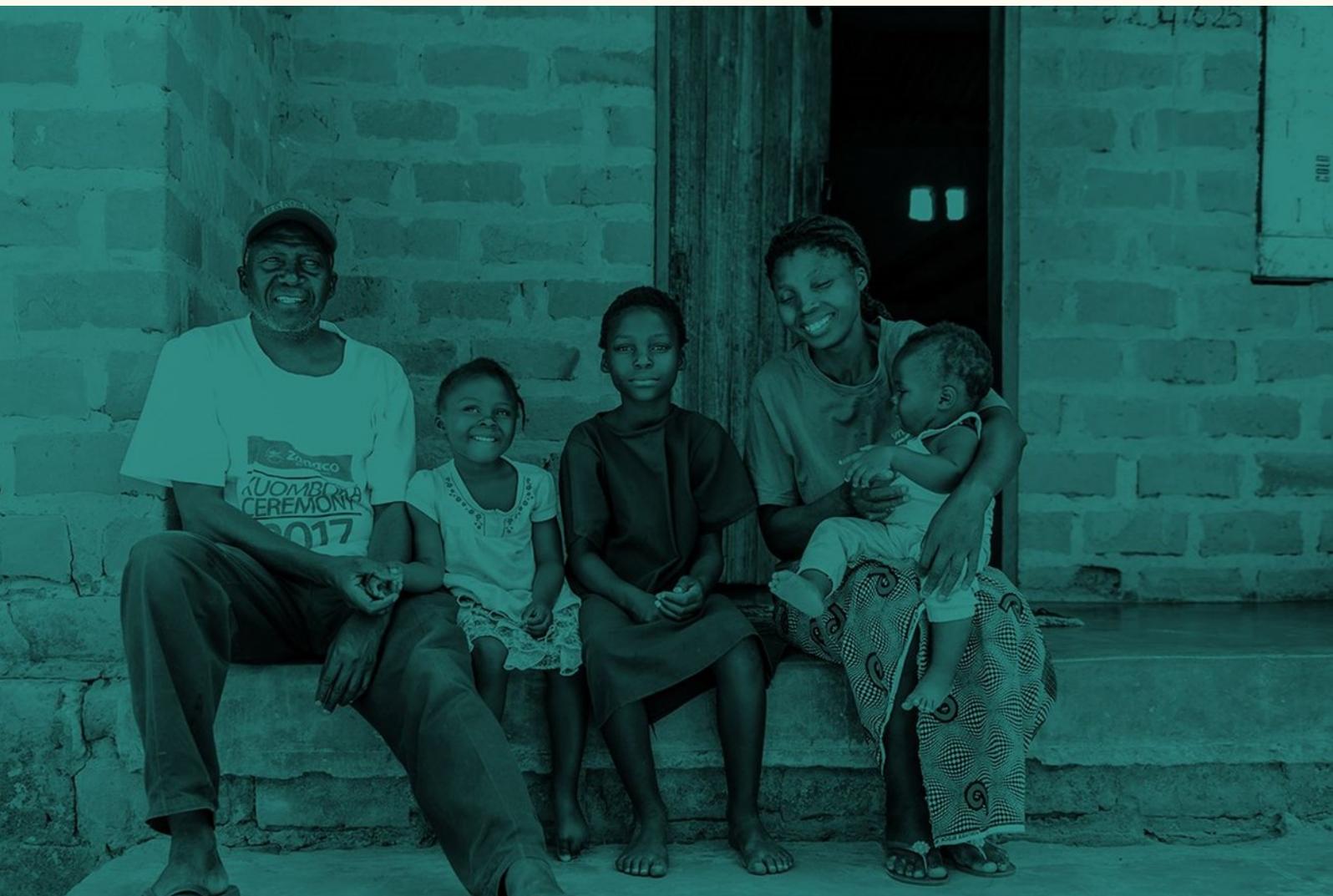


APPLICATION GUIDELINES

SECOND BGFA CALL FOR PROPOSALS (BGFA2)

Mozambique

Helsinki, 22.6.2023



BGFA2 introduction

The Beyond the Grid Fund for Africa (BGFA) finances sustainable development outcomes by supporting the creation of local off-grid energy business and offering results-based financing combined with targeted technical assistance to private off-grid energy service providers (ESPs) and other market stakeholders, including the local government, with the aim to:

- accelerate access to renewable and clean off-grid energy for customers in peri-urban and rural areas of Mozambique at specified sites;
- make high quality off-grid products and services affordable for customers;
- unlock early structural challenges in the market;
- build business, customer and investor confidence;
- support the creation of new business and job opportunities;
- mobilise additional climate finance at scale; and
- support sustainable development.

The BGFA2 Pre-Qualification stage was originally launched in February 2021 in Mozambique. However, continuation of the process has been awaiting the publication of the detailed regulations for access to energy in off-grid areas (93/2021). BGFA2-supported energy service providers are expected to be among the first ones to pilot the unsolicited concession application option defined in the new regulation, and BGFA2 aims to share lessons learned by all stakeholders involved in the process.

BGFA2 is now open to all interested and eligible applicants. However, earlier pre-qualified ESPs will qualify automatically for application based on the previous eligibility criteria but will still need to demonstrate meeting the updated criteria prior to contracting. Pre-qualified ESPs can update their pre-existing applications and/or submit new applications.

BGFA2 funding can be used for both development and operation of energy services through Micro/Mini-grids and Standalone solutions. Standalone solutions can only be offered as complementary solutions to Micro/Mini-grid-based solutions for customers that will not be connected to the Micro/Mini-grid(s) at the specified sites. Projects exclusively proposing the deployment of Standalone solutions are not eligible for BGFA2 funding.

BGFA2 is committed to enabling local ESPs to accelerate their business growth in Mozambique and encourages international ESPs to utilise the expertise and capacities of local market actors.

BGFA financing is made available under one single funding window and lot, Lot#7. Experienced and less experienced, locally owned and internationally owned and managed ESPs can apply for funding. The indicative individual contract size per Mini-grid cluster (concession area) is expected to be between EUR 2.0 and EUR 2.5 million, but there is no formal cap on the application amount. ESPs are allowed to bid for multiple Mini-grid clusters. Separate application is required per cluster.

To receive funding, ESPs are required to engage in selling and delivering affordable and renewable off-grid energy services directly to end consumers in an enduring and

sustainable manner.¹ Under BGFA2, only Energy Service Subscriptions (ESS), i.e. electricity connections that remain active², will be considered and counted towards the deployment targets.

BGFA2 offers a financial incentive (subsidy) per established ESS while noting that ESPs will need to provide matching co-financing equalling a minimum of the BGFA total incentive. BGFA2 is testing a new, single-stage and generally simplified process (while noting the exception concerning the already pre-qualified ESPs), in which ESPs are requested to submit an application with streamlined requirements while still maintaining the BGFA approach.³

Payments of BGFA result-based financing will be made in arrears against ESPs' proven sales and establishment of ESS with customers. Exceptionally, up to 30% of the requested financing, but a maximum of EUR 500,000, can be paid in advance if specific needs can be demonstrated.

Through the planned establishment of an Off-Grid Taskforce in Mozambique – involving both public and private stakeholders – BGFA supports the development of local business environments that are conducive to the sale of off-grid energy services and that can provide sustainable development.

More information on the BGFA programme is available at: <https://beyondthegrid.africa>

¹ The ESS will be considered sustainable (i) after a minimum of two years' provision of the energy service in question (typically at least one payment in the last 90 days), (ii) and/or after the ESS have been fully repaid by the end customer and (iii) and/or as long as the end customer is not in default by the contract end date.

² Hub models have a slightly different approach.

³ Please refer to BGFA General Guidance for additional information including the list of abbreviations, definitions, policies and other requirements.

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1. BGFA2 minimum requirements

To receive BGFA financing, ESPs must at a minimum:

- be a for-profit company/entity;
- demonstrate relevant experience in Mozambique or other relevant sub-Saharan African market(s) in the proposed project structure;
- be legally incorporated and validly existing in Mozambique or willing to be so within a reasonable time frame before BGFA contract signing;
- have a bank account in a Mozambican bank, acceptable to Nefco (as the bank account details are to be included in BGFA contract for receiving funds);
- offer high-quality, eligible off-grid solutions fulfilling the BGFA2 requirements;
- make timely minimum matching co-financing available (with a minimum ratio of 1:1);
- comply with national laws and regulations, including tax and stamp duty laws and regulations, relevant for the off-Grid sector in Mozambique and in their operations;
- have or be able to obtain all relevant permits, certification, licences, endorsements, approvals and similar documents needed to receive BGFA financing for the implementation of the proposed project before or within a reasonable time frame of BGFA contract signing;
- be willing to comply with Nefco's general policies and procedures;
- be willing to comply with the BGFA-specific and the national e-waste, sustainability, gender, security and consumer protection requirements as applicable when implementing the proposed project;
- fulfil the key eligibility criteria as outlined below; and
- engage in the development of long-term sustainable, local off-grid markets.

2. Application process

BGFA2 is organised as an online, fully paperless application process via an electronic intake system called SmartME. Interested ESPs are encouraged to register and create a user account in SmartME to familiarise themselves with the BGFA2 application requirements as early as possible. Applicants are required to submit their applications and documents only via the BGFA SmartME intake system. Registration for the SmartME intake system is available on the BGFA website at <https://beyondthegrid.africa/register/>.

On the application form, all interested ESPs are required to provide a project⁴ description, a business plan and other key data to allow assessment of how ESPs can

⁴ BGFA does not support 'projects' as such as BGFA's objective is to support sustainable business development. The word 'project' is used for easier reference, and any BGFA-related activities need to be reported and audited separately from any other business there may be.

contribute to BGFA's ultimate goals, while maintaining a number of key eligibility and minimum requirements.

The BGFA2 Pre-Qualification stage was originally launched in February 2021. However, continuation of the process has been awaiting the publication of the detailed regulations for access to energy in off-grid areas (93/2021), which are now available (see SmartME Support section and application form).

BGFA2 is now open to all interested and eligible applicants. Previously pre-qualified ESPs will qualify automatically for application based on the previous eligibility criteria but will need to demonstrate meeting the updated criteria prior to contracting.

Any new application will be subject to Nefco's simple eligibility and completeness check by Nefco before the business plan form becomes available. Applicants are therefore advised to complete the eligibility check form at their earliest convenience after the launch. This check will be done on a rolling basis, taking up to three working days.

Pre-qualified ESPs can update their existing application and/or submit new applications. ESPs can submit separate applications up to two clusters. Nefco reserves the right to not award all the funding only to one company under BGFA2.

The BGFA2 application stage is a one phase process. The application requires the submission of a business plan, a final financial model and incentive request for delivery of energy services.

BGFA2 has a focus on Mini-grids, and five prioritised Mini-grid clusters are planned to be licensed (listed in Annex C). Additional sites may become available. BGFA2 is targeting approximately 10,000 Mini-grid connections and 10,000 Standalone ESS at the listed sites for now. Customers not connected to the Mini-grid at the sites/clusters should be served with Standalone systems as far as possible.

Standalone ESS are not part of the concession licence, but any Standalone solutions included in the offer need to be deployed in the Mini-grid concession area. ESPs not offering Standalone solutions directly may describe potential ways to facilitate availability of Standalone solutions in order to demonstrate an ability to meet regulatory requirements on full electrification of the chosen concession area. The primary means for electrification of the sites should be Micro-/Mini-grids. The share of incentivised Standalone connections will be limited to max 50% of the total ESS offered in a cluster. Any additional Standalone ESS are not incentivised.

ESPs should submit an offer that is cluster specific (see Annex C for details). Evaluation, ranking of Applications and awarding of BGFA2 funding are done separately for each cluster.

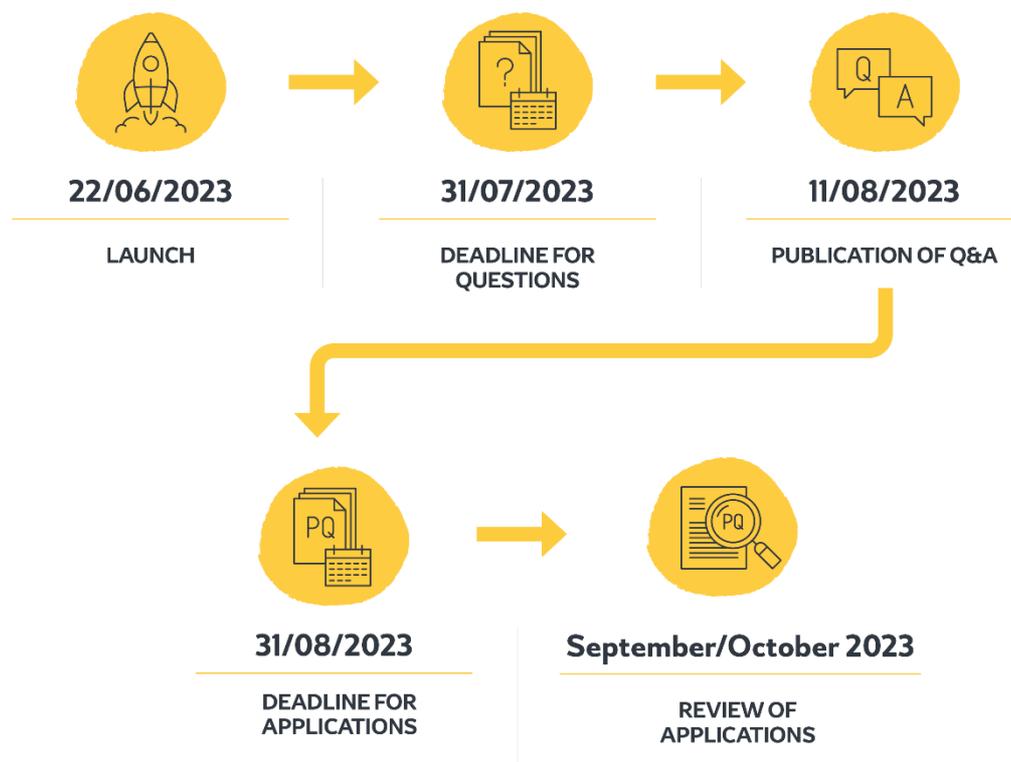


Figure 1. BGFA2 timeline

The Application Form is available in the SmartME system. The form also specifies which documents need to be uploaded as part of the application. Further documents and information will only be required during the due diligence, contracting and/or implementation phases, as applicable.

Information to be submitted during application includes:

- a completed application form/business plan
- the most recent audited financial statements (2022)
- a commitment letter
- a fully developed financial model (in the form of an Excel file with visible formulae)
- Energy Subscription Services offer, i.e. the price offer (incl. Tiers, types and number of ESS), as an Excel file and as a signed pdf

Applicants are expected to submit the financial model with the same level of detail that they would provide to apply for licensing/permitting (as relevant) and tariff approval from relevant regulatory authorities.

All required information and documentation must be submitted in English and all financial information in EUR. Any documentation not available in English may be provided in Portuguese. In this case, Applicants are required to provide an unofficial

English translation. Certified translations of key documents may be required at the due diligence and/or contracting stage.

Submitted applications are considered to be in their final form and may not be amended once submitted. Nefco reserves the right to ask for clarifications and/or additional documentation at any stage of the BGFA2 application process. However, changes that improve the application and/or are required based on the published regulations may be accepted at Nefco’s discretion. Applicants bear all their own costs incurred in the preparation and submission of the Application.

The BGFA2 SmartME intake system will open **on 22 June 2023 and close on 31 August 2023 at 12:00 hrs (noon) Helsinki time (EEST)** for the application process.

It is the Applicants’ responsibility to ensure that all documentation is submitted and uploaded via SmartME on time, taking into account the time zones and Internet connection speed. It is strongly recommended that Applicants start in good time to complete and submit the Application well ahead of the submission deadline. The SmartME intake system will not accept submissions/uploads after the submission deadline. Only one user can work on the application at a time.

Applicants are invited to post questions only via the SmartME intake system’s support section by 31 July 2023 at 12:00 hrs (noon) Helsinki time (EEST). Questions and answers and further clarifications will be made available to all registered Applicants in an anonymised and redacted form tentatively by 11 August 2023.

Applicants will be duly notified of their progress and the final results of BGFA2 will be made public after contracting. For more information about BGFA2, please visit <https://beyondthegrid.africa/>. All the deadlines are still subject to change.

3. Country Programme, Funding Window and Funding Lot

BGFA2 offers Applicants the chance to compete under the Mozambique Country Programme for Funding Lot #7⁵ (see Table 1), with indicative funding of up to EUR 6.7 million in total⁶. Implementation is expected to start in 2023 and end in 2027. The expected BGFA2 funding allocation per cluster is EUR 2–2.5 million. However, there is no specified maximum amount.

TABLE 1. FUNDING LOT #7

FUNDING LOT	FUNDING CATEGORY	TIER LEVEL	NUMBER OF EXPECTED CONTRACTS	INDICATIVE INDIVIDUAL CONTRACT SIZE (EUR million)
LOT #7 Up to EUR 6.7 million	Mini-/Micro-grids combined with solar home systems (as applicable)	1–5	3–4	2.0–2.5

⁵ BGFA uses continuous numbering of Funding Lots offered under various calls.

⁶ Additional funds may become available in the future, subject to donor approval.

Contracted ESPs will be eligible during implementation to receive limited technical assistance and business support financed by BGFA related to topics such as e-waste, sustainability, gender, security action plans and mobilisation of additional funds.⁷

4. Eligible projects⁸

General requirements

During the Application stage, Applicants will be required to confirm that they have familiarised themselves with and are willing to comply with Nefco's general policies and guidelines, available at <https://www.nefco.int/about-nefco/legal-framework-and-guidelines/>⁹, as relevant to the implementation of the proposed project in the event of a possible contract.

Applicants are required to provide additional information and to fulfil various other requirements linked to Nefco policies and some general BGFA requirements. ESPs are required to apply high standards related to social and environmental sustainability, gender, security and consumer protection issues when implementing the project.

Please see the BGFA General Guidance tailored for BGFA2 for more detailed information on the general requirements for the ESPs as available in SmartME.

Fulfilment of these general requirements will be checked during the due diligence or contracting process or may be added as Conditions Precedent for the payments or as deliverables under Work Plan Milestones in the contract as applicable.

Mozambican off-grid regulations

The Applicants are encouraged to carefully familiarise themselves with the Mozambican off-grid regulations (linked in the SmartME Support Section) in order to appropriately price and model any relevant aspects towards energy service delivery in the concession areas. BGFA also aims to facilitate a cooperation with ARENE on clarification of any aspects of the regulations in the Q&A process. The Applicants are encouraged to send any questions related to the policy and regulations through SmartME and these will be addressed in the Q&A process along with other questions (in cooperation with ARENE).

⁷ TA will mainly be available to small local companies.

⁸ BGFA does not support 'projects' as such, as BGFA's objective is to support sustainable business development. However, the term 'project' is used for easier reference. All BGFA-related activities in a company need to be 'ring-fenced' for reporting and auditing purposes.

⁹ This includes the following policies:

NEFCO's Environmental and Sustainability Guidelines

NEFCO's Environmental and Sustainability Policy 2022

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 Policy and Procedures

While the Applicants are encouraged to seek full clarity, some of the site specifics and related impact of the regulations may remain unknown / unclear until more detailed investigation and feasibility studies can be conducted; Nefco reserves the right to allow ESPs to adjust the potential BGFA offer proportionally to any future unknown / unexpected costs that transpire as a result of regulatory requirements (as long as it can be demonstrated that these are not incurred as a result of omission or oversight on the part of the Applicant).

BGFA is also seeking to continue the cooperation with ARENE and to support the engagement of awarded ESPs with ARENE on clarification and guidance on the licensing and tariff approval process and requirements. It is emphasised that the approval of concessions and approval of tariffs remain the sole jurisdiction of the relevant Mozambican government authorities.

Technical requirements

To be eligible, project proposals and solutions should meet technical requirements and offered ESS should meet certain minimum requirements. Please see [Annex A](#) for detailed information.

BGFA can only support ESPs' provision of renewable energy services and solutions. Energy services based on fossil fuels are not eligible for BGFA financing. Some energy- (only) generating technologies may also be eligible for BGFA financing. Proposals using limited non-renewable technologies such as back-up generation capacity only (e.g. diesel) are eligible for BGFA2 financing.

ESPs are required to employ modern systems, hardware and software that comply with relevant industry-technical standards and meet all relevant statutory standards and regulations in Mozambique.

Additionality

Applicants will need to demonstrate that the proposed project is additional and would not happen without BGFA2 funding. Parallel financing (i.e. linked to any other on-going activities but not directly to the proposed BGFA2 project) is not eligible as co-financing, noting, however, that some infrastructure etc. may be shared between similar activities. In this case, appropriate allocations of shared resources should be made and will be considered acceptable, provided that the allocation is realistic and adequately justified.

Applicants that are receiving funding from other programmes are eligible to apply for BGFA2 funding and such applications are welcomed. Double counting of ESS is not admissible. BGFA2 will work with other donors and any awarded Applicants that are also recipients of other donor funding to ensure that ESS are clearly attributed to the respective programmes.¹⁰

¹⁰ AECF funding cannot be counted towards co-funding.

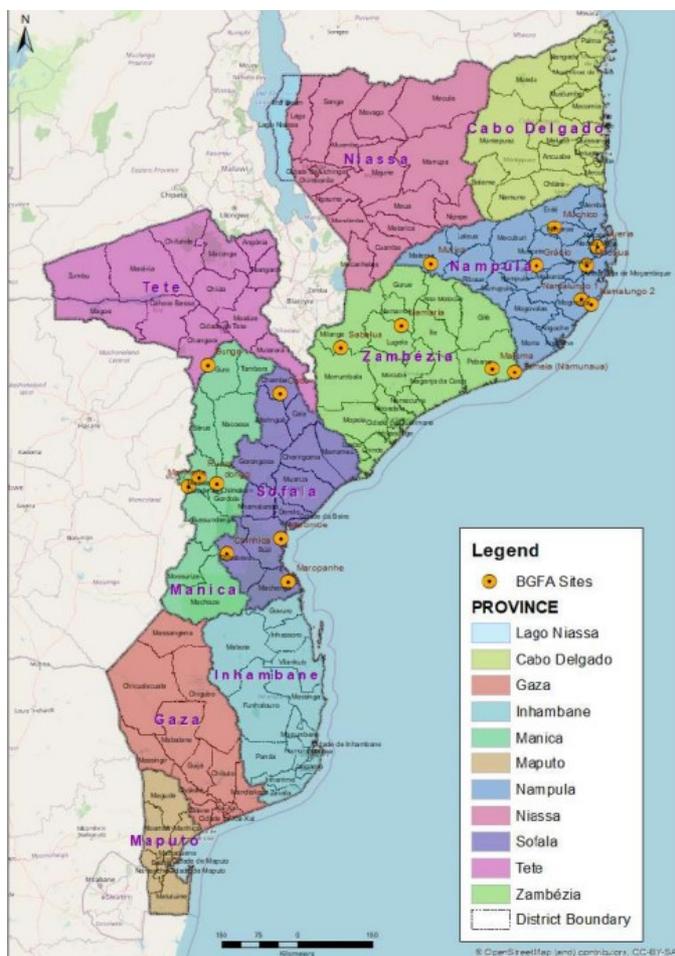
In the case that Applicants are considering to include carbon finance as one of the funding sources, it needs to be indicated in the application.

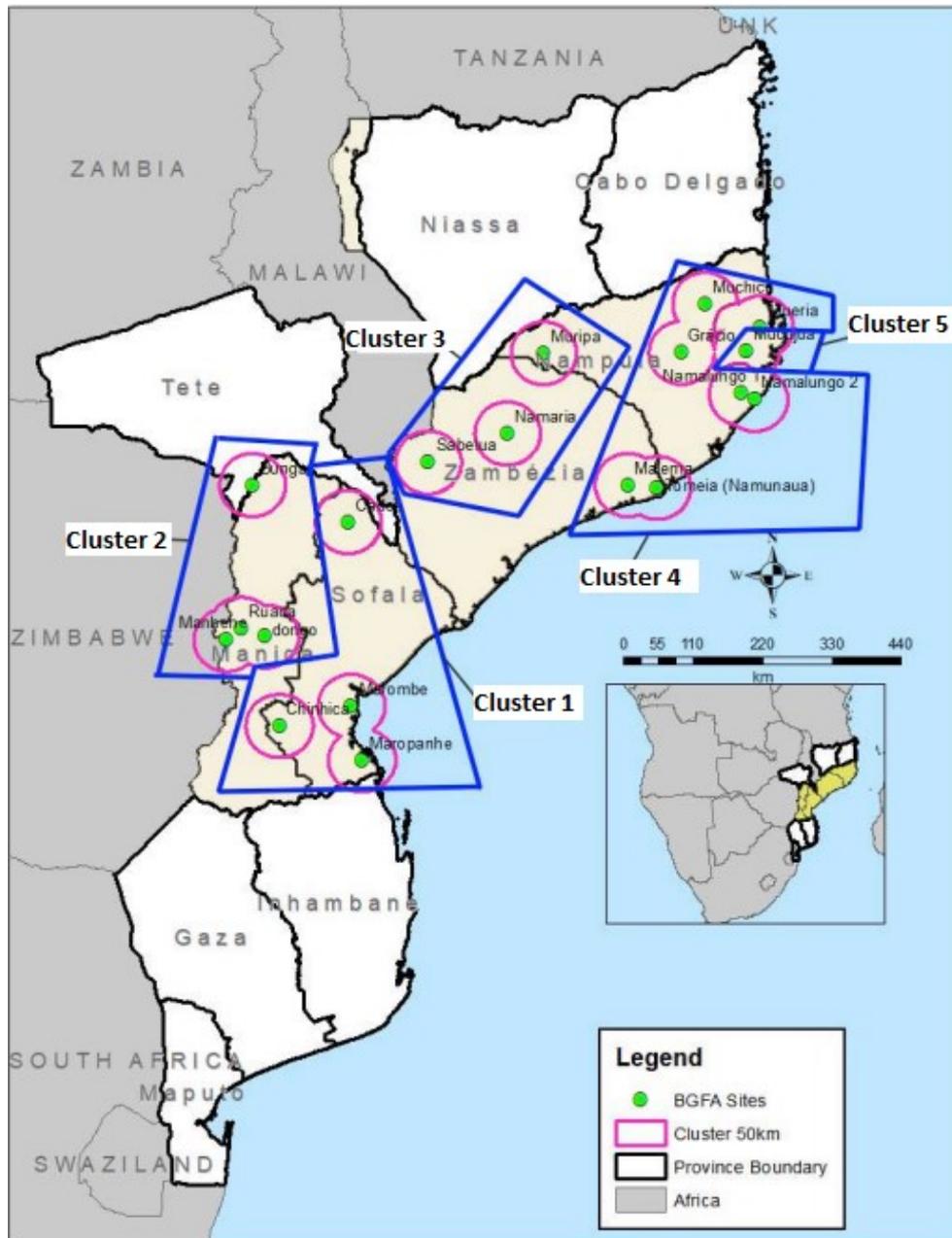
Geographical focus/Concession areas and licensing

The BGFA Country Programme for Mozambique aims to strike a balance between increasing the number of electricity connections in rural and peri-urban areas, achieving overall development impact and accelerating sustainable off-grid market development.

In collaboration with FUNAE, BGFA has now prioritised 5 clusters where it encourages interested ESPs to electrify communities through Mini-/Micro-grids (potentially in combination with Standalone solutions, as applicable). During the site selection process, FUNAE has worked closely with EDM to minimise the risk of overlaps with areas with local plans for grid extensions. BGFA has worked further with FUNAE to cluster the sites into Mini-grid concession areas (as outlined in Annex C and illustrated on the map below). Applicants can bid to provide energy services in the specified concession areas, including all the sites within the concession area as listed in Annex C. Nefco reserves the right to amend and/or update the site information.

Information about the identified sites has been provided by FUNAE and validated through BGFA technical support with the help of remote sensing data (including recent satellite images), census data from the National Statistics Institute of Mozambique (INE) and complementary GIS data.





5. Eligible Applicants

Applicants applying for BGFA2 funding must be for-profit ESP limited liability companies/entities selling energy and/or energy-related productive use of energy (PUE) services to end consumers. Applicants must already be legally incorporated and validly existing in Mozambique or commit to being incorporated and registered as such to Nefco’s satisfaction prior to contract signing. Individual persons or groups of persons (who are not legally incorporated and registered as a limited liability company in the Project Country) are not eligible for BGFA2 funding.

However, Applicants are allowed to enter into various types of project implementation partnerships with for-profit and non-profit entities, community-based organisations and other non-commercial entities. Information on any listed companies will be required in the application, if applicable.

Applicants must provide relevant agreements on partnership arrangements to Nefco's satisfaction at the latest prior to contracting. Responsibility for the project implementation must be agreed and defined to Nefco's satisfaction, and the arrangements need to comply with Nefco's general policies and procedures as well as BGFA requirements.

Applicants are not allowed to include government entities, public agencies and/or donors as project implementation partners. Applicants and all partners should be in compliance with all tax, regulatory and legal frameworks and laws in Mozambique and in their home country (if the Applicant is other than Mozambican Applicant).

Applicants are advised to consider carefully the structure of their application and the identity of the Applicant and the respective roles and relationships of related entities involved in the application (e.g. Project Partners, Consortium Members, Significant Sub-Contractors, etc). The Applicant, the various related parties and their respective roles as detailed in the application cannot be materially changed, except in exceptional circumstances and at the discretion of Nefco. Such changes may lead to a re-ranking of Applicants.

6. Minimum requirements

The Applicant must demonstrate:

- (i) turnover¹¹ of at least 15% of the requested BGFA Funding but, in any case, a minimum of EUR 300,000 during the last fiscal year or existing equity matching the requested BGFA2 funding
- (ii) current ratio with a minimum value of one or higher
- (iii) equity ratio of at least 15%¹²

If the future Nefco counterparty is not registered as a company/entity or business in Mozambique and for that reason has no historic financial records of its own or does not fulfil the minimum financial criteria as set out above, the financials of the Parent company or a Group's consolidated financials may be used instead. In that case, Nefco may require an appropriate financial guarantee (such as a parental guarantee) to be issued prior to BGFA contracting or as a condition precedent for the first payment.

The sources of data for turnover and ratios shall be clearly referenced and included in the application. The most recent financials for 2022 must be provided.

Applicants should be able to show, either by themselves or through proposed partnerships, that they have sufficient resources and competence and prior relevant and sufficient professional market experience of working in off-grid markets either in Mozambique or in one or more other SSA countries.

¹¹ Variances in accounting practices with regard to revenue recognition could lead to discrepancies in turnover figures between ESPs. Applicants are requested to state their assumptions regarding revenue recognition and other supporting information they deem necessary when providing these figures.

¹² Shareholder loans can, generally, be included as part of the equation, as comparable to equity.

The Applicant must demonstrate:

In Mozambique:

- that they have at least 12 months of operational experience
- that they have successfully completed a project meeting or exceeding the following metrics: a minimum of one privately operated (and owned if applicable) pilot Mini-/Micro-grid system with a minimum of 40 ESS

Or in another (specified) country in SSA:

- that they have at least 24 months of experience with operations meeting or exceeding the following metrics: a minimum of three privately owned and operated Mini-/Micro-grid systems with a minimum total of 500 ESS

Those ESPs wishing to offer Standalone solutions to complement their Mini-grid offer must possess sufficient experience on Standalone solutions or enter into partnership with a consortium member or significant sub-contractor that possesses this experience. This experience will be subject to external evaluation.

Applicants that do not themselves have the required experience may rely on experience within their corporate group, provided the entity relied on is majority owned (>51%) within the group and the ability of the BGFA-contract counterpart to leverage the experience can be demonstrated through management structures and/or clear operational linkages.

Other experience provided by possible partners and/or consortium members may be taken into consideration and/or the above criteria interpreted at Nefco's discretion to meet these minimum requirements provided that the Applicant can plausibly demonstrate and document a credible track record.

7. Evaluation process

Evaluation is focused on (i) assessing the quality of applications and (ii) carrying out a weighted cost per energy service subscription calculation (wC) forming the basis for the overall evaluation and scoring of the proposed project and its value for money (VfM). The evaluation process consists of the following steps:

- (i) an eligibility and completeness check by Nefco (excluding the eligibility check for previously pre-qualified ESPs)
- (ii) an external evaluation of the application/business plan
- (iii) an external evaluation of the financial model including any possible updates required by the published regulations
- (iv) calculation of the weighted cost (wC)
- (v) calculation of the overall expected value for money (VfM)

BGFA2 funding will be awarded to the Applicants that demonstrate the best overall value for money (VfM) using a reverse auction approach. Only applications that are complete and fulfil all requirements based on the completeness check will be evaluated.

Evaluations and scorings will be undertaken by an independent, external evaluation committee appointed by Nefco.

Applications need to score more than 60 points (out of 100) of external evaluation in order to qualify for calculation of the weighted cost (wC) and calculation of the overall expected value for money (VfM).

The purpose of weighted cost (wC) is to provide a level playing field for all solutions. Applicants can freely design their application combining different Tiers (in one category per application), and wC 'captures' various solutions in a single number in a transparent and fair way. The methodology for calculating wC is described in more detail in [Annex B](#).

The wC and the quality of the application 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 subscription

wC_{low} is the lowest of all evaluated weighted costs per energy subscription

BP is the score obtained at the Application stage and reflecting the quality of the application

X is the weight for the wC

Weight for the wC is 0.3. This refers to 30% weighting for wC and 70% weighting for the quality of the application.

Applicants will be ranked according to their final CS score. Ranking will be done separately for each cluster. The higher the CS score, the higher the VfM offered to BGFA2.

The highest-ranking Applicants with project proposals representing up to the total EUR amount available will be shortlisted and invited to undergo a due diligence review. If the review is successful, Applicants will be invited to contract negotiations, starting with the highest-ranking applications.

Nefco will seek to allocate all available funding to the highest-scoring ESPs, starting from the top.

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

TABLE 2. BGFA2 EVALUATION AND SCORING

EVALUATION CRITERIA	SPECIFICATION	MAX POINTS
Technical feasibility	General feasibility of technical/technology solution(s) in the context of the target market, including product design, electricity generation and management, etc.	5
	Compliance with pertinent quality standards	
Market comprehension and market experience	Market experience of the Applicant/Consortium/partners in the Mozambican market linked to Mini-grids and Standalone (if applicable)	18
	Market experience of the Applicant/Consortium/partners in other relevant market in Sub-Saharan Africa	
	Awareness and analysis of the market potential (incl. trends and opportunities, policy and regulatory environment, technology developments, etc.) and sensitivity to market constraints (ability and willingness to pay, institutional barriers, etc.)	
	Understanding of competitors, and positioning vis-à-vis competitors/competitive advantage (incl. industry structure and segmentation, core competencies and barriers to entry)	
Commercial feasibility and financing	Viability, robustness, credibility and maturity of the business model, including feasibility of the proposed business model	20
	Understanding and control of the cost structure and use of funds; ability to manage and influence costs and funds	
	Financing structure: appropriateness and additionality of funding request, levels of co-funding (own equity or from any other party) equal or above the amount of funding requested from BGFA	
	Proof of overall financial health and sufficient financial resources to implement deployment planning	
	Compelling and credible plan for implementation	20

Implementation and operation capacity	Standardised and formalised processes (e.g. standard operating procedure(s) for operating the shops or other sales channels for solar-home systems or Micro-grids, for recruiting/training staff, for distribution partnerships, for repossession of assets, etc.)	
	Operational capacities, including credible monitoring and reporting systems, methodologies and indicators	
	Credible environmental and social risks management capacity, policies and procedures, and ESG-related reporting and monitoring capacities, policies and action plans (as applicable), including but not limited to environment and social sustainability, health and safety and good governance (e.g. anti-bribery, anti-corruption, labour conditions), grievance mechanisms, consumer protection, and e-waste handling	
	Identification of principal risks (risk catalogue) and appropriate mitigation strategies/security plans	
Development impact potential	Potential for accruing environmental and health benefits: e.g. reduction of greenhouse gas emissions and mitigating other negative impacts on the environment (deforestation, biodiversity loss and air quality)	27
	Capacity to impact households and businesses at target sites and ability to ensure full electrification of communities/as per policy requirements	
	Potential for contribution to jobs, income generation, economic development and/or value addition and value chain development	
	Productive Use of Energy components in the project. Potential of the proposed solution(s) to provide energy access at scale in rural and peri-urban areas (e.g. number and types of connections, type and quality of service, potential for end-users to upgrade to higher level systems)	
	Promotion of gender equality in the proposed project implementation and potential to reduce socio-economic inequalities	
Management capacity and experience	Delivery capability of Applicant and/or Consortium, experience and track record; management structure; skills balance and quality	10
	Gender representation of the Applicant and company-level gender mainstreaming	
TOTAL MAX. SCORE		100

TABLE 3. SCORE SCALING

(to be calculated proportionally in line with the maximum points for each scoring category/criterion)

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

8. Due diligence and contracting

Prior to possible contract signing, a thorough due diligence including an integrity due diligence review will be carried out. The due diligence will include a review of the key technical, social, environmental, financial, institutional and legal aspects that are relevant for BGFA financing. Applicants need to have credible plans and access to the resources needed (including financing) to deliver the number, types and Tier of ESS offered.

Nefco will require full proof of Applicants' compliance with BGFA2 requirements during the due diligence review. Exceptionally, proof can be provided after contract signing as conditions precedent for payment or as Work Plan Milestone deliverables in a possible contract.

Supporting documentation will be required in advance of or during the due diligence review, and during the review, the highest-scoring Applicants will be required to demonstrate that they are in good standing in the relevant country of registration and in compliance with all relevant requirements including tax, policy and regulatory frameworks and laws in their home country and in Mozambique, as applicable.

Based on findings during the due diligence review, Nefco reserves the right not to proceed to contract negotiations, insofar as Applicants cannot adequately demonstrate the above and that the proposed project complies with BGFA2 requirements.

Applicants are requested to take note that the wC cannot be negotiated or changed by Applicants during the due diligence process. Computational or mathematical errors may be corrected. Changes due to external factors beyond ESPs' control (e.g. changes in duties, taxes or formally set tariffs) may be considered. These may lead to a re-ranking of Applicants after submission. Changes that improve the project design in accordance with the BGFA requirements are acceptable at Nefco's discretion – including a lower wC.

If insufficient donor funds remain to contract all offered ESS by the highest-scoring ESPs, Nefco may offer to contract a lesser volume of ESS than offered but at the same incentive level per Tier. In such a case, Applicants will not be bound to enter into a contract if the reduction is significant, i.e. more than 20%.

Applicants selected for contract negotiations will be required to suggest an ESS Delivery Schedule and Work Plan Milestones to be met for them to receive payments. The agreed ESS Delivery Schedule and Work Plan will be binding upon signing the BGFA contract. The payments under the BGFA contract will be made to the ESP if it is in compliance with BGFA contract, where the ESS Delivery Schedule and Work Plan are key performance indicators.

Applicants may bid for up to two clusters, but Nefco reserves the right to not award all the funding only to one company under BGFA2.

9. Monitoring, reporting and payments

BGFA2 funding is made available in return for ESPs implementing the proposed project and providing the offered number of ESS to end customers. Exceptionally, up to 30% of the requested financing, but a maximum of EUR 500,000, can be paid in advance, if ESPs can demonstrate a specific need in the business model and as confirmed during the due diligence. All BGFA2 projects are considered as Launch to Scale projects.

ESPs will be required to employ modern control, monitoring, metering and customer-relationship management systems in the delivery of energy services, i.e. various modern sales/loan or pay-as-you-go (PAYGO) management platforms and 'smart' metering solutions. To the extent necessary, ESPs will be required to enter into a BGFA-relevant data-sharing agreement.

ESPs must provide reports on the achievement of Work Plan and ESS Delivery Milestones. Contracted ESPs must further be willing to provide detailed information on achievements, business performance, development impacts, market developments and related risks through progress reports and regular engagement with the BGFA team.

BGFA also uses the SmartME system for reporting and monitoring purposes and works together with external service providers on monitoring, reporting and verification.

ESPs may also be required to establish automated data transfer integration via an application programming interface (API) with an automated monitoring system to provide automated data with relevant data points to SmartME and/or other systems.

ESPs may be eligible for up to EUR 5,000 in technical support to cover expenses incurred during the establishment of integration with an automated monitoring system.

Double counting of ESS is not allowed, and ESS established with BGFA2 funding shall be solely reported to BGFA.

Technical assistance may be provided to ESPs during the implementation.

Nefco may disclose general information including but not limited to the following: date of the signed Sustainable Off-grid Energy Services Agreement project title or purpose, description of the project, name of the host country, ESP's name and other details of the contract such as the amount of Nefco's financing according to Nefco's guidelines.

TABLE 4. ELIGIBLE AND INELIGIBLE EXPENDITURE UNDER BGFA

<p>BGFA funds may be used by contracted ESPs to cover future costs:</p> <ul style="list-style-type: none">• to establish and prepare business.• to purchase hardware and software• to purchase inventory and spares• for personnel costs• for training and capacity building• to scale up activities such as expanding physical distribution• for last-mile promotion, sales and service <p>BGFA funds cannot be used by contracted ESPs to cover:</p> <ul style="list-style-type: none">• sunk costs that have already been incurred• wholesale of energy to a third-party retailer or 'distribution partner' that does not form part of a Project Consortium• sales of bulk power to a third-party distributor of a Mini- or Micro-grid• one-off cash sales of equipment and/or appliances that do not constitute a returning customer or long-term contractual relationship between an ESP and a customer (with the exception of certain PUE connections and services at Nefco's discretion)
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10. Reservations

Nefco reserves the right:

- not to start negotiations with any of the Applicants; all contracts are subject to a successful due diligence review and individual prior no-objection from the Donor(s)
- to request additional information from invited Applicants at any stage of the process
- to adjust and/or further supplement any Application requirements, calculations and/or specification parameters, as well as any other guidance related to BGFA2, provided here or elsewhere; in the event of any changes, invited Applicants will be informed in a timely manner.
- to reject applications on the basis of an abnormally low or high wC and/or requested incentive per Tier¹³

¹³ wC values in contracted BGFA ESPs may be used in this assessment.

The Application Guidelines do not constitute an offer, and access to BGFA2 funding is always subject to funding made available by Donor(s) to Nefco.

11. Complaints and reporting of corruption and misconduct

For complaints, please visit the following link:

<https://www.Nefco.int/contactus/complaints-review/>

or email Nefco at: complaints@nefco.int

Any corruption or misconduct in activities related to Nefco and BGFA must be reported via Nefco's Ethics and Compliance function. The report is confidential and can be submitted anonymously at:

<https://www.Nefco.int/contact-us/report-corruption-and-misconduct/>

or email Nefco at: corruption@nefco.int

12. Personal data and confidentiality

For the purposes of the application and evaluation process, Nefco will collect and process certain personal data. This processing is based on Nefco's legitimate interest in assessing the financial strengths and eligibility of the project proposals. Nefco's full Global Privacy Policy can be found on Nefco's website at www.nefco.int. The Global Privacy Policy states how Nefco processes personal data and the rights of the data subject. Nefco's Data Protection Officer can be reached at dataprotection@nefco.int. External evaluators and other service providers taking part in the evaluation process will also have access to the data provided to Nefco as part of the application.

When registering with the SmartME intake system for the first time, Applicants are provided with a privacy notice from Adalia (the provider of the SmartME intake system) with information on the personal data processed by Adalia when creating an account for the Applicant. Applicants are requested to read and agree to Adalia's User Agreement.

13. Inside information

Applicants that are listed companies ('Listed Applicant') need to take into account the following aspects:

'Inside Information' is defined as material, non-public information about a listed company or an issuer of Financial Instruments as defined in the European Union's Market Abuse Regulation (EU No 596/2014; the 'Market Abuse Regulation'). The Market Abuse Regulation defines Inside Information as "*information of precise nature, which has not been made public, relating, directly or indirectly to one or more issuers or to one or more financial instruments, and which, if it were made public, would be*

likely to have a significant effect on the price of those financial instruments or on the price of related derivative financial instruments.”

The Listed Applicant must inform Nefco if it is a listed company as defined in the Market Abuse Regulation or any other law or regulation applicable to the Listed Applicant.

The Listed Applicant must also inform Nefco:

- of the trading venue of the Listed Applicant;
- of what information it has provided that it considers to be Inside Information or alternatively to confirm that it has not provided any information that can be considered Inside Information; and
- of the listed Applicant’s contact details to its compliance officer or person responsible for compliance matters.

This information is to be sent separately by application submission deadline to Nefco’s Senior Programme Manager Kari Hämekoski; kari.hamekoski@nefco.int.

Annex A. Technology requirements

General requirements

BGFA has a strong preference for technologies that maximise the lifetime of applied energy provision systems and solutions. Applicants should generally 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 high product quality and reliability.

Applicants must also offer a freephone or equivalent end customer care line to receive and promptly respond to customer service requests.

Systems relying on lead-acid batteries will not be eligible for BGFA2 funding. In order to successfully demonstrate eligibility for a proposed product/system for BGFA2 funding, Applicants are required to meet the following technology-specific criteria (as relevant to the proposed project):

Solar home systems (SHS)¹⁴

To be successful, Applicants will be required to submit proof 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.

- If selected for contract negotiations, compliance will be checked during the due diligence review, in which Applicants will be asked to provide a Lighting Global verification letter or a VeraSol certification letter for each product or family of products. This will be checked against the publicly accessible list of VeraSol/Lighting Global accredited products (<https://data.verasol.org/>).
- For modular SHSs belonging to a family of products, Applicants will, if selected for contract negotiations, be requested to submit proof of the VeraSol certification (as described above) including 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 presented in the VeraSol Spec Book for the combination proposed, the ESP will need to request that VeraSol calculates the available electrical energy per day from existing data and component ratings for the proposed combination.
- As regards possible deviations from the combination of components (including all appliances and lights) tested in the Lighting Global/VeraSol-certified product, ESPs will be requested, at the latest before the first payment, to submit proof of VeraSol certification for any proposed combination. If VeraSol cannot calculate a value for the available electrical energy per day from existing data,

¹⁴ SHSs are defined as systems that 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.

ESPs may be required to submit laboratory test results of the proposed combination of products to VeraSol for assessment.

For large solar home systems and/or component-based Standalone systems with >350 W_p, Applicants will be requested to demonstrate compliance with VeraSol's Quality Assurance Framework for Component-based Off-grid Solar Energy Systems.¹⁵

These requirements will also apply to possible new systems proposed for inclusion in a BGFA2-funded project.

Refrigerators, solar water pumps (SWP), electric pressure cookers (EPC) and cold chain technologies

Any product included in the 'Global LEAP Awards Buyer's Guides', i.e. already named a winner or finalist in previous rounds of Global LEAP Awards competitions, will automatically be eligible for BGFA2 funding. ESPs will be asked to provide a Global LEAP Awards Winner/Finalist certificate for each proposed product at the latest before the first payment. ESPs will also be required to demonstrate compliance with the comprehensive 'Global LEAP Awards' list (i.e. finalists and winners) available on VeraSol's website (<https://data.verasol.org/>) and in several buyer's guides.¹⁶

Contracted ESPs offering other products, i.e. that are not included in the previous Global LEAP Award competitions, will be required to provide evidence at the latest before the first payment 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:

- Step 1: Provision of two randomly selected product samples to an independent third-party test laboratory that has an active partnership with VeraSol¹⁷ for testing, using the relevant Global LEAP test methods.¹⁸ If testing in a laboratory is not feasible (e.g. cold chains), Applicants will be requested during the due diligence review to arrange verification of key performance data for their proposed product over a period of time.
- Step 2: Provision of the test result in a standard test report template enabling Nefco or its representatives 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. After evaluation, all product data reviewed by VeraSol will be shared publicly in its dedicated database.

¹⁵ Please reference the standards outlined in this document, specifically in §4 Component Standards Requirements and the associated annexes. Note that all tests must be conducted and presented to Nefco's satisfaction, and Nefco reserves the right to request additional information.

https://storage.googleapis.com/verasol-assets/Overview_Quality-Assurance-Framework_Component-based-Off-Grid-Solar-Energy-Systems_June-2022.pdf

¹⁶ Buyer's guides for 1) fridges: 2017 and 2019 rounds, 2) SWP pumps: 2019 round, 3) Electric Pressure Cookers: 2020 and 3) off-grid cold chain solutions: 2022.

¹⁷ List of laboratories (<https://verasol.org/test-labs>), section Off-Grid-Appropriate Appliances and Productive Uses and for electric pressure cookers: Kijani Testing in Kenya. Prior to contacting a VeraSol partner laboratory, it is recommended to liaise with VeraSol (info@verasol.org) to confirm which partner laboratories are suitable for a given technology.

¹⁸ <https://efficiencyforaccess.org/publications/type/test-methods/>

These requirements will also apply to new systems proposed for inclusion during the course of BGFA2.

Mini-/Micro-grids¹⁹

Mini-grids should meet the general eligibility criteria of technical standards for generation, storage, load control and distribution. ESPs should include references to relevant technical (e.g. IEC TS 62257), health and safety, and other standards in the business plan and demonstrate compliance with or willingness to comply with all relevant statutory regulations, licensing and technical standards applicable in the Project Country. National regulations deemed particularly relevant for the off-grid sector in Mozambique have been listed in the SmartME Support Section and application form. Please note that this list is not exhaustive, and ESPs should themselves look for any updated information that is relevant for their business.

To be eligible for BGFA2 financing, Mini-grids should rely on an AC (single-phase or three-phase) distribution system. DC Mini-grids are not eligible for financing under BGFA2. Mini-grid providers should incorporate modern load control, monitoring and management systems, as well as ‘smart metering’ solutions to enable integration with an automated monitoring platform.

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 at the latest before the first payment and compliance is checked, e.g. against the international Quality Assurance Framework for Mini-/Micro-grids as established by the US Department of Energy and National Renewable Energy Laboratory (<https://www.nrel.gov/docs/fy17osti/67374.pdf>).

Nano-grids

Widely accepted technical standards applicable to Nano-grids are not yet available at this point in time. Technical requirements for Nano-grids under BGFA2 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 Standalone and Mini-/Micro-grids, 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.), contracted ESPs will be requested, at the latest before the first payment, to arrange verification of key performance data by a VeraSol testing lab based on protocols/standards determined by Nefco to ensure that the technical specifications indicated in Applications for the appliance(s) are accurate. If laboratory testing is not feasible, Nefco may request the contracted ESP to arrange alternative

¹⁹ 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.

means of testing performance data over a period of time. The data may be handed over to VeraSol, which will make it publicly available.

Annex B. Energy Service Tier Matrix and ESS input data

ESPs can submit an offer with both Mini-grid and Standalone ESS that will be combined into one wC figure. The main means for electrification at the sites should be Mini-/Micro-grids, but ESPs wishing to extend their impact to households and businesses located in peripheral areas surrounding the Mini-grid sites are encouraged to include some Standalone energy solutions in their product mix.

ESPs that design and communicate effective and efficient plans for extension of energy access to peripheral customers in the regions bordering the identified Mini-grid sites could score higher during application evaluation. The share of Standalone solutions is limited to 50% of the total ESS offered by the ESP. Any additional Standalone solutions will not be incentivised, and energy extension plans offering more than 50% of Standalone connections could be scored lower during application evaluation.²¹

Applicants are required to categorise the different types of ESS offered using the main Tier levels, customer categories and other attributes described in this annex, when filling in the application (in SmartME) and preparing their financial model. –The minimum requirement for available daily electrical energy is 20Wh/day.

During the evaluation of applications, the energy service Tiers offered in the project proposal submitted to the Application stage are weighted to reflect how much they each contribute to the overall objectives of BGFA2. The weighting mechanism reflects the increased quality of access with increasing Tier levels and the contribution of enhanced services (e.g. through electric cooking, productive use of energy or other eligible appliance/piece of equipment) to socio-economic development.

The Tiers and their respective applied weights are described below and organised according to the underlying delivery technology:

- Section 1 provides General Definitions applicable universally to BGFA2.
- Section 2 provides the Tier Matrix and Weights for Standalone/SHS Systems delivery models.
- Section 3 provides the Tier Matrix and Weights for Mini-/Micro-grids delivery models.
- Section 4 provides the Premiums applicable to the underlying weights for defined Productive Use Applications (which are combined with the respective weights for the underlying delivery technology – i.e. either Standalone or Mini/Micro-grids).

Applications submitted will be evaluated based on their ability to maximise the Vfm offered to BGFA2.

The final ESS Financial Offer Excel template to be used in the application will be available in SmartME.

SECTION 1 – General definitions

Under BGFA2, only Energy Service Subscriptions (ESS) that remain active (i.e. a customer has made a payment in the last 90 days) will be considered and counted towards the deployment targets.

Residential customer: an end customer (person or household) receiving energy services for dwelling purposes.

Commercial customer: an end customer (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, free or at a reasonable cost, to a community (e.g. health, education, street lighting, etc.).

PUE customer: a commercial or institutional end customer receiving energy services enhanced through the provision of equipment/machinery in one or more of the identified BGFA2 target PUE applications/services, i.e. agri-processing, cold rooms/chains, and refrigeration, solar water pumping, drinking water production, artisanal use and e-vehicles.

SECTION 2 Energy Service Tier Matrix for Standalone / SHS Systems delivery models

When seeking funding for standalone systems, Applicants should categorise ESS based on available daily electrical energy (in Wh/day) as per VeraSol assessment applying the following mandatory energy service Tier matrix. Eligible appliances/equipment may benefit from a premium (see details in dedicated sub-section).

In order to promote electric cooking, PUE, other selected income-generating activities and the delivery of public services, relevant ESS deployed together with an eligible piece of equipment may benefit from a premium on top of the corresponding base weight. Eligible equipment and applicable premiums are defined below in a separate section.

TABLE 5. ENERGY SERVICE TIER MATRIX FOR STANDALONE / SHS SYSTEMS

TIER LEVEL	1A	1B	2A	2B	2C	3	4	5
Eligible customers	Residential*/Commercial**/Institutional/PUE							
Available Daily Electrical Energy [Wh/day] or proxy	≥ 20	≥ 35	≥ 70	≥ 175	≥ 310	≥ 600	≥ 1000	≥ 2000
Base weight	3	5	6	8	10	27.5	55	110

* Residential connections over Tier 2C will given a base weight of 10.

** 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.

The Tier levels are primarily based on the metric available Daily Electrical Energy (Wh/day) or a proxy.

For integrated SHS with power ratings of 350 W_p and below, available daily electrical energy refers to the eponymous indicator in the VeraSol certification (see Technical standards in Annex A). For SHS or other Standalone systems with 350 W_p and above, available daily energy will be determined by test results undertaken in certified partner labs.²²

SECTION 3 - Tier matrix for Mini-/Micro-grids delivery models (including Mini-grid-connected PUE)

Applicants seeking funding to deliver ESS through Micro-/Mini-grids should categorise offered ESS according to the daily service subscribed/available to (in Wh/day) by the end customer, according to the indicative energy service Tier matrix set out below. The weighting for Mini-grid ESS takes the difference in infrastructure lifetime compared to Standalone systems into account.

In order to promote electric cooking, PUE, other selected income-generating activities and the delivery of public services, relevant 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 in the section below.

TABLE 6. ENERGY SERVICE TIER MATRIX FOR MINI- /MICRO-GRIDS MODEL²³

TIER LEVEL		1-2	3	4	5	
Daily service (kWh available, used/day or upper limit)		< 1	≥ 1	≥ 2	≥ 3	
Peak capacity (W)		NA		≥ 800	≥ 2000	
Availability of supply (hours)		≥ 4	≥ 8	≥ 16	≥ 22	
of which evening supply (hours)		≥ 2		≥ 4		
Base weight	Customer	Residential	60			
		Commercial/PUE	60	80	100	120
		Institutional	300	420	600	900

*Further guidance may be provided in the Q&A.

SECTION 4 - Incentive framework and premiums for PUE (including selected income-generating activities, electric cooking and the delivery of public services)

When deployed together with eligible ESS²⁴, energy services related to electric cooking, productive use, other selected income-generating activities and the delivery of public services are incentivised through: 1) the base weight associated with the type of ESS (as per the applicable energy service tier matrix in Section 1 or Section 2 above, the type of end customer and Tier categories) and 2) the applicable premiums on top of the corresponding base weight as defined in Table 7 below.

Standalone and/or Micro-/Mini-grid ESPs applying under their respective funding categories are invited and able to include PUE products in their service offerings²⁵, and these PUE offerings will attract the incentives outlined in Table 7. Applicants under the Pure Productive Use of Energy funding category can only include PUE products in their service offerings.

Although the reverse auction mechanism primarily rewards the quantity of energy sold to customers (or consumed by PUE equipment), energy efficiency is paramount and will be rewarded in the evaluation of the quality of the proposed project.

The following applications/services are particularly targeted through BGFA2 and qualify as PUE:

Solar water pumps can qualify as Standalone PUE ESS and can also be included as Micro-/Mini-Grid ESS if they draw their power from Micro-/Mini-Grids. To determine the Tier level, the applicable metric is daily hydraulic energy with high irradiance for pumps without batteries. For pumps with batteries, the battery storage capacity is added to the daily hydraulic energy with high irradiance. Additionally, a minimum weighting of 40 for SWP ESS (and 50 when a battery is included) is introduced to promote small and energy-efficient solar water pumps and reflect the relatively large developmental impact.

Fridges and freezers are incentivised through premiums applicable to institutional or PUE ESS. Additionally, a minimum weight of 10 is introduced to promote small and energy-efficient fridges/freezers and reflect the relatively large developmental impact of these technologies.

Cold rooms, freezer rooms, cold chain and ice creation are differentiated from fridges and freezers above by being understood to exist as temperature stabilization components of industrial, agriculture or aquaculture value chains. In order to qualify for this premium, ESPs should demonstrate that their technology solution contributes to value addition and/or retention in these domains.

Electric vehicles are weighted based on the storage capacity of the battery/batteries rented by drivers on a daily basis. In addition, the charging unit counts as an independent ESS.

Other selected activities, such as artisanal use, as presented in Table 8 below. In case of other technologies and services, NEFCO reserves the right to use another appropriate proxy for determining the tier (if applicable).

TABLE 7. PUE PREMIUM INCENTIVE FRAMEWORK

The following premiums are added to the underlying base weights of the corresponding ESS providing any one of the following PUE applications.

ELIGIBLE EQUIPMENT/APPLIANCES	ELIGIBLE CUSTOMER				PREMIUM *
	RESIDENTIAL	COMMERCIAL	INSTITUTIONAL	PUE	
Cooking					
Electric cooking	Yes			No	50%
PUE machinery/equipment					
Cold rooms, freezer rooms, cold chain and ice creation**	No	No (may qualify as PUE customers)		Yes	60%
Agricultural processing and agricultural value addition					50%
Pumping for irrigation					Min. weight 40, and 50 if battery
Drinking water					50%
Artisanal use (e.g. welding, carpentry and woodwork, sawing)	No	No (may qualify as PUE customers)		Yes	50%
Electric Mobility/E-vehicles					50%
Fridges/freezers					No (may qualify as PUE customers)
Delivery of public services					
Electrical medical equipment***	No	Yes	No	100%	
Street lighting				Min. weight 27.5	

* In order to benefit from a premium, the eligible equipment/appliance needs to be dimensioned in line with the expected number of beneficiaries. Nefco reserves the right to reduce the awarded premium if this is not the case and/or if the resulting load or consumption is not primarily generated by the proposed equipment/appliance.

** This type of technology is differentiated from fridges/freezers by being directly involved in the temperature stabilization of industrial, agricultural or aquaculture materials along a value chain.

*** For registered health centres, clinics and hospitals.

Weighted cost per connection

This is the Applicants' bids for BGFA2 contracts in terms of the amount (expressed in EUR) of the incentive they request for a particular ESS connection, based on its Tier, quality of service provided and whether or not it is attached to a productive use application.

ESS that deploy productive use applications attract premiums on top of the underlying weightings to reflect the additional economic benefit (and costs) of deploying such

solutions. The aggregated weights and premiums of the complete basket of the ESS offered by the Applicant will be used to determine the average weighted cost (wC) of the proposal.

The energy service Tiers are weighted to reflect how much they contribute to the objectives of BGFA2. The weighting increases 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 proposal, as per the formula below:

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

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_i** is the targeted number of energy subscriptions offered under category i
- **Cost_i** is the subsidy per connection requested by the Applicant under category i
- **w_i** is the weight associated with category i (including a premium, as applicable)

The wC is then compounded with the qualitative score arising from the evaluation of the proposal to give an overall comparison score that will be used to determine the Value for Money (VfM) and overall ranking of the proposal vis-à-vis the other bids.

ESS Financial Offer

Applicants are requested to carefully read the user instructions in the ‘Read first’ tab of the ESS Financial Offer tool before completing it.

The ESS Financial Offer tool contains three sheets.

- The first, “READ FIRST – Instructions” contains information on how to fill the other two sheets
- The second, “ESS Financial Offer,” is where Applicants should offer details like whether they will be offering only Mini-/Micro-Grid connections or whether they will be including Supplemental Standalone solar systems as well, the size and nature of their products, and their proposed incentive request for each of these technology types.
This section is further divided into two sections: rows 11 – 101 are devoted to the details of Mini-/Micro-Grid connections, while rows 102 – 212 are set aside for any optional Supplemental Standalone solutions.
- Given that BGFA2 is designed to focus on Mini-/Micro-Grid connections, the number proposed of Supplemental Standalone must be equal to, or less than, the number of proposed Mini-/Micro-Grid connections.
- The third sheet, “Payment schedule” contains information allows the Applicant to propose their level of advance payment, and attribute their ESS along the program execution timeline.

Similar to the “ESS Financial Offer,” this sheet is divided between Mini-/Micro-Grid information in rows 11 – 101, and information on Supplemental Standalone Systems below that.

Reservation

Nefco reserves the right to adjust and/or further supplement the above-described calculations and/or specification parameters.

Annex C. Sites/Clusters

Table 5. Clusters

Cluster ID	Province	District	Administrative Post	Community/ Site	Longitude	Latitude	Estimated SHS Clients
C1	Sofala	Chemba	Mulima	Cado	34.6371	-17.3675	1726
		Chibabava	Chibabava Sede	Chinhica	33.658562	-20.28919	
		Búzi	Estaquinha	Marombe	34.681649	-20.001791	
		Machanga	Divinhe	Maropanhe	34.832169	-20.779431	
C2	Manica	Guro	Guro-Sede	Bunga	33.275183	-16.837445	2012
		Vandúzi	Matsinho	Dongo	33.4602	-19.0052	
		Manica	Messica	Manhene	32.9138	-19.0568	
		Manica	Messica	Ruaca	33.1193	-18.8956	
C3	Zambezia + Nampula	Milange	Mongue	Sabelua	35.7755	-16.5143	2973
		Namaroi	Namarroi-sede	Namaria	36.900556	-16.099444	
		Malema	Malema Sede	Muripa	37.4142	-14.947792	
C4	Zambezia + Nampula	Pebane		Malema	38.6123	-16.837	2732
		Pebane		Tomeia (Namunaua)	39.0317	-16.878	
		Nacala-a-Velha	Nacala-a-Velha	Mueria	40.4949	-14.5766	
		Muecate	Muculone	Grácio	39.372429	-14.941999	
		Nacarôa		Muchico	39.7078	-14.2413	
		Mongincual	Namige	Namulongo 1	40.229557	-15.527193	
		Mogincual	Namige	Namulongo 2	40.4167	-15.6167	
C5	Nampula	Monapo	Monapo	Mucujua	40.299129	-14.91592	372

BGFA2 financing can be made available to ESPs that intend to establish Mini- or Micro-grids at the sites listed above.

These sites have been selected due to their distance from the national grid, size, density, present level of economic activity and infrastructure. As per current understanding, these sites are deemed likely to remain beyond the scope of the national grid or other electrification initiatives in the medium to long term. In dialogue with FUNAE and with consideration for [feedback from the Pre-qualification Applications](#), these sites have further been grouped into five clusters.

Applicants applying for BGFA2 funding are requested in their application to:

- a) indicate a cluster per application where they are willing to offer to construct and operate a Mini-/Micro-grid and note that only those sites included in the clusters detailed in Table 5 are eligible for BGFA2 funding;
- b) submit a business plan and ESS offer in which they assume that ARENE will provide a licence for them to service the cluster they have applied for; and
- c) describe the assumptions behind their choice of cluster, including financial or logistical information that was pertinent to their selection.

When selecting a cluster, Applicants are requested take into account that the Application will be considered to constitute an offer to both build and maintain a Mini- or Micro-Grid at each of the sites forming part of the chosen clusters. ARENE will only provide a licence to one Applicant to construct and maintain a Mini- or Micro-grid for each specific site.

While preparing the application, ESPs are encouraged and expected to conduct their own site and cluster assessments and to collect additional information from relevant stakeholders as they deem relevant for the offer taking into account their specific business model.

Once applications have been fully evaluated and scored, they will be listed starting with the highest-ranking proposals for each cluster.

Applicants will not be bound to enter into a contract for BGFA financing in case the number of ESS significantly decreases (20%) and/or if related costs for serving the cluster are significantly higher than the originally offered number of ESS as a consequence of a possible change of the clusters during the shortlisting. The same applies if the cluster selection process leads to a significant change in sites/clusters from that originally offered.

It is expected, but not guaranteed, that ARENE will intend to provide licences to successful Applicants following this ranking.