperly influencing the actions of another party;
- d) “**Corruption**” meaning the promise, offering, giving, receiving, or soliciting, directly or indirectly, anything of value or any undue advantage, or any act or omission that involves the abuse of authority or functions, for the purpose of influencing or causing to influence improperly the actions of another party, or for the purpose of obtaining an undue advantage for oneself or for another party;
- e) “**Fraud**” meaning any act or omission, including misrepresentation or concealing a material fact, that knowingly or recklessly misleads, or attempts to mislead, a party for the purpose of obtaining a financial or other benefit or undue advantage for oneself or for a third party, or to avoid an obligation;
- f) “**Obstruction**” meaning
  - i. Deliberately destroying, falsifying, altering or concealing evidence material to an investigation;
  - ii. Making false statements to investigators in order to materially impede an investigation;
  - iii. Failing to comply with requests to provide information, documents or records in connection with an investigation;
  - iv. Threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to a NEFCO investigation or from pursuing an investigation; or
  - v. Materially impeding NEFCO’s contractual rights of audit or access to information;
- g) “**Money Laundering**” meaning
  - i. The conversion or transfer of property, knowing that such property is derived from criminal activity, to conceal and disguise the illicit origin of the property, or assisting any person who is involved in the commission of such activity to evade the legal consequences of this action;
  - ii. The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing such property is derived from criminal activity;
  - iii. The acquisition, possession or use of property knowing, at the time of receipt, that such property was derived from criminal activity; or
  - iv. Participation or assistance in any of the activities above;
- h) “**Financing of Terrorism**” meaning the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out terrorist activities, which have the meaning set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism;
- i) any other involvement in a criminal organisation, child labour, trafficking in human beings, tax avoidance, tax fraud and tax evasion relative to the use of the resources of the BGFA Programme; and



- j) failure to require that Partners and Affiliates:
  - a. refrain from offering third parties, or seek, accept or be promised from or by third parties, for themselves or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever which could be interpreted as an illegal or Corrupt practice; and
  - b. refrain from otherwise engaging in a Prohibited Practice.

**“Project”** means the proposed business and impact development project described in Annex 1 (Project and Service Description), including such possible amendments to Annex 1 as may be approved by NEFCO in writing.

**“Project Account(s)”** means an account kept by the Energy Service Provider and Partners, if relevant, showing costs and expenses incurred for the Project and provision of Services as well as all revenues resulting from the Project and Service provision, including the BGFA funding, received from time to time.

**“Project and Service Description”** means the description of the Project and the Services set out in Annex 1, including such possible amendments to Annex 1 as may be approved by NEFCO in writing.

**“REEEP”** means The Renewable Energy and Energy Efficiency Partnership.

**“Services”** means the energy services and Scale-Up Component described in Annex 1 (Project and Service Description), including such possible amendments to Annex 1 as may be approved by NEFCO in writing.

**“Taxes”** includes VAT, imposts, levies, fees and duties of any nature, whether in effect at the date of this Agreement or imposed thereafter in the Host Country or in the country of domicile or registration the Energy Service Provider;

**“Work Plan”** means the agreed milestones for implementation of the Project, including gender and e-waste actions plans (as relevant for the Project) set out in Appendix A.

## SECTION 2 BGFA FUNDING

### Amount, Closing Date, Availability of Funds to NEFCO

- 2.1 NEFCO undertakes to make available to the Energy Service Provider for the purpose of implementation of the Project and provision of Services, results-based BGFA funding in an amount of up to EUR [*amount in figures (amount in letters Euros)*]. The Closing Date of the funding is [●], 20[●] or such later date as NEFCO shall approve.
- 2.2 It is expressly acknowledged and agreed that NEFCO will not be obliged to make any payment under and/or pursuant to this Agreement, except to the extent such amounts by the Investors have been made (and remain) available to NEFCO for the purposes of the Project.

## **Use of funds**

- 2.3 The funding can be used solely for covering expenses and costs arising out of the implementation of the Project and provision of Services. This includes expenses of the Energy Service Provider and possible Partner(s) as well as payments for goods, works and services required for the Project and Services provided by employed or hired contractors, including costs of business development, market research and support costs and general business expenses in supporting the deployment of the contracted ESS.
- 2.4 In accordance with the provisions in Annex 1, Project and Service Description, the funding may be used for the payment of reasonable Taxes related to Project implementation and provision of Services.
- 2.5 Consistent with international law, the funding shall not be used for payment to persons or entities or for any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under the Chapter VII of the Charter of the United Nations. Persons or entities, or suppliers offering goods and services, covered by such prohibitions shall therefore not be eligible for the award of contracts financed with BGFA funding.

## **Procurement**

- 2.6 Goods, works and services from third parties shall be procured by the Energy Service Provider and possible Partner(s) using open and transparent procurement methods, which ensure a sound selection of goods, works and services at fair market value, serving the purposes of economy and efficiency, and the procurement shall be carried out in accordance with NEFCO's Procurement Guidelines, as agreed at the time of the Parties' signing of this Agreement and published at NEFCO's website [www.nefco.org](http://www.nefco.org). When funds are used to cover costs of goods, works or services provided by the Energy Service Provider, Partner(s) or an Affiliate that has business, family or other relation to the Energy Service Provider or Partner(s), the price of such goods, works or services to be covered from the funds shall not give rise to profits and shall therefore be reasonably below fair market prices.

## **SECTION 3 KEY DELIVERABLES**

### **Project and Services**

- 3.1 The Energy Service Provider undertakes to implement the Project and provide the Services, as described in the Project and Service Description and in accordance with the terms of this Agreement.

### **Work Plan and ESS Delivery Schedule**

- 3.2 The Energy Service Provider undertakes to progress the implementation of the Project in accordance with the milestones set out in the Work Plan and to establish with customers and deliver the amounts, types and ESS tiers and energy Services set out in the ESS Delivery Schedule.

### **Co-financing**

- 3.3 The Energy Service Provider undertakes to make timely and appropriate arrangements for negotiation and contracting additional co-financing ("**Agreed Co-financing Amount**") as described in Annex 1, Project and Services Description and to provide evidence thereof to NEFCO in a form reasonably acceptable to NEFCO at the latest by the milestone(s) agreed in the Work Plan.

### **Contribution to activities**

- 3.4 The Energy Service Provider undertakes to actively contribute to and support Investors' and NEFCO's evaluation and assessment of the impact of BGFA funded activities by providing information/data to NEFCO or its representatives, including REEEP and by participating in local meetings, surveys, assessments, interviews etc. as reasonably required from time to time. In particular, the Energy Service Provider undertakes to participate in regular local events, meetings and activities of the BGFA, provided these are convened at reasonable notice and do not unreasonably impinge on day to day business operations of the Energy Service Provider.

### **ESS reporting**

- 3.5 The Energy Service Provider undertakes to take appropriate and timely measures allowing for its provision to REEEP of [anonymised] ESS data via an automated link into the Edison IT platform. Costs incurred as a direct result of developing the automated link of up to a maximum of EUR 5,000.00 can be included by the Energy Service Provider as a Project implementation cost.
- 3.6 ESPs may be required to provide also non-anonymised data. In this event, NEFCO will notify the Energy Service Provider in writing of the required data, and the Energy Service Provider must provide to NEFCO or its representative (REEEP or any other third party) the data, in accordance with any timeframe specified in the notice from NEFCO. In this event, REEEP and any other third party (and NEFCO to the extent required as receiver of the data) will undertake to keep the data confidential and/or take relevant data protection measures.

### **On-line reporting**

- 3.7 The Energy Service Provider undertakes, if not otherwise required by NEFCO, to provide documents, including progress, financial and audit reports online through REEEP's dedicated Workflow Management System.

### **Audit**

- 3.8 The Energy Service Provider undertakes to keep a Project Account, and shall, where relevant, ensure that a Project Account is also kept by possible Partner(s). The Project Account(s) shall be audited at a minimum annually or at such other intervals as NEFCO may reasonably deem appropriate.
- 3.9 The audit shall be carried out by an external, independent and qualified auditor acceptable to NEFCO and the auditor shall be authorised in writing by the Energy Service Provider to communicate directly with NEFCO regarding all aspects of the Project. The audit shall be carried out in accordance with

international auditing standards issued by The International Auditing and Assurance Standards Board, IAASB.

- 3.10 In the audit report, the auditor shall (as per ISA 800/805) mention whether the Energy Service Provider's Project Account complies with the Energy Service Provider's accounting and NEFCO's instructions for financial reporting.
- 3.11 The auditor shall draw up a management letter containing the observations made by the auditor during the audit process. The management letter shall also specify whether the Energy Service Provider has taken appropriate measures based on recommendations from previous revisions.
- 3.12 The Energy Service Provider shall send the annual audit report to the NEFCO no later than [*specify date*] each year. The Energy Service Provider shall send a scheduled action plan (indicating dates given for each measure) for the auditor's observations in the management letter, together with the audit report.
- 3.13 If NEFCO requests additional information in relation to the Energy Service Provider's audit reports, including to carry out additional and/or more detailed audits, the Service Provider shall cooperate with NEFCO and the Investors in relation to the provision of the required information and conducting of additional audits and, at its own expense, provide NEFCO access to the documents and other information NEFCO and the Investors may request.
- 3.14 Costs associated with audits shall be covered by the Energy Service Provider.

#### **Option**

- 3.15 In the event that the Energy Service Provider is able to establish Additional ESS within the Project period, the Energy Service Provider shall promptly notify NEFCO of such and hereby grants NEFCO the exclusive right, but not the obligation, to procure all or part of such Additional ESS established or to be established up to a total amount of [●] Additional ESS ("**Option**").
- 3.16 NEFCO may exercise its Option in respect of all or part of any Additional ESS by giving written notice to the Energy Service Provider at any time before the expiry of sixty (60) Business Days following receipt of the notification of the Additional ESS (the "**Exercise Period**").
- 3.17 NEFCO's decision whether or not to exercise its option to procure the Additional ESS (or any part thereof) shall only be applicable to the particular Additional ESS in respect of any notice of NEFCO and will not be construed to be an obligation or election on the part of NEFCO to procure, or to abstain from the procurement of, any other Additional ESS in respect of any future established ESS in respect of which NEFCO has not provided such a notice.
- 3.18 The Energy Service Provider shall establish, and NEFCO shall pay for, the Additional ESS in respect of which NEFCO has exercised its Option in accordance with this Agreement.
- 3.19 If NEFCO decides, in its sole and absolute discretion, to abstain from exercising its Option in respect of any Additional ESS, NEFCO shall have no obligation to finance such Additional ESS.

- 3.20 The Energy Service Provider may freely dispose over to a third party any Additional ESS in respect of which the Exercise Period has expired and NEFCO has not exercised its option.

#### SECTION 4 CONDITIONS PRECEDENT FOR PAYMENT

- 4.1 The obligation of NEFCO to make a payment to the Energy Service Provider is subject to fulfilment, on a continuous basis (as applicable), in a manner satisfactory to NEFCO of the following conditions precedent, unless waived by NEFCO in its absolute discretion:

- (a) this Agreement, has been duly signed by the Parties and is in full force and effect;
- (b) the Energy Service Provider has provided documentation satisfactory to NEFCO evidencing that:
  - (i) the appropriate bodies of the Energy Service Provider have duly taken all necessary decisions for this Agreement to be executed and delivered on behalf of the Energy Service Provider;
  - (ii) the Energy Service Provider has received all permits and approvals necessary to receive the funds on the conditions set out in this Agreement;
  - (iii) with the BGFA funding included and timely access to Agreed Co-financing Amount (as described in Annex 1, Project and Services Description), implementation of the Project and provision of agreed Services are deemed by NEFCO to be appropriately financed;
  - (iv) [agreement(s), in form and substance satisfactory to NEFCO, have been concluded between the Energy Service Provider and possible Consortium Members or other Partners for the joint implementation of the Project and provision of Services];
  - (v) [the Energy Service Provider has developed a policy on the handling of e-waste];
  - (vi) [the Energy Service Provider has developed a gender policy]; and
  - (vii) [possible other agreed conditions precedent].
- (c) the Energy Service Provider and possible Partner(s) have obtained all requisite licenses, permits and approvals and/or no-objections by appropriate authorities, necessary for the implementing the Project and provide Services, and such licenses, permits and approvals are in full force and effect except that this shall not apply to such permits and approvals which by their nature will be applied for and obtained at a later

stage, provided that the Energy Service Provider has no reason to believe that such permits and approvals will not be subsequently obtained in a timely manner;

- (d) NEFCO has received a list of names, titles and specimen signatures of the persons authorized to represent the Energy Service Provider in any matter connected with this Agreement, substantially in the form of Annex 3 (Form of Certificate of Incumbency and Authority);
- (e) the Energy Service Provider has furnished, or made to be furnished, at its own expense, to NEFCO a legal opinion substantially in the form of Annex 4 (Form of Legal Opinion), issued by a legal counsel acceptable to NEFCO;
- (f) if applicable, an Environmental Impact Assessment, satisfactory to NEFCO, has been carried out;
- (g) a Letter of Social Responsibility, substantially in the form of Annex 5 (Form of Letter of Social Responsibility) has been signed by the Energy Service Provider and possible Partner(s);
- (h) NEFCO has received a written confirmation issued by the account-holding bank stating that the Energy Service Provider is the legal owner of, and has sole access, to the Energy Service Provider's Bank Account;
- (i) [the Energy Service Provider has raised committed co-financing to the level of minimum EUR [●]];
- (j) other than in relation to an Advance Payment, the milestones set out in the Work Plan and the ESS Delivery Schedule are materially being met, subject to Article 4.2, and sufficient information has been provided by the Energy Service Provider to NEFCO to enable NEFCO to assess the extent to which applicable milestones have been met;
- (k) no event as set out in Article 7.4 has occurred and is continuing; and
- (l) NEFCO has concluded, in its sole discretion, that no circumstances exist which would materially prevent a timely completion of the Project and provision of Services in accordance with this Agreement.

4.2 In relation to Article 4.1(j), NEFCO may in its sole discretion waive the requirement for a milestone to have been met, or met in full, or (with the agreement of the Energy Service Provider) modify the requirements for that milestone and make payment on the basis of the modified milestone being achieved. Where a milestone is waived or modified pursuant to this Article, NEFCO may require as a condition of the waiver or modification that minimum a percentage of the milestone has been met. For the avoidance of doubt, NEFCO's agreement to waive or modify a milestone under this Article will not affect any other milestone or obligation on the Energy Service Provider and NEFCO's rights to suspend or reduce payments under Article 7.8 are not affected in relation to any other milestone.

## SECTION 5 PAYMENTS

- 5.1 Subject to Articles 5.2, 5.3. and SECTION 7, and to the fulfilment (or waiver thereof by NEFCO) of the conditions precedent set out in SECTION 4, NEFCO will in return for the Energy Service Provider's implementation of the Project and provision of Services make payments, including any Advance Payment, to the Energy Service Provider's Bank Account based on a Payment Request.
- 5.2 No payments shall be less than EUR 50,000, unless otherwise agreed with NEFCO.
- 5.3 Payments will normally be made within [thirty (30)] Banking Days after NEFCO receipt of an original Payment Request (and [sixty (60)] days in the case of the final Payment Request) to be issued substantially in the form of Annex 2 (Form of Payment Request), duly completed and accompanied by the supporting documentation set out in said Annex and possibly specified in the Appendixes to Annex 1.
- 5.4 If the requested date of payment is not a Helsinki Business Day, NEFCO may effect the payment on the next succeeding Helsinki Business Day.
- 5.5 All Payment Requests shall be signed on behalf of the Energy Service Provider by a person, or persons, who have been duly authorized thereto in the form of Annex 3 (Form of Certificate of Incumbency and Authority).
- 5.6 NEFCO shall pay any bank costs related to the payments. Such costs are considered to form part of the total amount of the BGFA funding.
- 5.7 NEFCO shall open and maintain on its books an account in the Energy Service Provider's name showing the payments the funds and the computation and payment of charges, commissions, fees and other amounts due, if any, and sums paid thereunder. Such account shall be final, conclusive and binding on the Energy Service Provider, unless shown by the Energy Service Provider to the satisfaction of NEFCO to contain manifest clerical error.
- 5.8 Any un-cancelled amount of the funding for which NEFCO has not received a Payment Request by the Closing Date may be irrevocably cancelled by NEFCO. The Energy Service Provider may however apply for an extension of the Closing Date. NEFCO's consent to such justified application shall not be unreasonably withheld.

## SECTION 6 WARRANTIES, UNDERTAKINGS AND COVENANTS

- 6.1 Without limiting the generality of what is said elsewhere in this Agreement, the Energy Service Provider warrants, undertakes and covenants that:
  - (a) it shall take or cause to be taken all action which shall be necessary to implement the Project and provide Services with due diligence and efficiency and in conformity with appropriate administrative, financial, engineering, social, environmental and climate change mitigation and adaptation practices (as applicable to the Project and Services), in order

that the Project shall be implemented and the Services shall be carried out in accordance with the highest industry standard;

- (b) it shall comply with all applicable laws, statutes and regulations as well as with all agreements to which it is a party;
- (c) it has taken, or shall promptly take all action within in its powers to approve and provide, or make to be approved and provided, all rights, licenses, filings, registration and authorizations that are necessary for the lawful implementation of the Project and provision of the Services;
- (d) the scope of the Project and the Services will not be materially changed unless NEFCO agrees otherwise in writing;
- (e) it shall, without request, provide to NEFCO, or cause to be provided, as soon as they are prepared but not later than end of [April] each year, its annual statutory financial statements for the preceding year;
- (f) it shall comply with the NEFCO Policy on Anticorruption and Compliance, and shall not engage in, and shall not authorise or permit any of its Partners or Affiliates to engage in, any Prohibited Practice with respect to the Services or any transactions contemplated by this Agreement;
- (g) it shall use its best efforts to monitor and to counteract any perceived Prohibited Practice engaged in by Partner(s) or Affiliates;
- (h) it has not and shall not (i) enter into any business relationship with specially designated nationals, blocked persons or entities maintained on any Sanctions List; or (ii) engage in any other activity that would constitute a breach of Sanctions;
- (i) it shall comply with the NEFCO Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH), available on NEFCO's website [www.nefco.org](http://www.nefco.org), and refrain from, and take all necessary action to prevent, SEAH, and counteract and investigate, and inform NEFCO of, any allegations of SEAH whenever identified in connection with the activities of any of its Affiliates and/or Partners taking part in the implementation of the Project;
- (j) it shall furnish to NEFCO, or cause to be furnished, the reports and information which are set out in Appendix C ("Monitoring & Reporting Plan") as well as all such other reports and information relating to the Project and the Services as NEFCO may reasonably request, including, without limitation, a final report following the completion of the Project and provision of the Services;
- (k) it shall promptly notify NEFCO in writing of any event or circumstance specified in Article 6.1 and any other event or circumstance which in the reasonable opinion of the Energy Service Provider could adversely affect the Energy Service Provider's ability to comply with its obligations under this Agreement, and any steps the Energy Service Provider is taking to remedy the same;



- (l) it shall ensure that the Project implementation is carried out and the Services are provided in a manner which is not in conflict with any intergovernmental agreements applicable to the Project and Services concluded between the Government of any of the Nordic countries and the Host Country;
- (m) it shall promptly inform NEFCO of any event or situation that might negatively affect the implementation of the Project and provision of the Services or which may necessitate an agreement on a modification or an alteration in the scope, character or execution of the Project and the Services;
- (n) it shall under no circumstances act as the representative of NEFCO, REEEP or the Investors, or give the impression that it has been given such an authority;
- (o) it shall ensure (i) that all laws and regulations of [Energy Service Provider's country of incorporation or establishment] and the Host Country regarding confidentiality of information and data protection shall be respected and (ii) it shall use its best efforts to ensure that the Partner(s) and Affiliates maintain such confidentiality and data protection at all times. This Article 6.1(o) shall survive termination of this Agreement;
- (p) NEFCO and the Energy Service Provider shall consult to agree upon the elements of the Project, the Services and this Agreement that may be made public;
- (q) it shall ensure that neither the name of NEFCO nor information on the Services or this Agreement is used in any advertising or for other marketing purposes without the prior written approval of NEFCO;
- (r) at the request of NEFCO, it shall prepare reasonable documentation and material to be used by NEFCO at its discretion for public information or dissemination purposes; and
- (s) it shall ensure that all assets and activities required for the lawful and diligent implementation of the Project and provision of the Services in accordance with this Agreement are the subject of insurance policies with reputable insurers for an amount on and terms in accordance with good business practice.

## SECTION 7 SUSPENSION AND CANCELLATION; REPAYMENT; TERMINATION

### **Suspension and Cancellation**

7.1 NEFCO shall have the right to suspend payments under this Agreement in whole or in part by sending a notice to o the Energy Service Provider, if:

- (a) any information given by the Energy Service Provider in connection with the execution and delivery of this Agreement, or in connection with any

Payment Request, is found to have been incorrect in any material respect; or

- (b) it becomes apparent, in the opinion of NEFCO, that the Energy Service Provider or its Partner(s) or an Affiliate has engaged in any Prohibited Practice.

7.2 If one or more of the events in Article 7.1. occurs, the obligation of NEFCO to make payments to the Energy Service Provider is suspended in whole or in part, as the case may be, from the date specified in the suspension notice, until the event or events which gave rise to the suspensions has ceased to exist or until NEFCO has notified the Energy Service Provider that the payment obligations are no longer suspended, in whole or in part.

7.3 In the event that a payment has been suspended pursuant to Article 7.1. with respect to any amount for a continuous period of ninety (90) calendar days, then NEFCO may, by notice to the Energy Service Provider, cancel the Energy Service Provider's right to receive the payment which is the subject of the suspension, and NEFCO will from the date of that notice, cease to have any payment obligation to the Energy Service Provider in respect of such payment.

#### **Termination**

7.4 NEFCO shall be entitled to terminate the Agreement in the event of one or more of the following occurrences:

- (a) the Energy Service Provider commits any continuing or material breach of any of the provisions of this Agreement;
- (b) the Energy Service Provider fails to implement the Project, or in NEFCO's reasonable opinion, is likely to fundamentally fail to implement the Project materially in accordance with the Work Plan and ESS Delivery Schedule;
- (c) the Energy Service Provider fails to provide the Service according to the ESS Delivery Schedule with an underperformance exceeding 30% for two consecutive payment periods, as defined in the ESS Delivery Schedule, or fails to meet a milestone under the Work Plan for more than 365 consecutive days and Article 4.2 does not apply. At the discretion of NEFCO underperformance in one energy service tier can be set-off against over-performance in another tier;
- (d) it becomes impossible for the Energy Service Provider to continue the implementation of the Project and provision of Services for whatsoever reason including cases of a Force Majeure Event referred to in Article 8.4;
- (e) in the event of insolvency or bankruptcy of the Energy Service Provider or its owners and / or in the event that the Energy Service Provider or its owners file for protection from bankruptcy or experience any other insolvency proceedings against their assets, whether the Energy Service Provider or Energy Service Provider's owners have filed the application themselves or such a filing is irrevocably awarded by the competent court;

- (f) the Energy Service Provider, pursuant to a court judgement or similar, is found to have not fulfilled material obligations in respect of contributions for social security, pension and / or tax payments;
  - (g) in the event of gross negligence, wilful misconduct, Prohibited Practice, or criminal activity of the Energy Service Provider and / or the Energy Service Provider's employees and / or a Partner when this latter is in the context of this Agreement;
  - (h) in the event that any critical information provided by the Energy Service Provider in the Energy Service Provider's application for BGFA funding and / or during due diligence was incorrect or incomplete;
  - (i) in the event that NEFCO is obliged by law to terminate the funding of the Project and the Services.
- 7.5 Notice of early termination will be served in writing by NEFCO providing the Energy Service Provider with ninety (90) days to remedy the situation as regards items a) and b). Otherwise NEFCO shall be entitled to terminate the Agreement immediately without a notice period.
- 7.6 Upon early termination of the Agreement, the Energy Service Provider shall provide outstanding financial information and a final progress report to account for and reconcile the funds remuneration received during the period of operation of the Agreement.
- 7.7 In the event of early termination, the Energy Service Provider shall be entitled to claim from NEFCO or retain remuneration only for Project implementation measures and Services that have been delivered in accordance with this Agreement, subject to Article 7.8.

#### **Repayment**

- 7.8 In the event of early termination of the Agreement pursuant to items a), c), e), f) g) or h) of Article 7.4, NEFCO may require, by written notice, the Energy Service Provider to repay in full or part all payments already paid by NEFCO to the Energy Service Provider pursuant to this Agreement.
- 7.9 If at any time NEFCO reasonably suspects that there has been a misappropriation by the Energy Service Provider or its Partners of payments made under this Agreement, or the Energy Service Provider, its Partners or Affiliates have been engaged in any Prohibited Practice or other wilful misconduct, then NEFCO may by written notice to the Energy Service Provider require that the Energy Service Provider repay payments made to it under this Agreement, in part or full, as determined by NEFCO.
- 7.10 Upon receipt of a notice requiring repayment pursuant to Articles 7.8 or 7.9, the Energy Service Provider will repay the amount specified in the notice, within the timeframe specified in the notice. In addition, the Energy Service Provider will reimburse NEFCO for any direct costs incurred in connection with the collection of such amounts or otherwise in connection with the misappropriation or the engagement in a Prohibited Practice, if specified in any notice given by NEFCO under Articles 7.8 or 7.9.

## SECTION 8 FORCE MAJEURE

- 8.1 Upon the occurrence of a Force Majeure Event, the FM Affected Party must notify the other party in writing of the commencement of the Force Majeure Event, providing in reasonable detail, to the extent available to the FM Affected Party:
- (a) details of the event or circumstance causing the Force Majeure Event;
  - (b) the steps being taken by the FM Affected Party to remove or mitigate the effects of the Force Majeure Event; and
  - (c) a non-binding estimate of the extent and the expected duration of its inability to perform its obligations due to the Force Majeure Event.
- 8.2 The obligations of both parties with respect to the obligations affected by the Force Majeure Event will be suspended for the period that the Force Majeure Event results in or causes the failure of the FM Affected Party to perform its obligations ("Force Majeure Period"). During the Force Majeure Period, the FM Affected Party must use all reasonable endeavours to overcome the Force Majeure Event.
- 8.3 Upon the Force Majeure Event being overcome or it ceasing to subsist, the parties will, as soon as reasonably practicable thereafter, resume their obligations under this Agreement (including, for the avoidance of doubt, any suspended obligations).
- 8.4 Where a Force Majeure Period continues for a period of 365 days, a party may, by written notice to the other party, terminate this Agreement pursuant to Article 7.4.

## SECTION 9 NOTICES AND REQUESTS

- 9.1 Any notice or request required or permitted to be given or made under this Agreement shall be made in writing and such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand or by mail or e-mail to the party to which it is required or permitted to be given or made, at such party's address specified below in this Agreement or at such other address as such party shall have designated by notice to the other party. Any notice expressly required under this Agreement shall, if given by e-mail promptly be confirmed by registered letter.

Addresses:

### For NEFCO

Nordic Environment Finance Corporation (NEFCO)  
P.O. Box 241, FIN-00171 Helsinki, Finland  
Telephone: +358 10 618 003  
E-mail: info@nefco.fi

### For the Energy Service Provider:

[to be filled in by the Energy Service Provider]

## SECTION 10 GOVERNING LAW; DISPUTE RESOLUTION; NOTICE OF PROCESS; IMMUNITY

- 10.1 This Agreement shall be governed by, and construed in accordance with, the laws of Sweden.
- (a) Any controversy between the parties to this Agreement and any claim by any such party against the other party arising under this Agreement or in connection herewith which has not been settled by agreement of the parties within sixty (60) days, shall be submitted to arbitration and shall then be finally settled under the Rules of Arbitration of the Arbitration Institute of the Stockholm Chamber of Commerce by three arbitrators appointed in accordance with the said rules.
  - (b) The place of the arbitration shall be Stockholm and the language of such proceedings shall be English.
  - (c) Notwithstanding the aforesaid, NEFCO may take any action available under [the law of the Energy Service Provider and/or the country where the Project is located] to guard its interest under this Agreement.
- 10.2 Service of any notice of process in connection with any proceedings under this Article may, to the extent allowed by applicable law, be made in the manner provided in Article 9.1. The parties to this Agreement hereby expressly waive any and all other requirements for the service of any such notice of process.
- 10.3 Nothing in this Agreement shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions accorded to NEFCO pursuant to the Agreement of 6 November 1998 between Denmark, Finland, Iceland, Norway and Sweden concerning NEFCO (as from time to time supplemented and/or amended) or any other international convention or any applicable law. Notwithstanding the foregoing, NEFCO has made an express submission to arbitration under Article 10.1. (*Governing Law; Dispute Resolution; Notice of Process; Immunity*) and accordingly, and without prejudice to its other privileges and immunities (including, without limitation, the inviolability of its archives), it acknowledges that it does not have immunity from suit and legal process in respect of the enforcement of an arbitral award duly made against it as a result of its express submission to arbitration pursuant to Article 10.1.

## SECTION 11 INDEMNIFICATION; DAMAGES; INSURANCE

- 11.1 The Energy Service Provider assumes full liability for, and agrees to and shall indemnify and hold harmless NEFCO and its employees against and from any and all liabilities, obligations, losses, damages, penalties, claims, actions, Taxes, duties, suits, reasonable costs and expenses of whatsoever kind and

nature, and which in any way relate to or arise out of, whether directly or indirectly:

- (a) any of the transactions contemplated by this Agreement or the execution, delivery or performance thereof;
- (b) the exercise by NEFCO of any of its rights and remedies under this Agreement;

provided that NEFCO shall not have any right to be indemnified hereunder for its own recklessness or wilful misconduct.

- 11.2 The Energy Service Provider acknowledges that NEFCO is entering into this Agreement, and has acted solely as a facility manager, and not as an advisor, to it. The Energy Service Provider represents and warrants that, in entering into this Agreement, it has engaged, and relied upon advice given to it by its own legal, financial and other professional advisors and no decision made, or action taken by it, when entering into this Agreement, is attributable to advice given by NEFCO.
- 11.3 Apart from cases of intent or gross negligence, the Energy Service Provider's liability for damages is limited to the total of the upper limit of the value of this Agreement.
- 11.4 The limitation of liability does not apply, however, if the liability for damages relates to encroachment on another party's rights.
- 11.5 Damage claims must be made in writing to the counterparty within six months of the damages being discovered, and no later than three years after the Agreement has been terminated. These time limits shall not apply, however, in cases of intent or gross negligence.
- 11.6 The Energy Service Provider must have professional liability insurance, which during the contractual period comes to an amount at least equivalent to the agreed liability for damages (see Article 11.3. above). At NEFCO's request, the Energy Service Provider shall provide proof that this insurance has been obtained.

## SECTION 12 DATA PROTECTION

- 12.1 The Energy Service Provider shall process personal data in accordance with, and otherwise comply with, all requirements of applicable data protection laws, including as relevant the General Data Protection Regulation ((EU) 2016/679) (GDPR), as amended from time to time.
- 12.2 NEFCO undertakes to process any personal data received in accordance with, and otherwise comply with, its data protection and privacy policy as in force from time to time and will require that REEEP and any other third parties acting on NEFCO's behalf if receiving data from ESPs will comply with relevant data protection requirements.

## SECTION 13 MISCELLANEOUS PROVISIONS

- 13.1 No delay in exercising, or omission to exercise any right, power or remedy accruing to any party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof, nor shall any action of such party in respect of any default affect or impair any right, power or remedy of such party in respect of any other or subsequent default.
- 13.2 The Energy Service Provider may not, without the prior written consent of NEFCO, assign or transfer any of its rights, benefits or obligations under this Agreement.
- 13.3 In the event that any provision of this Agreement is or shall become void or unenforceable, the remainder of this Agreement shall remain in full force and effect.
- 13.4 The headings in this Agreement are inserted for convenience and identification only, and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision thereof.
- 13.5 In case the Parties agree that the provision of the Services or other circumstances have changed, then this Agreement may be amended. Such amendments must be made in writing and be signed by both Parties.

## SECTION 14 ENGLISH LANGUAGE; COPIES

- 14.1 All documents to be furnished or communications to be given or made under this Agreement shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by the issuer of any such document or communication, which shall be the governing version between the issuer and NEFCO.
- 14.2 This Agreement has been signed in two (2) original copies in the English language, each party to the Agreement shall keep one copy.

## SECTION 15 ANNEXES

- 15.1 The following Annexes form an integral part of this Agreement:

Annex 1	Project and Services Description (including Appendices) Appendix A - Work Plan Appendix B - ESS Delivery Schedule Appendix C - Monitoring and Reporting Plan
Annex 2	Form of Payment Request
Annex 3	Form of Certificate of Incumbency and Authority
Annex 4	Form of Legal Opinion
Annex 5	Form of Letter of Social Responsibility

IN WITNESS WHEREOF the parties hereto acting through their duly authorized representatives have caused this Agreement to be signed with their respective names as of the day and year first above written.

NORDIC ENVIRONMENT FINANCE CORPORATION

By: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_

[ENERGY SERVICE PROVIDER]

By: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
\_\_\_\_\_



**PROJECT AND SERVICES DESCRIPTION**  
(to be added)

Appendix A - Work Plan  
Appendix B - ESS Delivery Schedule  
Appendix C- Monitoring & Reporting Plan

[Description based on extract of Business Plan.

Applicants are kindly requested to take into account the following:

The maximum volume of the **Launch to Scale Component** is 30% of the total funding amount applied for up to a maximum ceiling of EUR 500,000. It can be made available in 1 or 2 tranches of up to EUR 250,000 each and paid out during the first 12-18 months after contract signing (provided ESP fulfil relevant conditions precedent).

Payments under the **Direct to Scale Component** can commence any time after signing of the contract must commence at the latest within 12 -18 months after contract signing (provided ESP fulfil relevant conditions precedent).]

Appendix A

## FORM OF WORK PLAN

[ESPs selected for contract negotiations will be requested to propose milestones, where they would like to receive BGFA payments related to progress in their implementation of business and developments impact aspects of the proposed Project.]

Below are examples of possible Project implementation milestones which could form basis for payments. ESPs are encouraged to be realistic when developing the milestones, while at the same time ensure a supportive and relevant cash-flow.

ESPs are reminded to take the following into account when proposing Work Plan milestones:

- Before any payment can be made, all conditions precedent must have been fulfilled (or exceptionally waived);
- Each payment can be minimum EUR 50 000; and
- Maximum three payments can be made annually.

ESPs are also advised to take into account that payments will only be processed:

- Upon NEFCO's receipt of an original Payment Request (using the form set out in Annex 2; and
- ESP's provision of a supportive progress report (including all relevant documentation) demonstrating that all conditions precedents and milestones relevant for the required payment have been met.

During the contract negotiations, proposed Work Plan milestones will be reviewed and "tested" in an active dialog with ESPs. Once a common understanding has been reached, the agreed milestones will be reflected in an appendix to the Agreement (using this form) and subsequently used for monitoring and payment purposes.]

Milestone 1 Month [e.g. 3] from contracting		Milestone 2 Month [e.g. 9] from contracting		Milestone N Month [e.g. N] from contracting	
Key deliverable	Documentation	Key deliverable	Documentation	Key deliverable	Documentation
<i>For example</i> Development of Gender Action Plan	<i>For example</i> The Gender Action Plan				
<i>For example</i> Development of Waste Action Plan	<i>For example</i> The Waste Action Plan				
<i>For example</i> Initial Co-financing ensured	<i>For example</i> Letter from bank in form acceptable to NEFCO				

## Appendix B

### **FORM ESS DELIVERY SCHEDULE**

[ESPs selected for contract negotiations will be requested to propose milestones, where they would like to receive BGFA payments related to progress in their establishment of ESS and delivery of offered off-grid energy Services.

Below examples of possible ESS establishment and energy Service delivery milestones which could form basis for payments. ESPs are encouraged to be realistic when developing the milestones, while at the same time ensure a supportive and relevant cash-flow.

Each set milestone will be assessed and should be met separately in order for a payment for that milestone to be made, but with some flexibility in case of under-performance in relation to one milestone, but over-performance in relation to another milestone.

ESPs are kindly reminded to take note of the following into account when proposing ESS delivery milestones:

- Before any payment can be made, all conditions precedent must have be fulfilled (or exceptionally waived);
- Each payment can be minimum EUR 50 000; and
- Maximum three payments can be made annually.

ESPs are also kindly advised to take into account that payments will only be processed:

- Upon NEFCO's receipt of an original Payment Request (using the form set out in Annex 3; and
- ESP's provision of a supportive progress report (including all relevant documentation) demonstrating that all conditions precedents and milestones relevant for the required payment have been meet.

During the contract negotiations, the establishment and delivery time of offered ESS and energy Services will be reviewed and "tested" in an active dialog with ESPs. Once a common understanding has been reached, the agreed milestones will be reflected in an appendix to the Agreement (using this form) and subsequently used for monitoring and payment purposes.]

## Appendix C

### **MONITORING AND REPORTING PLAN**

[The ultimate aim of BGFA funding is to accelerate the creation of long-term sustainable off-grid energy markets in targeted challenging Sub-Saharan African countries and areas. To monitor how contracted Projects are progressing, ESPs will be required to provide in particular the follow data and progress information / reports]

<b>Reporting</b>	<b>Details</b>	<b>Frequency</b>
Automated ESS data transfer to Edison	A list of required [anonymized] data will form part of the agreement. Actual transfer would happen continuously throughout the Project period.	Daily
Regular Project up-dates (calls/meetings)	Work Plan milestones and ESS delivery status. Market status. Specific risks and challenges status.	Quarterly
Progress reports	Work Plan milestones ESS Delivery milestones Expected ESS delivery and wC (for remaining contract) Key Performance Indicators Financial information (budget, Profit & Loss, cash-flow, balance sheet and key financial indicators)	In connection to each milestone/ Payment Request
Yearly implementation status review (including a meeting)	Review of implementation progress during year (Work Plan and ESS Delivery Schedule milestones) compared to contract and wC. Assessment of possible need to adjust the Work Plan and ESS Delivery Schedule milestones. Assessment of implications of possible adjustments of milestones on amount of contracted funding (need for reduction or potential for use of Option). Assessment of long-term sustainability implication. Financial Project assessment and projections.	Annually
Socio-economic impact data	Early socio-economic impact of Project and ESS delivered.	After 24 and 42 months

Reporting	Details	Frequency
ESS verification	Survey on the ground (through random samples) to verify correctness of automated ESS data provided to Edison.	After 24 and 48 months
Final report	Work Plan milestones achieved. ESS established and Services delivered. Long term sustainability predictions Impacts. Lessons learned. Final project audit.	At completion or termination

The early socio-economic impact reporting should include disaggregated data for men and women and for the different customer segments (households, enterprises, public clients) regarding e.g. their satisfaction with provided energy services; possible changes in energy use over time, possible increase of customers' income due to their access to new energy services; decrease of household expenditure for purchase of non-renewable energy fuels; possible increase of productive hours; possible savings of hours of labour due to energy switch, etc.

## FORM OF PAYMENT REQUEST

(See Section 4 of the Agreement)

[ENERGY SERVICE PROVIDER'S LETTERHEAD]

Nordic Environment Finance Corporation  
Attention: [●]  
P.O. Box 241  
FI-00171 Helsinki  
Finland

Date [●]

### Re.: Payment Request

1. Reference is made Sustainable Off-grid Services Agreement between [●] (“**Energy Service Provider**”), and Nordic Environment Finance Corporation (“**NEFCO**”), dated [●]. Terms defined in the Agreement shall have their defined meanings whenever used in this Payment Request.

2. The Energy Service Provider irrevocably requests the following payment in accordance with Section 4 of the Agreement:

**Payment Request no.** [●]

**Amount of** [insert currency and amount in numbers] [in letters]

**Date** [insert the requested date of payment]

The original of the Payment Request together with the supporting documentation including the written confirmation by the account-holding bank, has been forwarded to you by airmail/courier.

3. Our payment instructions are as follows:

**[IBAN-]Account:** [insert the [IBAN-] account number]

**Account Holder:** [insert name and address]

**Account Bank:** [insert name and address of the bank]

**Account Bank's SWIFT/BIC code:** [insert the code]

**Correspondent Bank:** [name and address]

**Correspondent Bank's SWIFT/BIC code:** [insert the code]

*(If the account bank is not located in the country whose currency is to be paid, enter the name and address of the account bank's correspondent bank in such country.)*

4. For the purpose of Section 4. (*Payments*) of the Agreement the Energy Service Provider hereby represents and warrants that all conditions precedent set out in

Section 3 of the Agreement are and remain fulfilled as of the date of this Payment Request.

**5.** Enclosed herewith are supporting materials showing that milestones set out the Work Plan and/or the ESS Delivery Schedule have been met.

The certification set out in 4. above is effective as of the date of this Payment Request and shall continue to be effective as of the date of the payment. If the certification, in whole or in part is no longer valid as of or prior to the date of the requested payment, the Energy Service Provider undertakes to immediately notify NEFCO.

Yours sincerely,

[THE ENERGY SERVICE PROVIDER]

## FORM OF CERTIFICATE OF INCUMBENCY AND AUTHORITY

(See Section 3. of the Agreement)

### [ENERGY SERVICE PROVIDER'S LETTERHEAD]

Nordic Environment Finance Corporation  
P.O. Box 241  
FI-00171 Helsinki  
Finland

Date [●]

Attention: [●]

#### **Re. Certificate of Incumbency and Authority**

With reference to the Sustainable Off-grid Services Agreement between [name of Service Provider] ("**Energy Service Provider**") and Nordic Environment Finance Corporation ("NEFCO"), dated [●] 2021 (the "**Agreement**"), I, the undersigned [Chairman] [General Manager] of [●] the Energy Service Provider, duly authorized to do so, hereby certify that the following are the names, offices and true specimen signatures of the persons each of whom are, and will continue to be, authorized:

- (a) to sign on behalf of the Energy Service Provider the requests for payments provided for in Section 3. Agreement:
- (b) to sign the certifications provided for in Section 3 of the Agreement; and
- (c) to take any other action required or permitted to be taken, done, signed or executed under the Agreement or any other document related thereto.

Name	Office	Specimen Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
etc.		

The persons named above are authorized to take such actions [each by him-/herself] [[●] together.]

You may assume that any such person continues to be so authorized until you receive authorized written notice from the Energy Service Provider that they, or any of them, is no longer so authorized.

Yours truly,

[THE ENERGY SERVICE PROVIDER]

By: \_\_\_\_\_



## FORM OF LEGAL OPINION

*[to be issued by a lawyer - in house or external - who is familiar with the Energy Service Provider]*

Dear Sirs,

Re: Sustainable Off-grid Services Agreement between [name of Service Provider] "**Energy Service Provider**") and the Nordic Environment Finance Corporation ("**NEFCO**"), dated [●] 2021 ("**Agreement**")

1. I, the undersigned, [*name of lawyer*], [Director for Legal Support of the Service Provider [legal counsel to the Energy Service Provider - *choose as applicable*], qualified as a lawyer in [*Energy Service Provider's's country of incorporation or establishment*], hereby give this Legal Opinion in respect of the Agreement under which NEFCO undertakes to pay up to [●] Euro to the Energy Service Provider in return for project implementation and the provision of services, subject to the terms of the Agreement.

The terms not defined herein have the meaning ascribed to them in this Agreement.

2. In relation to the Agreement, I have reviewed the following documents:
  - (a) trade register extract and the Charter of the Energy Service Provider;
  - (b) the Energy Service Provider's decision to enter into the Agreement;
  - (c) documents evidencing the signing authority of the signatory of the Agreement [specify];
  - (d) list of permits, licenses and other documents referred to in item 3(d) below;
  - (e) [list of all other documents required to be reviewed in order to give the legal opinion [specify].]
3. On the basis and in accordance with the foregoing and to the best of my knowledge, having made due enquiries with the management of the Energy Service Provider, I present my legal opinion as follows:
  - (a) The Agreement was properly executed and signed on behalf of the Energy Service Provider.

- (b) The execution, delivery and performance of the Agreement and compliance with the terms and conditions thereof by the Energy Service Provider will not lead, now or in future, to:
  - (i) violation of any provision of the law of the [*country of incorporation or establishment of the Energy Service Provider*] or any other rule or regulation as effective and applicable at the present time; or
  - (ii) violation of, or non-compliance with the [*foundation documents of the Energy Service Provider*] or any other agreements or instruments to which the Energy Service Provider is a party or which bind the Energy Service Provider or its respective assets;
- (c) No legal proceeding, arbitration or other process is being conducted or pending against the Energy Service Provider which might have a negative impact on the ability of the Energy Service Provider to fulfil its obligations under the Agreement;
- (d) all authorizations, consents, licenses, approvals, documents, conditions or exemptions (if any) by regulatory authorities, bureaus or agencies in the [*country of the Energy Service Provider*] have been obtained for or in connection with the execution, delivery, validity, performance or enforcement of the Agreement.

Yours respectfully,

## SOCIAL RESPONSIBILITY

### Name of Services Agreement, Location: Letter of Social Responsibility

The undersigned, as a legal and authorised representative of <name Energy Service Provider/Partner>, “Service Provider”, hereby declares that <name Energy Service Provider/ Partner > accepts and fulfils the requirements regarding social responsibility set out below, which are derived from international conventions and declarations<sup>22</sup> as well as the NEFCO policies<sup>23</sup>.

### General Compliance

The Energy Service Provider/Partner shall comply with all applicable legislation, regulations and established national and international standards in the countries in which it operates. The Energy Service Provider/Partner is expected to consider the views of other stakeholders and aim at contributing to economic, environmental and social progress with a view to achieving sustainable development.

### Human Rights

The Energy Service Provider/Partner shall respect and support the protection of internationally recognized human rights and not remain complicit in case of human right violations in relation to the Project or its operations.

### Indigenous Peoples

The Energy Service Provider/Partner is expected to respect indigenous peoples’ rights to own, use, develop and control the lands, territories and resources they possess, through traditional ownership, traditional occupation or use, or otherwise. The Energy Service Provider/Partner shall ensure free, prior and informed consent in relation to any activity which may affect indigenous peoples’ lands, territories, resources or livelihoods.

The Energy Service Provider/Partner confirms that:

- the proposed Project does not limit physical or de facto access by indigenous or local users to natural resources;
- the proposed Project does not cause compulsory resettlement and expropriation without indemnification of local inhabitants; and
- the proposed Project has no major impact on local cultural heritage.

### Employment and Labour

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<sup>22</sup> Universal Declaration of Human Rights; International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

<sup>23</sup> Policy on Anticorruption and Compliance; Policy on the Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment; Environmental and Sustainability Guidelines.

The Energy Service Provider/Partner shall, within the framework of applicable law, regulations and prevailing labour practices and standards:

- Respect the right of workers employed by the Energy Service Provider/Partner to establish or join trade unions and representative organisations of their own choosing.
- Contribute to the effective abolition of child labour.
- Contribute to the elimination of all forms of forced or compulsory labour.
- Respect the principle of equality of opportunity and treatment in employment throughout its operations and not discriminate against its workers with respect to employment or occupation on such grounds as race, colour, sex, sexual orientation, religion, political opinion, national extraction or social origin, or other status.
- Observe standards of employment and industrial relations<sup>24</sup> not less favourable than those observed by comparable employers in the country of operation.
- Take adequate steps to ensure occupational health and safety in its operations.

## **Environment<sup>25</sup>**

The Energy Service Provider/Partner should, within the framework of laws, regulations and administrative practices in the countries in which it operates, and in consideration of relevant international agreements, principles, objectives and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct its activities in a manner contributing to the wider goal of sustainable development.

In particular, the Energy Service Provider/Partner should:

- Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle with a view to avoiding or, when unavoidable, mitigating them. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.
- Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies.
- Provide adequate education and training to workers in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents.

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<sup>24</sup> Employment and industrial relations standards are understood to include compensation and working-time arrangements.

<sup>25</sup> See also NEFCO Environmental and Sustainability Guidelines and the European Principles for the Environment available at NEFCO's website [www.nefco.org](http://www.nefco.org).

*<Place and date>*

*<Signature, name and title>*

*On behalf of <name Energy Service Provider/Partner>*

DRAFT

## Annex F. E-waste Requirements (Policy, Plan and Recycling Arrangements)

BGFA recognises the environmental challenges facing ESPs when dealing with end of life (EoL) off-grid solar products, especially as regards ensuring proper collection and handling of waste. Effective national policies, regulation and the physical infrastructure to manage e-waste are lacking in many countries. BGFA is however committed to a journey toward international best practices in responsible e-waste management<sup>26</sup> and contributing to an emerging community of practice in Africa, working collaboratively with practitioners, donors and other stakeholders in the countries of operation.

In the context of BGFA, e-waste is defined as waste or EoL products from off grid solar installations (solar kits) and mini-grid operations. The main components of an off-grid solar product include solar panels, batteries – lithium-based or lead acid, lamps (mainly LED), control units with circuit-board-mounted electronic controls, cables, metal frames and fixture and appliances (TVs, radios, fans, etc)<sup>27</sup>.

As a responsible actor BGFA aims to pro-actively, over time, support the development of e-waste management systems based on take-back schemes in line with the Producer Responsibility and Polluter Pays principles. Such schemes should be efficient, effective, transparent and equitable, but also take into account the capacities of ESPs and consumer ability to pay. Where needed, BGFA can provide targeted technical assistance to support ESPs, either individually or as a group.

### General Requirements

Where applicable, ESPs should, at a minimum, adhere to national environmental laws regarding waste management. For Zambia only: within the scope of the EPR instrument put in place by the Statutory Instrument No. 65 in 2018, off-grid solar companies have a responsibility to take care of their waste electrical and electronic equipment (WEEE). In line with the EPR policy, companies should be required to develop an EPR strategy addressing EoL of the waste generated by their products.

In addition, compliance is required with regional requirements related to the implementation of the Basel<sup>28</sup>, Stockholm<sup>29</sup> and Bamako<sup>30</sup> Conventions and alignment

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<sup>26</sup> Applicants are encouraged to consult the GOGLA e-waste toolkit available at <https://www.gogla.org/e-waste>

<sup>27</sup> From GOGLA E-waste Toolkit Module 1 Briefing Note. It is not expected that all these waste fractions can be processed in sub-Saharan Africa.

<sup>28</sup> <http://www.basel.int/TheConvention/Overview/tabid/1271/Default.aspx>

<sup>29</sup> <http://www.pops.int/TheConvention/Overview/tabid/3351/Default.aspx>

<sup>30</sup> <https://www.unenvironment.org/explore-topics/environmental-rights-and-governance/what-we-do/meeting-international-environmental>

to relevant international good practice as defined by the IFC Performance Standards<sup>31</sup>, World Bank Group EHS Guidelines<sup>32</sup> and GOGLA e-waste toolkit<sup>33</sup>

All successful ESPs will be required to estimate the potential volume of waste generated by the products they plan to place on the market (volumes and timeframe), possibly by weight. BGFA will devise a specific methodology to help contracted companies assess their EoL situation over a specific timeframe, e.g. use of sales data disaggregated by product type and life span of the products. This will be made available prior to contracting and will form part of the annual reporting to BGFA.

E-waste policies<sup>34</sup>, operational management plans and standard operating procedures (SOPs) should outline how the company plans to take care of its e-waste, as well as the storage and handling of the products once they reach their EoL.

## Launch to Scale

1. During the due diligence or, at the latest, prior to a possible contract or the first payment, Applicants/Lead Applicants will be required to provide an acceptable policy and an acceptable operational plan for their e-waste handling, which demonstrates that they can meet the BGFA minimum requirements.
2. The e-waste management plan should be tailored to the local context and include procedures for e-waste handling, transportation, storage and recycling/safe disposal. No specific format for the plan is required, but at a minimum the plan should include:
  - Purpose and Scope
  - Compliance with relevant national legislation (list policies/legislation applicable)
  - Roles, responsibilities and authorities in the company
  - Document Amendment Record / Document control
  - Definitions
  - Practices for Waste Management implemented in the company
  - Competence, Training and Awareness
  - Access to licensed recycling or disposal facilities
  - Risk Management
  - Financial plan and/or incentive structure (if appropriate)

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<sup>31</sup> IFC, Performance Standard 3 [https://www.ifc.org/wps/wcm/connect/1f9c590b-a09f-42e9-968c-c050d0f00fc9/PS3\\_English\\_2012.pdf?MOD=AJPERES&CVID=jiVQIwF](https://www.ifc.org/wps/wcm/connect/1f9c590b-a09f-42e9-968c-c050d0f00fc9/PS3_English_2012.pdf?MOD=AJPERES&CVID=jiVQIwF)

<sup>32</sup> World Bank Group, General EHS Guidelines, Section on Waste Management <https://www.ifc.org/wps/wcm/connect/456bbb17-b961-45b3-b0a7-c1bd1c7163e0/1-6%2BWaste%2BManagement.pdf?MOD=AJPERES&CVID=Is4XT4R>

<sup>33</sup> GOGLA <https://www.gogla.org/circularity>

<sup>34</sup> In this context, an e-waste policy is the guidelines/set of principles which guide ESP in its course of action, whereas a plan is a roadmap or defined set of future actions needed to achieve a specified goal.

Any EoL SOPs concerning lithium batteries should also cover safety precautions for handling and shipment to address health & safety risks.

3. Contracted ESPs awarded LS funding will be required to develop a recycling partnership plan or similar within an agreed time after signing of a possible contract with the BGFA.

For companies seeking LS funding, some technical assistance may be provided after contracting to support the development and implementation of such plans and policies.

### **Direct to Scale (Zambia only)**

LS requirements apply also as a minimum to DS Applicants.

In addition, more stringent requirements and expectations are placed on Applicants/Lead Applicants seeking DS funding in Zambia. These companies will be required to utilize their last-mile presence and where appropriate, extend existing recycling processes.

1. DS companies are accordingly required to have an agreement/contract with a registered or licensed e-waste management facility in place in their operating countries. A (draft) contract with prices agreed upon should be provided at the latest prior to contract signing or the first payment. Alternatively, they should have a contingency plan or agreement with other facilities outside the borders of their operating country, making sure transboundary movement of waste is allowed under national law and/or the Bamako Convention.
2. As part of the e-waste management plan, DS companies are required to offer some form of EoL consumer take-back programme and/or an incentive programme during the lifetime of the BGFA contract. The take-back programme is expected to be planned prior to contract signature and operationalised within a set short timeline after contract signing. The BGFA is not prescriptive in the form of take-back and seeks to harness the creativity and innovation of the applicant ESPs. The programme should be described in the final application and including, but not limited to:
  - Programme objectives (should be SMART<sup>35</sup>)
  - Description of reverse logistics
  - Approach to financial sustainability
  - A results management framework

BGFA encourages ESPs to undertake certification (e.g. ISO 9001 and 140001) or equivalent demonstrating the handling of EoL handling procedures.

Teaming up with other BGFA awardees and/or off-grid solar companies to share shipping costs is also increasingly common in Africa and BGFA would strongly

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<sup>35</sup> Specific, Measurable, Achievable, Relevant and Time-bound.



encourage joint initiatives or participation in industry compliance programmes where appropriate (e.g. Solar Industry Association of Zambia “SIAZ” scheme in Zambia).

## Annex G. Gender Equality and Empowerment of Women and Girls

### Introduction

Empowering women and promoting gender equality is crucial to accelerating sustainable development. Ending all forms of discrimination against women and girls is not only a basic human right, but has also a multiplier effect across all other development areas.

The BGFA programme aims at actively promoting, incentivising and transferring best practices regarding gender equality in BGFA target countries. Hence, BGFA1 requires Applicants/Consortia to offer equal opportunities for men and women through both, their own employment practices as well as the proposed projects and follows a gender-sensitive procurement approach, where Applicants/Consortia, who integrate gender equality as a core value into their proposals are specifically rewarded.

BGFA is promoting gender inclusion at all stages of the programme. The procurement stage has a clear focus on gender aspects in the evaluation of the business plan, with 12 points evaluating the performance of the Applicant/Lead Applicant and the proposed project on specific gender aspects. In turn, gender commitments made in the proposal will be transformed into contractual undertakings through the Project and Service Description (Annex 1 to the BGFA1 Contract Template). During implementation, gender aspects will further be thoroughly monitored and enforced in an active dialog with contracted ESPs.

At the Final Application stage, three main aspects will be considered:

- 1) whether the proposed project is designed in an inclusive manner and appropriately addresses the needs of both women and men as well as girls and boys;
- 2) whether the Applicant/Lead Applicant can demonstrate its commitment to gender equality at a company level; and
- 3) whether the Applicant/Lead Applicant and its Consortium Members are willing to commit to ambitious targets to close possible gender gap at the company/Consortia level.

### 1) Gender Inclusion at Project-Level

Applicants/Lead Applicants are requested to demonstrate how the design of the proposed Project will actively address gender aspects. As part of the Project implementation, contracted ESPs will be required to provide a detailed gender action plan<sup>36</sup> at the proposed project-level.

At the project-level gender inclusion in the design and eventually the project-level action plan should address, but not be limited to:

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<sup>36</sup> For gender aspects that are relevant to the implementation of the business plan and proposed project.

- An impact statement describing the expected long-term gender impact of the proposed project;
- Specific and measurable gender goals for action during project implementation, supported by measurable indicators and targets;
- Specify the activities to achieve these gender goals within a defined time frame and for Consortia, the distribution of roles and responsibilities between the Consortium Members;
- Include a description of planned concrete measures to support women as promoters of change, e.g. work with women's savings groups, associations of women entrepreneurs, etc.;
- Specify planned capacity strengthening activities targeted at increasing women's participation in the project implementation;
- Measures on women's inclusion at all levels of project implementation, including a gender-based marketing strategy with aspects specifically targeting women as beneficiaries in rural and peri-urban areas, as well as mechanisms to promote gender equality and empowerment in marketing and advertising materials;
- Description of how the offered ESS will meet the needs of women and men, particularly for women in relation to reproductive work<sup>37</sup> and for men (with a particular focus on rural areas); and
- Potential of the project and contracted ESS for women's productive use of energy. Applicants/Lead Applicants should in particular detail how they will: 1) support the development of or investment in technologies that create productive use opportunities for women; and 2) proactively target women-headed businesses and microenterprises.

## **2) Gender Equality and SEAH at Company-Level**

To be contracted, ESP companies and ESP Consortium Members will be required to have in place both an acceptable gender policy and an acceptable policy on Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) that comply with NEFCO's corresponding policy requirements.

Applicants/Lead Applicants will be requested to provide these policies (on their own behalf and on behalf of Consortium Members) during the due diligence and they need to be found acceptable to NEFCO at the latest before the first payment of BGFA funding.

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<sup>37</sup> Any unpaid work such as cooking, cleaning, washing, care giving and other daily activities

### 1. Requirements to contracted ESPs' gender equality policy

For the gender equality policy to be acceptable, it should clearly communicate the company's/Consortium Members' commitment to gender equality and outline related priorities and practices. The policy should in particular cover areas such as: diversity and inclusion at workplace, access to equal opportunities, including equal remuneration for work of equal or comparable value, parental leave, process for correcting inequalities, where discovered and allocation of accountability for gender equality. The policy should also include approaches to promote gender equality towards the company's external stakeholders, including customers.

### 2. Requirements to contracted ESPs' SEAH policy

For the SEAH policy to be acceptable it should be based on a zero tolerance of SEAH violations and include clear and effective enforcement mechanisms. It should in particular set out express obligations for ESP's staff and its representatives, sub-contractors and other suppliers to take all reasonable measures to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in SEAH.

### 3. Gender company-level action plan

ESPs are requested to demonstrate their own existing commitments as a company to gender equality in the workplace and if contracted through the provision of a solid company gender action plan.

The information provided to demonstrate the company's existing gender equality efforts and eventually the company gender action plan should include, but not be limited to:

- An overview of the current performance of the company on gender representation and equality of pay, using the five indicators listed below;
- Definition of yearly targets based on the five indicators below to promote/improve gender equality in the workplace during project implementation; and
- Specify activities carried out to achieve these goals within a defined time frame.

When assessing the company's existing and future gender commitments, a higher score will be given to Applicants/Lead Applicants that are actively promoting gender equality and that can demonstrate this through an existing gender-balanced representation at all hierarchical levels as well as equality of pay. Therefore, the Applicant/Lead Applicant are required to provide information on the following, both current and planned:

- Number of Governing Board Members, disaggregated by gender (absolute and relative);

- Number of Executive Managers, disaggregated by gender (absolute and relative);
- Number of employees in other roles by gender (absolute and relative);
- Gender pay gap quartiles (see Box 3 for more details); and
- Mean gender pay gap in hourly pay (see Box 3 for more details).

BGFA1 expects that Applicants/ Lead Applicants and their Consortium Members strive to close their potential gender gaps during the project implementation. At minimum, when the proposed project has been completed, all contracted companies and Consortium Members involved in the implementation of the proposed project should aim to:

- Achieve at least 35% of female representation in the workforce; and
- Halve their existing gender pay gap, so that it is no more than 35%.

### **BOX 3: HOW TO CALCULATE EQUAL PAY INDICATORS**

The calculation methodology used by BGFA is based on the [UK's Gender pay gap reporting framework](#), but has been simplified. In the Final Application stage, ESPs will be required to provide aggregated data on two indicators: 1) Gender pay gap quartiles; and 2) Mean gender pay gap in hourly pay, as described below.

During the implementation of BGFA, contracted ESPs will be requested to report equal pay indicators in a way which adheres more strictly to the full UK Gender pay gap reporting framework.

To calculate the two following indicators, Applicants/Lead Applicants need to secure a listing of the amount paid to all directly contracted employees (not commission-based agents) as wage/salary in November 2020 (excluding potential pay of overtime but including potential bonuses) as well as their contractual working hours (in November) and gender.

#### **Gender pay gap quartiles**

1. For each employee, calculate the hourly pay by dividing the amount paid to each employee by the contractual working hours in November.
2. Rank the employees from highest to lowest paid (based on the hourly pay).
3. Divide the list into 4 groups with an equal number of employees in each group (lower pay quartile, lower middle pay quartile, upper middle pay quartile and upper pay quartile).
4. Calculate the respective proportions of women and men (in %) in each pay quartile.

#### **Mean gender pay gap in hourly pay**

1. Calculate the mean hourly pay rate for women: (sum of hourly pay rates of all female full-pay relevant employees) / (number of female full-pay employees).
2. Calculate the mean hourly pay rate for men: (sum of hourly pay rates of all male full-pay relevant employees) / (number of male full-pay employees).
3. Calculate the mean gender pay gap in hourly pay as a percentage of men's pay (in %): (mean hourly pay rate for men – mean hourly pay rate for women) / (mean hourly pay rate for men).

## **Technical Assistance and Reporting**

During implementation, contracted ESPs may benefit from BGFA technical assistance support to help them implement and further strengthen their project-level action plan and company-level gender roadmap after contract signing.

To enable BGFA to measure gender impacts, contracted ESPs will be required to report on all relevant gender aspects and cooperate with external evaluators.

## **Scoring**

During the Final Application stage, the current performance of the Applicant/Lead Applicant in terms of gender equality will be assessed as part of the evaluation criteria "management capacity and experience", the project-level gender design will be assessed as part of "development impact potential". Points will be awarded based on the assessed quality of these parameters.

## Annex H. Environmental and Sustainability Questionnaire

*Note: Presented in draft, may be subject to change*

**Project:**

**Client:**

**Filled in by:**

**Date:**

*Please, answer to the questions as relevant to the project scope. If the question is not relevant in the project scope, you may write "NA" as Not Applicable.*

### 1. Management of environmental and social impacts

#### **Environmental and social management system**

1.1 What are the project specific environmental and social impacts and risks?

1.2 Is there an Environmental and Social Management System ESMS (ISO 14001) as appropriate to the nature and scale of the project? *ESMS defines the environmental and social objectives and principles that enable the project to achieve sound environmental and social performance.*

1.3 Is there an Environmental and Social Management Plan ESMP addressing the identified risks?

1.4 Who in the organisation is in response and implements the ESMS and ESMP?

1.5 What environmental/social certificates there is in place? (e.g., FSC, EMAS, OHSAS 18001)

1.6 What, if any, environmental or other permits are needed for the project? What is the stage of application?

1.7 What Sustainable Development Goals (SDGs) are relevant for the project?

#### **Project monitoring and reporting**

1.8 How the environmental and social performance of the project are monitored and reported? Please, specify both, construction and operational phase.

### 2. Resource efficiency and pollution prevention

2.1 How the resource efficiency (energy, water, and other resources) is considered? Please, specify both, construction and operational phase.

2.2 How the generation of waste is minimised? Please, specify both, construction and operational phase.

2.3 Is there any project activities with negative impacts to the environment and health? *Those might be e.g., air emissions, dust, noise, smell, spills, erosion.*

2.4 What pollution prevention, control measures, techniques, and practices are to be applied in the project?

2.5 How the waste management for hazardous and non-hazardous waste is managed? In case there is a waste management plan, please, provide it in the attachment. Please, specify both, construction and operational phase. *Hazardous*

wastes: asbestos, HFCs, oils, solvents, strong acids, mercury containing waste, batteries etc.

2.6 Within the project, is there any use of hazardous materials, subject to international bans, restrictions or phase-outs? How the release and use of hazardous materials are minimized and controlled? *Hazardous materials include Persistent Organic Pollutants (POP), Ozone Depleting Substances (ODS), hydrochlorofluorocarbon (HCFC) refrigerants, mercury, certain pesticides, etc. These materials may also include chemical fertilizer, soil amendments and chemicals other than pesticides.*

### 3. Labour and working conditions

3.1 How the HR policy and procedures are defined in the company?

3.2 Are the HR policy and procedures in compliance with the national legislation? *Covering e.g., working time, breaks and rest periods, paid holiday leave, sick and parental leave.*

3.3 Are HR policy and procedures in accordance with international standards on minimum age of employment?

3.4 How the recommended international labour standards are addressed? *International labour standards aim at promoting equal opportunities for women and men to obtain decent and productive working conditions in terms of freedom of association, equality, security and dignity.*

3.5 Are workers (going to be) free to organise in trade unions?

### Health and safety

3.6 What are the project specific health and safety risks? *Those include noise, dust, high temperatures, risk for falling, hazardous chemicals etc.* Does the company have an occupational health and safety plan (OHS)?

3.7 Is there a qualified OHS representative for the project?

3.8 Does the Client provide training to personnel on all relevant health and safety issues?

3.9 How potential health and safety incidents and problems are investigated and recorded?

3.10 What kind of emergency procedures there is to prevent and address potential health emergencies and industrial accidents affecting the surrounding community? *Prevention plans, training programmes, alarms etc.*

### 4. Social aspects and gender

4.1 Who will be the beneficiaries and persons affected by the project implementation?

4.2 Are there an equality or non-discrimination policy or similar? In case yes, please, provide the policy as an attachment.

### Gender

4.3 How many men and women are employed by the company?



4.4 How many men and women there is in leading positions in the company? Please specify between various governing bodies of the company.

4.5 Are women and men going to have equal opportunities for employment? Please, specify both, construction and operational phase.

4.6 Are women and men (going to be) paid equally for comparable jobs?

4.7 Are women (going to be) represented in supervisory and management positions?

4.8 How the planned outcomes of the project will affect women and men?

4.9 How the project could contribute towards gender equality?

4.10 How gender-based exclusion and discrimination could harm the project results?

### **Land acquisition and resettlement**

4.11 Where the project site is located? (*Urban, peri-urban, rural, remote*)

4.12 Does the project involve acquisition of land? If yes, please elaborate how much, from whom (private owners, government) and how (direct purchase, purchase through government land acquisition, leasing)?

4.13 Can the project cause resettlement? *This might be displacement of people or economic displacement (loss of assets or resources)*. If yes, how many people would be involved? Is there a resettlement plan and a compensation plan?

### **Cultural heritage**

4.14 Do the project sites and designs affect some cultural heritage site or other cultural resources? *Physical or intangible cultural heritage, for example burial sites, places of worship, communally owned land, work of historic art, unique natural landscapes such as waterfalls and ravines.*

## **5. Stakeholder engagement**

5.1 Who are the stakeholders of the project?

5.2 How the stakeholder consultation on the project activities will be managed?

5.3 Is there a **Stakeholder Engagement Plan** (SEP) for communication with the public and stakeholders? *As appropriate to the nature and scale of the risks and impacts.*

5.4 How the “public disclosure of information” on the project activities is carried out?

5.5 Is there in place a **Grievance mechanism** for submission and review of concerns, complaints, and proposals from stakeholders? *These include workers, employees (and their organisations), suppliers, customers, and other people affected by the project.*

## **6. Fair operating practices**

6.1 Does the company have a written **anti-corruption policy**? If yes, please provide it in the attachment.

6.2 Does the company have **guidelines instructing employees how to deal with bribery and corruption** cases? If yes, please provide it in the attachment.

## 7. Other environmental and social issues

7.1 Are there any other environmental and / or social issues of relevance for the project?

## Annex I. Confirmation of Intention to Apply template

### Form of Commitment Letter

*[To be issued on the Applicant's Letter Head]*

Dear All,

We, the undersigned, offer to implement the proposed project. We hereby declare that all the information and statements made in the application are true and accept that any misinterpretation may result in disqualification of the application.

Our proposal is valid and binding upon us for 180 days and, as applicable, subject to agreed modifications resulting from negotiations.

We undertake, if the application is selected for BGFA1 funding, to start the project implementation and delivery of energy services as soon as possible after possible signing of a contract and at the latest by [date].

We understand that NEFCO is not bound to select any application for BGFA1 funding.

We confirm that we have completed the application in accordance with the Guidelines for the BGFA1 and that we have submitted all documentation required during, respectively, the Pre-Qualification and Final Application stage. In particular, documentation supporting firm commitment(s) for own and co-financing, cash and/or in-kind (indicated separately) has been provided.

[Place], [date]

\_\_\_\_\_  
*[Name of the authorised signatory]*

*[Title]*

*[Name of the Applicant]*

## Annex J. National Regulations relevant for the Off-Grid Sector in Project Countries

Applicants/Lead Applicants are required to demonstrate compliance with all relevant statutory regulations and technical standards applicable in the Project Country, including (but not limited to) the key laws and regulations applicable in each BGFA1 Project Country listed below.

This list is provided to Applicants/Lead Applicants for information purposes only. NEFCO accepts no responsibility regarding completeness of information provided in this Annex nor related to the content provided in the indicated links below.

No questions on the potential compliance of proposed projects with national laws and regulations will be answered by BGFA1 during the call for proposals. Applicants/Lead Applicants are required to liaise directly with the relevant authorities.

### Liberia

#### Main regulation for the electricity sector

- 2015 [Electricity Law of Liberia](#)
- 2020 Electricity Licensing Regulations:
  - [Micro Utility Licensing Regulations](#) (MULR)
  - [Electricity Licensing Regulations](#) (ELR)
  - [Electricity Licensing Handbook](#)

#### Other relevant regulation for off-grid businesses

- 2018 [Land Rights Law](#)
- 2010 [Investment Act](#)
- 2002 [Environment Protection and Management Law of Liberia](#)

#### Useful links

- Liberia Electricity Regulatory Commission: <http://lerc.gov.lr/>
- 2020 [Doing business report](#)

### Burkina Faso

The Burkinabe laws and regulations are listed below in French, as it is the country's official national language.

#### Loi

- [Loi 014-2017/AN](#) du 20/04/2017 portant réglementation générale du secteur de l'électricité

#### Seuils applicables

- [Décret n° 2017-1011/PRES/PM/ME](#) du 26/10/2017 portant fixation des seuils de puissance relatifs aux titres d'exploitation de la production et les limites de rayon de couverture relatifs aux titres d'exploitation de la distribution
- [Décret n°2017-1012/PRES/PM/ME/MCIA/MINEFID](#) du 26/10/2017 portant conditions et modalités d'octroi des licences ou autorisations de production d'énergie électrique

- Arrêté conjoint n°2019 IME/MINEFID portant détermination des droits fixes à payer pour l'obtention de la licence ou de l'autorisation de production d'énergie électrique

### Tarification

- [Arrêté n°09-018/MCE/MCPEA/MEF](#) du 20/11/2009 portant fixation des prix de vente de l'énergie électrique produite, importée, transportée et distribuée dans les localités électrifiées du second segment de l'électrification (électrification rurale)
- [Décret n°18-0568/PRES/PM/ME/MINEFID/MCIA](#) du 10/07/2018 portant rémunération des activités concourant à la fourniture d'électricité et fixation des méthodologies et des paramètres de détermination des tarifs de transport et de distribution de l'énergie électrique

### Finance, taxes et exemptions

- [Loi n°058-2017/AN](#) du 20/12/2017 portant Code Général des Impôts (article 308)
- [Arrêté ministériel n°2020-033/ME/MINEFID/MCIA](#) du 16/03/2020 portant conditions d'éligibilité et modalités de jouissance de l'exonération de la Taxe sur la Valeur Ajoutée sur les importations et les ventes de matériel solaire
- [Loi n°038-2018/AN](#) du 30/10/2018 portant Code des investissements au Burkina Faso

### Normes et standards

- [Décret N°2017 - 1014 /PRES/PM/ME/MCIA/MINEFID](#) portant fixation des normes et exigences d'efficacité énergétique s'appliquant aux appareils et équipements ainsi que leurs modalités de mise en œuvre.
- [Décret n°2017-1013/PRES/PM/MINEFID/MCIA](#) du 26/10/2017 portant cahier des charges applicable aux producteurs d'énergie électrique au Burkina Faso
- [Arrêté n°17-118/ME/SG](#) du 3/10/2017 portant fixation des règles techniques de production d'énergie électrique
- [Décret n°2018-0569/PRES/PM/ME/MINEFID/MCIA/MATD](#) du 10/07/2018 portant adoption d'un cahier des charges applicables aux concessionnaires de distribution d'électricité
- [Loi n°006-2013/AN](#) du 02/04/2013 portant Code de l'environnement
- [Décret n°20151187/PRES/TRANS/PM/MERH/MATD/MME/MS/MARHA/MRA/MICA/MHU/MIDT/MCT](#) du 31/12/2015 portant conditions et procédures de réalisation et de validation de l'évaluation environnementale stratégique, de l'étude et de la notice d'impact environnemental et social.

### Liens utiles

- ARSE : [https://www.arse.bf/spip.php?page=rubrique&id\\_rubrique=4](https://www.arse.bf/spip.php?page=rubrique&id_rubrique=4)
- Ministère de l'énergie : <https://energie.bf/category/documents-en-ligne/>

## Zambia

### Main regulation for the electricity sector

- [2019 Electricity Act No. 11 of 2019](#)
- [2019 Energy Regulation Act No. 12 of 2019](#)
- [2019 National Energy Policy \(NEP\)](#)
- [2003 Rural Electrification Act](#)

### Electricity Licensing Regulations and Guidelines:

- [Electricity Act No. 11 of 2019](#)
- [Energy Regulation Act No. 12 of 2019](#)
- [Licensing Guidelines \(ERB\)](#) (Investment endorsement permit replaced with a construction license)

#### **Licensing Checklists:**

- [License Application Checklist: License to manufacture, supply, installation and maintenance of renewable energy generating equipment](#)
- [License Application Checklist: License for the Generation/Transmission/Distribution/Supply of Electricity](#)

#### **Other relevant regulation for off-grid businesses**

- 2018 [Minigrid Regulatory Framework \(under revision\)](#)
- 2011 [Environmental Management Act](#)

#### **Other requirements**

- Environment and social impact assessment to be submitted to the Zambia
- Environmental Management Agency (ZEMA) for approval of the proposed project
- Land acquisition and consent by Ministry of Lands, Local Authority and/or
- Traditional leader (mini-grids)

#### **Useful links**

- 1993 [Investment Act](#)
- Energy Regulatory Board: <http://www.erb.org.zm/viewpage.php?page=news>
- Zambia Revenue Authority (ZRA): <https://www.zra.org.zm/>
- Patents and Companies Registration Agency (PACRA): <https://www.pacra.org.zm/>
- Zambia Environment Management Agency (ZEMA): <http://www.zema.org.zm/>
- Zambia Off-grid Electricity Portal: <https://offgrid.gov.zm/en>
- 2020 [Doing Business Report \(WEF\)](#)

## Annex K. Minimum Security Requirements

### ***Duty of Care***

BGFA1 awardees are fully responsible to implement the proposed project at their own risk. Neither NEFCO, nor REEEP nor Sweden (incl. Sida and the respective Swedish Embassies) can accept any duty of care or liability arising out of project implementation or the funding thereof. Hence, BGFA1 awardees will contractually be requested to fully and adequately manage their operational risk and must ensure duty of care over their staff, associated network of partners and collaborators during the implementation of the proposed project. BGFA1 awardees must ensure that all their employees strictly adhere to the recommendations of the Embassies of their country of citizenship in the Project Country.

BGFA1 expects all BGFA1 awardees to minimise security risks at all times. Hence, Applicants/Lead Applicants are requested to carefully consider security risk as part of their proposal, both, in the design and the pricing of their proposed project. Security considerations should be taken into account in the Business Plans submitted by Applicants/Lead Applicants both from an operational and cost perspective and should be documented in a Security Plan, commensurate with the level of assessed risk and to be submitted as part of the bid (latest during due diligence)

As the security situation in Burkina Faso is particularly volatile<sup>38</sup>, Applicants/Lead Applicants to Lot 1 (Burkina Faso – Standalone) will be requested to price security costs as a separate budget item. Applicants/Lead Applicants any other Lot (in Zambia or Liberia) are requested to include security costs as part of their funding request per ESS (see Annex C).

### ***Security Plan***

The security plan should be tailored to the local context and to the level of assessed risk in each case. No specific format for the plan is required, but at a minimum the plan should include:

- 1) Threat and risk assessment protocols, including methodology and frequency of updates
  - a. Risk management protocols
  - b. General security guidelines & protocols for staff
  - c. Clear designation of responsibility
  - d. Staff sensitisation and training
  - e. Updates

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<sup>38</sup> The political and security situation in Burkina Faso remains volatile due to the growing threat of Islamist militancy. Islamist extremist groups are active in northern Burkina Faso, near the Malian border, and the east of the country along the Nigerien border. Ouagadougou also experienced several terrorist attacks between 2016 and 2018. Targets have included foreign mining companies, Christian places of worship, the French Embassy, and hotels and restaurants popular with westerners.

- 2) Emergency response procedures
  - a. Medical evacuation
  - b. Incident management
- 3) Journey management protocols
  - a. Operating procedures, including the potential involvement of national authorities, as well as the regulation of driver's hours and accommodation selection
  - b. Vehicle standards
  - c. Driver standards
- 4) Communication plan
  - a. Phone tree
  - b. Types of communication and alternatives

In order to adequately mitigate the security risks, BGFA awardees will be required to carry out and regularly update a security risk assessment analysing the context and threats to their operations from a safety and security perspective, in order to recommend mitigations that both enable safe project delivery and that meet the businesses' Duty of Care requirements.

Some technical assistance may be provided after contracting to support BGFA1 awardees in the operationalisation of their security plan.

### ***Reservation***

NEFCO reserves the right to adjust and further supplement the below described requirements, as well as any other provided guidance related to the BGFA1.



## Annex L. Geographical focus

BGFA1 aims to strike a balance between increasing the number of electricity connections in rural and peri-urban areas, achieving overall development impact, and sustainable off-grid market development. To contribute to the reduction of geographic inequalities and improvement of financial inclusiveness of underserved populations, BGFA1 has tailored an approach that incentivises geographic inclusiveness in a way which is compatible with economically viable operations.

Geographic inclusiveness is defined as provision of ESS in underserved areas, which are defined below for each target country, and will be rewarded in the evaluation of the Final Application through the scoring of the business plan (Up to 4 points allocated to “Development Impact Potential - Preferred geographical focus reflected in the share of connections deployed in “underserved areas” criterion).

Commitments in terms of ESS expansion to underserved areas made by Applicants/Lead Applicants at the Final Application stage will be reflected in the BGFA1 contract<sup>39</sup> of awarded ESPs and monitored through EDISON during implementation.

### Liberia

Energy services sold in Monrovia and its surrounding areas (as defined below) are not eligible for BGFA1 and cannot count towards the total number of contracted ESS:

- Districts of Firestone and Mambah-Kaba in Margibi county;
- Districts of Greater Monrovia, Careysburg, St. Paul River, and Commonwealth in Montserrado county.

ESS sold in all other parts of the country are eligible for BGFA1 financing. To promote geographic inclusiveness, deployment plans indicating a higher share of ESS sold in the following underserved areas<sup>40</sup> will be rewarded through a higher score on Criterion #:

- Counties of Maryland, Grand Kru and River Ghee
- Counties of Lofa, Bong and Nimba

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<sup>39</sup> Specifically in the annual workplan (LS window) or overall expansion plan (DS window)

<sup>40</sup> Based on the 2016 Household Income and Expenditure Survey (HIES) and absolute poverty map ([here](#)).

## Burkina Faso

Energy services sold in the cities of Ouagadougou and Bobo-Dioulasso are not eligible for BGFA1 funding in Burkina Faso and cannot count towards the total number of contracted ESS.

Deployment plans prioritising remote and economically less developed rural<sup>41</sup> areas, as well as small cities with a high proportion of IDPs and/or refugee camps<sup>42</sup>, and indicating a higher share of ESS sold in these areas will be rewarded through a higher score for this criterion. Ensuring safe operations is paramount and Applicants/Lead Applicants will be requested to provide a security plan in line with the security risk in the proposed regions of operations. As indicated in Annex N, technical assistance may be made available to support BGFA contracted ESPs in the operationalisation of their security plans.

Applicants are strongly urged to carefully consider security risk as part of their proposal in the design and the pricing of their proposed project. Neither NEFCO or Sweden will be liable for business decisions made by Applicants in this regard.

Applicants/Lead Applicants proposing to deploy nano-grids and/or productive use ESS in areas where Sweden is already financing rehabilitated small-scale dams<sup>43</sup> will also be rewarded through a higher score for this criterion.

## Zambia

Energy services sold in Lusaka district are not eligible for BGFA1 and do not count towards the total number of contracted ESS.

Applicants/Lead Applicants who expand their energy service provision to underserved provinces<sup>44</sup> of Northern, Luapula, Muchinga and Western province(s) where customer affordability and cost-effective service provision are challenging, will be rewarded with higher scores than for deployment in other provinces.

Applicants/Lead applicants must provide a minimum of 20% of the total ESS in the four provinces (aggregate ESS in relation to total number of ESS offered by Applicant/Lead Applicant).

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<sup>41</sup> Defined as per the Law n°041/98/AN dated 06/08/1998 ([here](#))

<sup>42</sup> Identifiable on the UNHRC map: <https://reporting.unhcr.org/burkinafaso>

<sup>43</sup> More information about these sites can be found at:  
<https://beyondthegrid.africa/wp-content/uploads/ProValAB.zip>

<sup>44</sup> Based on sales data per province under Beyond the Grid Fund for Zambia (BGFZ) between July 2017 – October 2020, SAEP 2018 survey on ability to pay for SHS as well as CSO 2015 Living Conditions Monitoring Survey Report.

Applicants/Lead Applicants that provide higher proportions of the total ESS in the four provinces will qualify for progressively higher points for this assessment criteria.

Applicants/Lead Applicants that provide less than 20% of the total ESS in the above-mentioned provinces will score zero for this criterion.