

FRAMEWORK DOCUMENT

JULY 2021

OPEN CALL FOR PROPOSALS

CLEAN CAPTIVE SOLAR PV PILOT PROJECTS



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1. INTRODUCTION

This Open Call for Proposals is part of the project “Clean Captive Installations for Industrial Clients in Sub-Saharan Africa” developed in four partner countries: Ghana, Kenya, Nigeria and South Africa.

The Project

The project aims to demonstrate the economic and financial viability of clean captive energy installations for industries and to enhance their adoption in the four partner countries and beyond to the entire continent. Captive energy installations are energy generation facilities that are used (and sometimes also managed) by a commercial or industrial entity for their own energy consumption. Captive power plants can operate off-grid or can be connected to the grid to feed in excess generation.

Renewable energy captive installations can alleviate the pressure to generate electricity from national grids, reduce industrial clients’ reliance on private supplementary fossil-fuelled generators, which are expensive to run, and increase industrial competitiveness.

The project will strengthen the ability of partner countries to move towards low carbon-emitting development strategies. It also contributes to several Sustainable Development Goals. The project will raise awareness among industry players, financiers and governments, and will support the dissemination of clean modern energy technology through business models tailored to the national contexts and beyond throughout sub-Saharan Africa.

This project is part of the International Climate Initiative (IKI) of Germany. The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety supports this initiative based on a decision adopted by the German Bundestag.

The project is implemented by the United Nations Environment Programme (UNEP) and its collaborating centre at Frankfurt School of Finance & Management (Frankfurt School), together with consultants who provide local market and captive power expertise.

To achieve this goal, the project undertakes activities organized under four components:

- Component 1: Undertaking baseline studies of the current markets for clean captive installations in the four partner countries and raising initial awareness among national stakeholders
- Component 2: Developing technical, economic and financial tools to facilitate the understanding and undertaking of clean captive installations
- Component 3: Realising pilot projects in each of the four partner countries to address market barriers
- Component 4: Disseminating knowledge created by the pilot projects and the programme activities in the partner countries and the sub-Saharan Africa region

Further information on the project can be found on the project website: www.captiverenewables-africa.org

The Open Call for Proposal

This Open Call for Proposals is part of Component 3. The objective of this document is to provide information regarding the application process and an overview of the prerequisites and assessment criteria applied for the selection of the pilot project(s). The Open Call for Proposals intends to support one (or more) pilot project(s) in each partner country.

The CCI project is pleased to announce this competitive Open Call for Proposals for **pilot projects** that will use innovative business models, financing or practices to overcome current barriers within the captive solar market. The selected projects will receive financial support in form of results-based grants to share costs of one of the following:

1. **Transaction costs** including advisory services attributable to a captive solar PV plant (**Type 1 project**); or
2. Costs associated with creating a **financing vehicle** or a **financing instrument** dedicated to captive solar PV projects (**Type 2 project**); or
3. **Capacity building**, trainings or certification initiatives of scope, with a specific focus on captive solar PV financing (**Type 3 project**).

Given that the grants can support a variety of costs as mentioned above, the pilot projects may consist of energy generation facilities, financing documentation and modelling or training or certification material. Therefore, this Open Call for Proposal invites applications from a variety of interested private sector stakeholders including developers, financiers, off-takers/end-users, or others.

It is anticipated that at least one pilot project will be selected per country. Pilot projects must target captive power use in one or more commercial and industrial sectors, as defined below for the purposes of the project.

- **Commercial and Industrial sectors include:** energy-intense industry sectors such as mining (excluding coal), manufacturing, refining food processing, agro-processing, cement and oil refining industries, automotive, chemicals, paper and pulp, IT, electronics, metals, textile and footwear companies, agro- and flower-farms, and small businesses amongst others
- **Commercial and Industrial sectors exclude:** coal mining and quarrying, electricity and related, water and waste, and construction.

Applicants are encouraged to have their contribution to the funding of the pilot project available already. In addition, for Type 1 projects applicants may need to approach appropriate institutions to finance the pilot project before implementation. In all cases, applicants should elaborate in their application form when financial close or full funding can be expected and which financing modalities are envisaged.

Disclaimer

The information contained in this Call for Proposal document or subsequently provided to Applicants, whether verbally or in documentary or any other form by or on behalf of the CCI Team or any of their employees or advisers, is provided to Applicants on the terms and conditions set out in this Proposal and such other terms and conditions subject to which such information is provided.

This Call for Proposal is not an agreement and is neither an offer nor invitation by the CCI Team to the prospective Applicants or any other person. The purpose of this Call for Proposal is to provide interested parties with information that may be useful to them in the formulation of their applications pursuant to this Call for Proposal. The assumptions, assessments, statements and information contained in this Call for Proposal may not be complete, accurate, adequate or correct. Each Applicant should, therefore, conduct its own investigations and analysis and should check the accuracy, adequacy, correctness, reliability and completeness of the assumptions, assessments and information contained in this RFP and obtain independent advice from appropriate sources.

The CCI Team accepts no liability of any nature whether resulting from negligence, or otherwise caused arising from reliance of any Applicant upon the statements contained in this Call for Proposal. The CCI Team may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumption contained in this Call for Proposal.

The Applicant shall bear all its costs associated with or relating to the preparation and submission of its Proposal including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by the CCI Team or any other costs incurred in connection with or relating to its Proposal. All such costs and expenses will remain with the Applicant and the CCI Team shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by an Applicant in preparation or submission of the Proposal, regardless of the conduct or outcome of the Selection Process.

The CCI Team would like to facilitate and support proposal(s) to achieve financial close, but does not guarantee or take responsibility for this. Moreover, the winning projects will be awarded at the sole discretion of the selection committee. The selection does not imply any liabilities of or repercussions on CCI Team. Further, the funds to be availed shall solely support the proposed targets that are in line with the project application.

2. APPLICATION PROCESS

The application procedure is a one-step process:

Applicants are requested to submit completed proposals in English, using the relevant Application Form (for Type 1 or Type 2 or Type 3 pilot projects) and attaching supporting documentation where required. Applicants can download the Application Form from the project website <https://www.captiverenewables-africa.org/>.

Applications may be submitted by a consortium, joint venture or association and a pilot project may be implemented by one or more key partners. In all cases, one entity shall be designated as the lead for communication and, if successful, be awarded with grant contracting.

Pilot projects must be implemented within the 18 months' timeframe stipulated in Section 4 of this document. Nevertheless, applicants may not wish to put forward projects that are highly time sensitive as CCI project processes could face unforeseen delays.

Applications must be submitted electronically to info@captiverenewables-africa.org ensuring that the submission is done before the deadline **6 August 2021**. Where submission attachments exceed 10 MB, a download link should be sent instead of attachments. An acknowledgment of receipt will be sent by email to the contact person mentioned in the application within 2 business days.

All correspondence and notification in relation to this Open Call for Proposals shall be sent to the contact person and address set out in **Annex 2**. Questions regarding the application and selection process shall be accepted and duly answered up until 5 business days before the application submission deadline.

Information provided by applicants will be kept confidential and used solely for the assessment, selection and implementation of pilot projects under the CCI project.

The application and selection (see Section 3 below) process is expected to be conducted over several weeks, as shown in **TABLE 1. The process is very interactive and timings are highly dependent**

on the responsiveness of individual applicants.

TABLE 1 *Application and selection process schedule.*

| Date | Process | Responsibility |
|----------------------------|--|-----------------------|
| 15-Jul-2021 | <ul style="list-style-type: none"> ▪ Launch of Open Call for Proposal through webinar ▪ Publication of Open Call for Proposal documents online | CCI team |
| 30-Jul-2021 | Last day for applicant questions and responses | Applicant & CCI team |
| 06-Aug-2021 | Application deadline | Applicant |
| 13-Aug-2021 | <ul style="list-style-type: none"> ▪ Application completeness check ▪ Prerequisite screening announcement | CCI team |
| 13-Aug-2021 to 27-Aug-2021 | Applications assessment and scoring ; communication to short-listed applicants | CCI team |
| 30-Aug-2021 to 29-Oct-2021 | Short-listed applicant due diligence | CCI team |
| 01-Nov-2021 | Announcement of short-listed applicant receiving grants | Applicant & CCI team |
| 30-Nov-2021 | Expected signing date of grant agreements | Applicant & CCI team |

3. SELECTION AND IMPLEMENTATION PROCESS

Screening

Applications will go through the initial screening that has a set of minimum prerequisites that the applications need to pass. This step ensures that the pilot project proposals meet criteria fundamental to the CCI project Open Call for Proposals objectives and requirements including showcasing innovation and replication potential (amongst other prerequisites as mentioned in **Annex 1**). Screening against prerequisites is based on a pass/fail scoring and will be performed by a CCI project team review panel.

Assessment

Applications that pass the initial prerequisite step will then undergo evaluation by the review panel members. The proposed projects will be scored based on the assessment criteria (see **Annex 2**) and ranked in order from highest to lowest. Applications for all eligible costs categories/project types (Type 1, Type 2 and Type 3) will be evaluated together. During the assessment phase, the CCI team may communicate with applicants if further clarification is needed on proposals.

Shortlisting and due diligence

Depending on the amount of funding requested by the highest-scoring projects, 2 to 3 applicants will be shortlisted and notified of potential grant award. The short-listed applications will be subject to due diligence by the review panel members, which will consist of requests for and review of supporting documentation not yet provided, and a project site visit and/or meeting with the applicant, which may be conducted remotely if required by circumstance. Due to the outbreak of COVID-19, physical site visits and meetings will be limited and possibly conducted virtually. Applicants that successfully pass due diligence will be considered for grant award. If an applicant fails due diligence, the next highest ranked applicant will be moved up to the short-list and notified of potential grant award.

Grant award decision

Once due diligence of short-listed applicants is completed satisfactorily, Frankfurt School of Finance & Management (FS) will start the process of signing grant agreements with chosen pilot project parties. Successful pilot projects will be publicly announced on the CCI project website and potentially other media (e.g. IKI news release). Unsuccessful applicants will be notified once contracts with successful applicants have been signed. No feedback will be provided on applications.

Implementation

Frankfurt School of Finance & Management will be the legal entity that will sign grant agreements with the chosen pilot project parties.

The grant support will be disbursed in 2-4 tranches for results/progress achieved against agreed milestones over a period of a maximum of 18 months. Data and information sharing, periodic site visits (if applicable) and progress/monitoring updates will be required from successful applicants.

4. ACTIVITIES ELIGIBLE FOR GRANT SUPPORT

The CCI project provides funding support in the form of grants to share the cost of eligible activities for a maximum grant amount of USD 300,000 for each pilot project. *The amount of funding requested is not explicitly a scoring criterion, but may be part of financial viability assessment.*

For Type 1 (Transaction Costs) applications

- (1) Max grant amount that can be availed per project is USD 300K for transaction costs; AND
- (2) At least 25% of transaction cost should be own contribution; AND
- (3) Total transaction cost to not exceed 25% of equipment and installation costs

For Type 2 (Financing Vehicle/ Instrument) and Type 3 (Capacity Building) applications

- (1) Max grant amount that can be availed per project is USD 300K; AND
- (2) At least 25% should be own contribution

Own contribution may be in cash, in-kind or a combination thereof. If an in-kind contribution, e.g. dedicated staff time, its value and allocation to the pilot project must be clearly justified and substantiated.

Activities that are eligible for grant support are further detailed in the respective application forms. Other activities not explicitly mentioned will be considered if duly justified by the applicant.

Eligible project costs depend on the project type as outlined above and described below:

4.1. Type 1: Transaction costs related to a Solar PV Project

TABLE 2 *Sample of transaction costs that are eligible for cover under the project grant*

| TRANSACTION COSTS | |
|--|--|
| Advisory services: support on fundraising processes for applicant or applicant partner connecting applicant or applicant partner to financial institutions, design, structuring and negotiation of financing structures | Permits: costs for permits necessary for developing, construction and operation, costs related to environmental regulations |
| Business Plan: support in reviewing, structuring, drafting, etc. | System design: costs for structural analysis, surveyors, conceptual and detailed design, preparation of documentation <i>Equipment and installation costs are not eligible for grant support</i> |
| Financial Modelling: audit, preparation of project cash flows, profitability analysis, sensitivity analysis, assessment of financing alternatives | Legal advisory: costs associated to the support in structuring and negotiation of PPA or lease contracts, advising in negotiation, drafting and reviewing of agreements |
| PPA structuring: understanding investor needs, off taker, and bank's requirements to achieve agreement; negotiation of term-sheets; support to off taker on decision making; negotiation, structuring and closing of the agreement | Due diligence costs: fees related to due diligence of financiers and/or providers of risk mitigation instruments. |
| Studies and assessments: additional studies and/or assessments necessary to prove the feasibility of the project or components thereof. | Other such transaction costs necessary for developing the PV system and reaching financial close. <i>Interest repayments are however not supported.</i> |
| Conditional funding support: <ol style="list-style-type: none"> (1) Max grant amount that can be availed per project is USD 300K for transaction costs; AND (2) At least 25% of transaction cost should be own contribution; AND (3) Total transaction cost to not exceed 25% of equipment and installation costs | |

4.2. Type 2: Costs related to creating a financing vehicle or a financing instrument

TABLE 3 *Indicative list of costs (for developing a financing vehicle or financing instrument) that are eligible for cover under the project grant*

| FINANCING VEHICLE OR FINANCING INSTRUMENT COSTS | |
|---|--|
| Financial structuring | Definition of technical standards |
| Due diligence costs of financiers | Definition of investment criteria |
| Origination and pipeline building, preparation of vehicle or instrument marketing material | Financial Modelling: audit, preparation of project cash flows, profitability analysis, sensitivity analysis, assessment of financing alternatives |
| Business Plan: coaching, reviewing, structuring, drafting, etc. | Legal and related costs related to the design or set-up of the vehicle/ instrument |
| Conditional funding support: <ul style="list-style-type: none"> (1) Max grant amount that can be availed per project is USD 300K; AND (2) At least 25% should be own contribution | |

4.3. Type 3: Costs related to capacity building, with specific focus on captive solar PV financing

TABLE 4 *Capacity building/ training indicative costs that are eligible for cover under the project grant*

| TRAINING COSTS | |
|---|---|
| Trainer personal costs: Trainer fees or hourly fees are eligible to be covered by the grant in addition to local transport. In case of non-local trainer: international, economy class flight tickets and full accommodation can also be covered | Rent for the training premises, if applicable: In case of absence of a suitable on-premises training room to accommodate the number of participants and the training needed to be conducted in off-premises well equipped facility |
| Training materials: such as model, presentations, textbooks or any other materials provided by the training organization or the trainer | Participant's expenses, if applicable: such as transport cost if training will not be conducted on the premises of the applicant and will be conducted off-premises |
| Training fees: required charges if any by the training organization | Rent or purchase of equipment: applicable to equipment specified by trainer or training facility to conduct the training and are not available on |

| | |
|---|--|
| | premises (e.g. projector, speakers, flipcharts, white board, etc.) |
| Other expenses: catering costs or general indirect costs such as administrative fees, training communication costs | |
| Conditional funding support: <ul style="list-style-type: none">(1) Max grant amount that can be availed per project is USD 300K; AND(2) At least 25% should be own contribution; AND(3) Applicant provides detailed plan to increase RE activity in next 5 years | |

ANNEX 1 – CRITERIA FOR SELECTION

Applicants will duly complete the relevant Application Form (attaching all requested and relevant documents) in English language and ensuring that the submission is done before the deadline 14th April 2021.

1.1. Prerequisites

Applicants and their proposals need to pass each screening criteria listed below, in order for the proposal to qualify for the thorough assessment stage. The application form has been designed to provide the necessary information to assess the fulfilment of the prerequisites.

- **Eligibility criteria** – applicants need to demonstrate their expertise and competence in order to assure selection committee regarding the implementation and completion of the pilot project. The following provide examples of expected minimum evidence of capabilities:
 - a. Type 1 (Transaction Costs) project - applicant or partner (including contracted party) track record in implementing at least two solar PV installations
 - b. Type 2 project (Financing Vehicle/ Instrument) - sufficient internal staff capacity and potential pipeline of solar PV captive projects
 - c. Type 3 project (Capacity Building) - training provider (whether the applicant or a third party) experience in conducting at least two similar training exercises in the past

In addition, all applicants will be expected to show competence in financial management or have adequate financial management procedures to manage and report on funding received. Lead applicant must furthermore have been registered in the country of implementation for at least six months prior to the application submission deadline.

The application must have been received in complete form by the deadline to be eligible for consideration. Prior to application deadline, applicants may contact project team for further clarifications if necessary.

The application must also provide evidence of being able to complete project implementation within 18 months; and prove evidence of adhering to the conditional funding support requirements (e.g. minimum 25% own contribution) as per Sections 4.1 (Type 1), Section 4.2 (Type 2) or Section 4.3 (Type 3), as applicable.

- **Demonstration effects** – applicants will need to prove two or more of the following:
 - Does the project introduce new business models (such as third party financing model), or make way to create new products?
 - Is this the first of its kind (e.g. by geography, by industry, by specific technology configuration)?
 - Does it entail other specific, innovative elements?
 - Does it reach a wider range of beneficiaries (direct and indirect)?

- Does it provide a template for replication and/or scalability*?
- **Additionality** – applicants will need to sufficiently justify the request for grants and need to elaborate on either of the following to demonstrate that the proposed pilot is not “business as usual”:
 - Does the support allow the project to be realized earlier than would otherwise be the case?
 - Will the support increase the project’s opportunity of raising additional investment or financing?
 - Will the support contribute to improved overall Environmental, Social and Governance (ESG) standards or other non-financial conditions and increase the development impact of the project that would not have happened otherwise?
 - Does the project lead to local capacity development and if so, how is this accomplished?
- **Viability** – For Type 1 and Type 2 projects, applicants will have to provide evidence that (with grant support for eligible costs) the project is financially feasible and viable and that it will adhere to high technical standards and/or regulatory standards (if applicable) as per country of implementation. Type 3 projects will not be screened against this prerequisite. Additionally, all type of projects (1, 2 and 3) will have to show that there is a functional business model (for Type 1 and Type 2 projects) or training plan (for type 3 projects) that has been initiated and/or conceptualised.
- **Acceptance of monitoring and information sharing requirements** – applicants will confirm that if successful they will:
 - Allow the CCI project team to effectively monitor and verify the implementation, development, technical (if applicable) and financial aspects of the pilot project being implemented by agreeing to share data and information during the project contract
 - Allow the CCI project team to undertake periodic physical or remote visits (approximately 2-3) or participate in project workshops especially during the realisation of key project milestones. Allow project photos or video to be taken and made publicly available.
- **Environmental & Social (E&S) standards** – Type 1 and Type 2 project applicants need to provide evidence of the pilot project and/or the applicant entity being compliant with applicable local/national/international E&S standards (preferably IFC standards) and provide information on CO₂ emission reductions as a result of the project. Type 3 project applicants should consider incorporating E&S standards into the training session(s) or show how their organisation complies with E&S standards.

* A replicable project provides a business model that is used to implement similar(s) project by another entity/sector either in the same country or in another country (i.e. a project that can be used as a standard benchmark for implementing other similar projects). A scalable project provides a business model that can enable the creation of a portfolio or pipelines of projects and make implementation on a larger-scale feasible

1.2. Assessment Criteria

After meeting the prerequisites, pilot project applications will be scored based on assessment criteria. In the assessment process, the CCI review panel will consider further information provided in the Application Form, score the application against the assessment criteria and rank applications from highest to lowest, to establish a short list of the best proposals. Assessment criteria fall under the following six categories as reflected in the Application Forms.

| | |
|--|--|
| <p>Demonstration effects</p> <p>Applicants are scored on the basis of their description of project characteristics such as replicability/scalability, innovativeness, learning potential that result from implementing the project.</p> | <p>Additionality</p> <p>Applicants are scored on the basis of their justification for the grant support request through their description of how the support would contribute, for instance, to increasing the project's opportunity of raising additional investment or financing, or lead to improved ESG standards, or lead to local capacity development, or quicker realisation of emissions reduction, etc.</p> |
| <p>Technical viability</p> <p>Only Type 1 and Type 2 applicants are scored against this criteria, as this is not applicable to Type 3 applicants.</p> <p>Type 1 and Type 2 applicants will be scored on the basis of information provided under "Technical Viability" in their respective application forms.</p> | <p>Financial viability</p> <p>Applicants are scored on the basis of financial profitability and metrics submitted as part of financial analysis of the proposal. They are also scored based on the level of "own" commitment provided (both in terms of financial commitment and backing from senior management).</p> |
| <p>Monitoring requirements and information sharing</p> <p>The CCI project team aims to make public, the lessons learnt from the implementation of proposed pilot projects so as to increase the uptake of solar PV installations. In this regard applicants who are agreeable to sharing data and information to make them public, are highly considered.</p> | <p>Environmental & social standards and gender and impact</p> <p>Applicants are scored against CO₂ emissions reduction efficiency ratio (calculated by project team based on information provided in application form), positive environmental and gender impacts that the proposed project would bring about, and if the proposed project aligns with government/national development priorities.</p> |

ANNEX 2: APPLICATION FORM

There are 3 application forms provided:

1. Application form - Transaction costs (Type 1 project)
2. Application form - Financing vehicle/instrument (Type 2 project)
3. Application form - Capacity building (Type 3 project)

Applicants are required to complete only ONE of the above application forms, depending on the grant support requested (i.e. Type 1, Type 2 or Type 3 project).

If the applicant is unsure of which application form to fill-in, or if the applicant would like to apply for grant support for a different mechanism (not listed above), the applicant may contact the project team's contact person at info@captiverenewables-africa.org. The team will then guide the applicant as to which application form to use.

Please refer to application form documents.

For more information



Visit the project website
www.captiverenewables-africa.org

ABOUT THE UNITED NATIONS ENVIRONMENT PROGRAMME



The United Nations Environment Programme (UNEP) is the leading global environmental authority that sets the global environmental agenda, promotes the coherent implementation of the environmental dimension of sustainable development within the United Nations system, and serves as an authoritative advocate for the global environment. Our mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling nations and peoples to improve their quality of life without compromising that of future generations.

For more details see
www.unenvironment.org

ABOUT FRANKFURT SCHOOL



Frankfurt School
FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance

Frankfurt School of Finance & Management is a research-led business school, which offers educational programmes covering finance, economics and management. Frankfurt School experts manage advisory and training projects on financial matters in emerging markets and developing countries, especially on topics related to microfinance and renewable energy finance. In 2011 Frankfurt School established a collaborating centre with UN Environment - the Frankfurt School UNEP Collaborating Centre for climate and sustainable energy finance.

For more details see
www.frankfurt-school.de

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