

Request For Applications

Solar Water Pumps (SWP) Component

SEFFA Project – SNV Kenya

Version1: First Call for Applications, Nov 2021

Partnership to establish and strengthen supply and distribution of quality Solar-powered Water Pumps for use by smallholder farmers in Kenya.

SNV Netherlands Development Organisation hereby invites eligible organizations to submit their applications expressing interest and proposal to partner with the SEFFA Project through the Solar Water Pump (SWP) component, to enhance the last mile distribution and adoption of solar-powered water pumps for use by smallholder farmers in the selected six counties of Kenya.

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Abbreviations

ACF	Awareness Creation Facility
BLI	Base Level Incentive
CBG	Capacity Building Grants
EnDev	Energising Development
ESL	Energy Service Level
ESP	Energy Service Potential
GHG	Green House Gases
GIZ	German International Cooperation Agency
LCBs	Local Capacity Builders
MoU	Memorandum of Understanding
MTF	Multi-Tier Framework
PAYG	Pay As You Go
PUE	Productive Use of Energy
RBF	Results Based Financing
RVO	Netherlands Enterprise Agency
SEFFA	Sustainable Energy for Smallholder Farmers
SWP / SWPs	Solar Water Pumps
TAF	Technical Assistance Facility
QA	Quality Assurance

1. Introduction

1.1 Sustainable Energy for Smallholder Farmers (SEFFA) Project

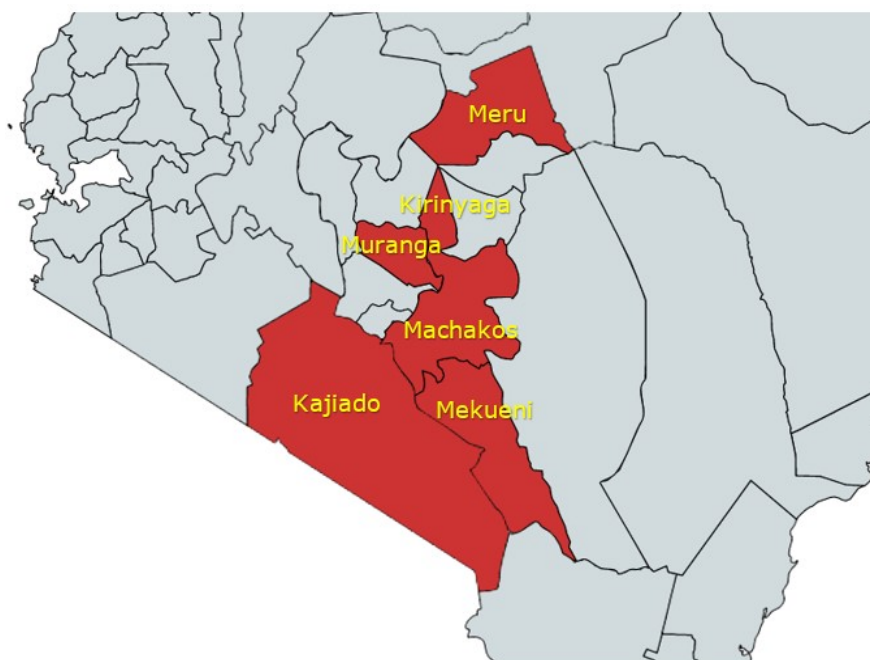
The project titled “Sustainable Energy for Smallholder Farmers (SEFFA) in Ethiopia, Kenya, and Uganda” will address the lack of access to sustainable and affordable renewable energy technologies and services for productive use of energy (PUE) in the agricultural sector. Therefore, the project will promote the distribution and use of solar-powered technologies and energy services focused on irrigation, cooling, and drying, to increase production, improve processing, and reduce post-harvest losses for the smallholder farming households and the related agri-businesses in the horticultural¹ and dairy² value chains. The project was initiated by the Energising Development (EnDev), co-financed by the IKEA Foundation, and is being implemented jointly by SNV and GIZ

In Kenya, SNV will focus on the market development support for the last mile distributors, to enhance the distribution and uptake of the solar-powered pumps for productive use by the smallholder farmers in the counties included below. Support to the SWPs distributors will include a Results-Based Financing (RBF) mechanism as the main approach to support market development, in addition to the need-based but optional Capacity Building, Awareness Creation, and Technical Assistance Support.

1.2 Regional Coverage – Counties of Kenya

The project will be implemented in six pre-selected counties as indicated below.

Figure 1: Counties covered by the Project.



1. Kajiado
2. Makueni
3. Machakos
4. Muranga
5. Kirinyaga
6. Meru

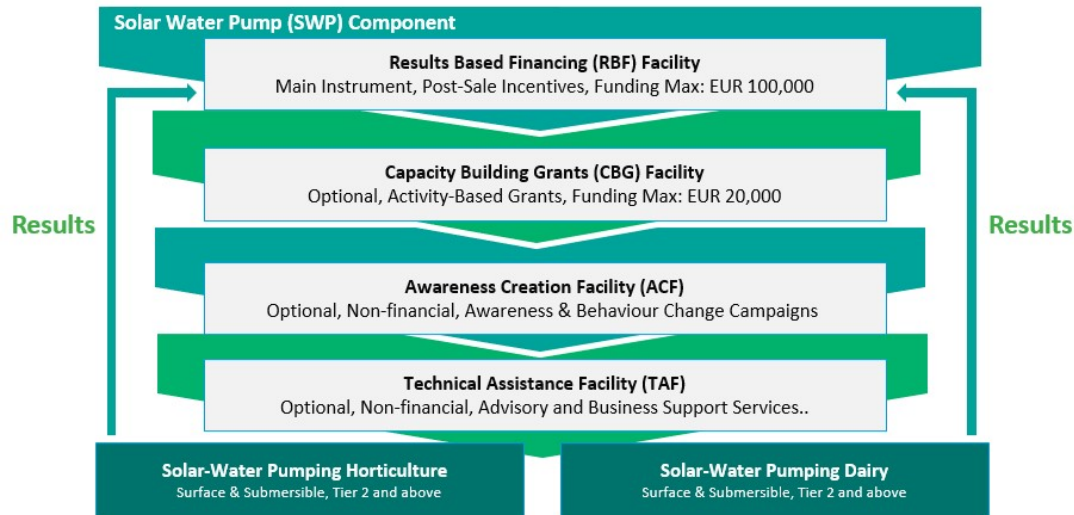
¹ Horticulture includes the production of fruits and vegetables including harvesting and post-harvesting process but excludes floral crops as it is not a typical smallholder farmer activity.

² Dairy (specifically cattle) includes the production, harvesting, and processing of animal milk and dairy products for human consumption and associated services (animal health and feed production).

2. Solar Water Pumps (SWP) Component

Through the Solar Water Pump (SWP) Component, the project will provide a set of facilities to enhance the distribution and uptake of solar-powered water pumping for irrigation in horticulture and water for animals or fodder production in the dairy value chain. Therefore, the SWP component includes the following facilities:

Figure 2: Facilities under the SWP Component



Based on the above, below are some of the key highlights of these facilities. More details on each facility including the objectives and the eligible use of funding have been included as Annexes to this document.

1. Results-Based Financing (RBF) Facility

- *Main approach to facilitate promotion of SWPs, accessible in the form of financial incentives to the private sector to upscale last-mile distribution of solar-powered water pumps (SWPs) for use by the smallholder farmers in horticulture and dairy value chains.*
- *Incentives are payable directly to the SWP firms after the achievement of the pre-agreed results, but up to a maximum of EUR 100,000 per contract.*

2. Capacity Building Grants (CBG) Facility

- *Optional & competitive grant funding awards. To build or enhance the technical and business capacities of the different actors along the rural or last-mile distribution chain. The main aim is to enhance the performance of the RBF facility and to maintain the integrity of the products being distributed by the beneficiaries as they work to scale up operations.*
- *Grants accessible through reimbursement of expenditure claims against pre-approved budgets and activities, or direct procurement of goods and services through SNV, to support the implementation of activities and budgets that have been pre-approved by the project, but up to a maximum of EUR 20,000 per contract.*

3. Awareness Creation Facility (ACF)

- *Optional and need-based support to RBF beneficiaries, to enhance acceptance and use of SWPs.*
- *Support is non-financial and provided in the form of awareness/behaviour change materials and campaigns, and advisory services from the project.*

4. Technical Assistance Facility (TAF)

- *Optional and need-based support to enhance business and RBF performance.*
- *Support is non-financial and provided through advisory services from the project.*

3. Mandatory Eligibility Requirements

3.1 Eligible Organizations

The eligible applicants can include any registered business involved in the last mile distribution of quality assured SWPs appropriate for use by the smallholder farmers. The eligible businesses may include:

- Private companies,
- Financial intermediaries involved in the physical distribution of solar water pumps.
- Social enterprises: including associations, cooperatives, NGOs, or similar that operate a venture to generate profits, which are reinvested internally,
- Partnerships and joint ventures between local and/or international companies and/or social enterprises that carry out activities co-operatively to commercialize eligible energy technologies.
- Both individual businesses and partnerships that consist of a combination of these businesses are eligible to apply to the SWP component.

Applicants must be able to legally operate in Kenya. Therefore, all businesses applying to the SWP Component must evidence their statutory and legal compliance to operate in Kenya. In addition, all applicants must be willing to pass mandatory due diligence ensuring compliance to SNV's procurement and finance conditions. This process will cover the following aspects:

- (i) Registered in Kenya with documented evidence of:
 - a. Company/Business Registration.
 - b. Trade License / Business Permit.
- (ii) Tax compliance.
 - a. The Relevant Tax Registration.
 - b. Tax Clearance Certificate.
- (iii) A valid business account with a recognized financial institution legally registered for operations in Kenya.
- (iv) Evidenced provision of quality solar SWPs and technical support to the end consumers on a commercial basis.
- (v) Pass a due-diligence inspection to ensure solar SWP product authenticity and firm operations.
- (vi) Where applicable, provide evidence of verifiable sales activity with rural consumers in Kenya for at least six months (from 1st May 2021) to the present date of their application to the project.
- (vii) If a participant receives funding from other funds/donors etc., this must be made clear in the application of the firm to the project, indicating at least the name and contact details of the funder and the areas that the funding is provided for.

In instances of applications made by multiple parties (i.e., joint ventures, partnerships, etc.) the partner with registration in Kenya will be considered the Lead Applicant for whom all documentation evidencing legal compliance for operations in Kenya must be provided. Legal registration of partners to the lead applicant must also be provided to ensure the legitimacy of partner operations.

3.2 Product Eligibility – Solar Powered Water Pumps

The SWP component is designed to accommodate a wide range of solar-powered pumps, but the pumps promoted must be appropriate for the smallholder farmers. Therefore, the options to be considered for support through the SWP component will include:

- a) Surface Pumps and Submersible Pumps.
- b) Plug & Play Kits (DC or AC pumps).
- c) Component-based Kits (DC or AC pumps).

To ensure sustainable use and economic value for the smallholder farmers, the project will include measures to vet the quality of the SWP products that will be promoted through the SWP component.

To achieve the quality objectives indicated above, all solar-powered appliances that will be eligible for support through the SEFFA project have been classified according to guidance from the SEforAll's Multi-Tier Framework (MTF) for measuring energy access, which was developed to monitor and evaluate energy access by following a multidimensional approach. This is done by measuring energy access using a multi-tiered spectrum which ranges from Tier 0 (no access) to Tier 5 (the highest level of access). More details are included in Annex 5 under section 10.

Based on the above, all applicants will be required to provide evidence to demonstrate the quality of their proposed SWPs and in addition to details on their quality assurance mechanisms as indicated below.

- (i) Applicants will be required to provide detailed product specifications including the product's energy specifications and pumping capacity. Pictures and catalogues can be included as an annex or attachment to the application.
- (ii) Minimum requirements for quality assurance of the proposed SWP technologies include:
 - (a) Eligible products must be tier 2 and above (based on the SEforAll's Multi-Tier Framework mentioned above and included in annex 5 under section 10).
 - (b) Proof of third-party testing and certification – as applicable, can include Verasol or CLASP Quality Assurance (QA) compliance or a verifiable equivalent from a third-party facility based on internal standards.
 - (c) For component-based systems, third-party testing, and certification of the system's components in addition to demonstration of the applicants (or suppliers if done externally) technical expertise and experience including the technical teams and facilities to design and assemble the proposed systems.
 - (d) At least a one-year warranty and clear after-sales support mechanisms. The applicants must maintain/sustain product eligibility throughout implementation by ensuring sustained warranty and after-sales support to address customer complaints.
 - (e) Where batteries are applicable, lithium-based battery technology or deep-cycle, long-life lead-acid batteries

In addition to the quality assurance, products should have unique serial numbers (or identification if locally designed and assembled) to facilitate the verification process as a basis for incentive payments.

The participating solar distributor must have at least one eligible product to qualify for support and new products can be added during the RBF implementation but upon submission of a written request from the respective beneficiary. However, all products being supported by the project must be assessed and approved before their inclusion in the activities to promote SWPs. Therefore, the project will maintain a list of the approved SWPs to enhance this process and the list will be updated as and when new products have been approved for support through the SWP component.

4. Support Process and Submission of Applicant Proposals

4.1 Support Process Overview

The SWP component will begin operations on 1st January 2021 and will remain in operation until 31st December 2023 or when the SWP facilities have been depleted if earlier than this date.

Figure 3: Overview of the steps from application to disbursement of funds



The application window will start from mid-November 2021 to 31st December 2021. The assessment and contracting have been planned to end before 31st January 2022 and the implementation period will be sub-divided into two phases: The first phase covering 12 months will come to an end on 31st December 2022, while the second phase covering 8 months will come to an end on 30th September 2023. The last quarter ending 31st Dec 2023 will be an RBF contracts closure period.

The project will undertake a mid-term assessment towards the end of the first phase based on the cumulative performance of the facilities under the SWP component. The outcomes of the mid-term assessment will form the basis for the SWP funding commitments for the second phase. All un-utilized RBF Incentive and CBG commitments from the first phase (from beneficiaries who will not have achieved the pre-agreed results), will be available for re-allocation in the second phase. All RBF Incentive and CBG commitments in the second phase will be based on the respective performance of each beneficiary over the first phase.

Details on the implementation of each facility have been included in the annexes to this document.

4.2 Submission of Applicant Proposals

Interested businesses will submit the following through a single application process:

- 1) **A cover letter to expressing interest** to participate/partner with the project as a distributor of SWPs, and,
- 2) **The full proposal** – businesses will be eligible to submit their preferred RBF and CBG facilities proposal to a combined maximum value of EUR 120,000, plus the non-monetary requests for support through the ACF and TAF facilities. All through a single, integrated application process.

All proposals must be submitted in the prescribed format.

- An application template and RBF bid matrix have been provided as an attachment to the call for applications.
- All proposals must be submitted on or before the advertised application deadline. Late submissions will not be accepted.
- All proposals/applications should be submitted through the method or email described in the call for applications.

The call for applications does not guarantee any applicant of selection. Only shortlisted applicants will be contacted.

5. Assessment and Selection Process

5.1 Assessment and Selection Process

The assessment and selection process will be a competitive process. Bid applications will be assessed based on quality, potential to achieve results, and value for money.

- The RBF awards will be the main basis for the SWP PURE contracts. The optional CBG bids will first and foremost be assessed based on the RBF bids from the respective applicants and the potential of the requested CBG support to enhance the achievement of the respective RBF results/commitments. Therefore, the assessment will only involve CBG bids from the successful RBF bids/selected applicants.
- While the applicants will be required to identify and include their ACF and TAF support needs in their applications, these support needs will not form part of the competitive bid assessment since the applicants will not have direct access to funds under these facilities. However, the requests will be assessed based on the RBF results/commitments.
- The support awarded to firms covering all the facilities (RBF, CBG, ACF, and TAF) will ultimately be included in a single integrated contract.

The number of selected firms will be limited based on the available donor funding against the required financial commitments to the firms based on the RBF bid applications. Being a competitive bidding process, the bid performance will not only help determine the winners, but also the applicant cut-off point based on the total number of bids contributing to the total fund commitment.

5.2 The Assessment Criteria

All applications will be assessed to determine the following:

- Compliance with organizational requirements.
- Proposed products appropriateness to the smallholder farmer market segment.
- Compliance with product quality requirements and adequacy of the technical and after-sales support mechanism for the smallholder farmers.
- Competitiveness of the RBF proposal compared to other bids received and based on the proposed results.
- Social-economic impact of the proposed business initiative, including but not limited to:
 - Smallholder farmers who will benefit from energy access through the SWPs.
 - Jobs created along the value chain.
 - Gender and youth inclusion.
- Potential and competitiveness of the CBG proposal based on the respective RBF bids and in comparison, to the CBG bids.
- Cost-effectiveness of the investment: level of private sector co-investment leveraged per each EUR 1 invested by the SWP facilities and the number of direct/indirect beneficiaries reached per EUR 1 funded by the SWP facilities.
- Additionality: The financing from the project should not replace other existing commercial funding alternatives for implementing the proposed intervention, and/or duplicate the support provided by other grant-based financing development programmes.

6. Annex 1: Results-Based Financing (RBF)

6.1 RBF Mechanisms and Objectives

The goal of the Results-Based Financing (RBF) facility is to provide financial incentives to the private sector to upscale last-mile distribution and use of solar-powered water pumps (SWPs) for use by smallholder farmers in horticulture and dairy value chains. The RBF model will employ financing as a performance incentive rather than a traditional lump-sum grant payment. Therefore, the financial incentives will be awarded to the private sector after the achievement of the pre-agreed results. The agreed-upon results, in this case, will be the number of approved SWPs units sold and in use by the smallholder farmers in the specific eligible counties of Machakos, Makueni, Kajiado, Maranga, Kirinyaga, and Meru.

The RBF model is generally characterized by the following principles:

- a) *The key feature is payment upon achievement of pre-agreed results. The pre-agreed results are broadly defined to not only allow for product & service innovation but also provide the required flexibility for the private sector companies to achieve the pre-agreed results.*
- b) *The private sector companies will independently choose how to achieve the pre-agreed set of results and therefore also take the full risk to implement the required market development actions to ensure last-mile distribution and achievement of the pre-agreed set of results.*
- c) *Disbursement of funds is contingent on the achievement of pre-determined results. Independent verification to confirm the achievement of these results will act as the trigger for funds disbursement.*
- d) *Incentives are non-discriminatory, in that all eligible service providers can competitively participate.*

The RBF facility is intended to reduce or mitigate market barriers or challenges constraining the last mile distribution and uptake of SWPs at scale. Details on the expected application of RBF financial incentives for market development have been included in the expenditure cost examples listed below. However, participating companies will independently choose the most relevant market interventions for applying the incentives to achieve pre-agreed results, but within the expected eligible interventions/expenditures.

6.2 Eligible Use of RBF Incentives

The RBF incentives for SWP promotion can be used (but not limited to) reducing the cost of upscaling last-mile distribution and use of SWPs. In this case, RBF funds can be used to finance:

- Operational costs,
- Market entry or distribution expansion costs,
- Actions to create or enhance user demand and uptake,
- Actions to enhance quality assurance or technical assistance to farmers,
- Piloting consumer credit options including PAYGo models and/or partnership with local/rural credit providers or other financial intermediaries,
- Other need-based costs as agreed with the project.

Although the participating firms will have the freedom to decide on the most relevant application of RBF, the following expenditure will not be eligible for use of RBF Incentives.

- End-user price discounts or direct subsidies causing market distortion.
- Procurement of sales inventory (as opposed to demonstration kits).
- Purchase of real estate assets.
- Leasing of equipment or vehicles for applicant use and Vehicle mileage charges.
- Bank charges, cost of guarantees, and similar charges.
- Intellectual property rights/registrations.

6.3 RBF Incentives and Calculation Method

In their application for support from the RBF facility, SWP businesses are expected to provide technical details on the SWP product options they will promote and outline their targeted sales (SWP units) per product per county and their unique distribution cost considerations, to help determine the total sum value of all RBF incentives as their Total RBF Bid.

Applicants requesting support from the RBF facility will independently compose bids concerning their **Base Level Incentive (BLI)** value that considers a portion of their actual distribution cost per product (EUR per unit) and the total targeted sales (units) for the SWPs they intend to distribute with support from the RBF facility. Upon establishing the BLI value, RBF Bonuses per product will be applied to reward (i) the Energy Service Potential of the proposed unit based on the multi-tier framework for electrification, and (ii) Quality Assurance Mechanisms based on the product warranties, but subject to confirmed functionality of the warranty administration mechanisms. The BLI plus the bonuses will determine the total RBF Incentive Rate of the company's proposed product(s) as per the 'RBF Incentive Schedule' elaborated in the table included below.

Table 1: SWP RBF Incentive Structure and Calculation Method

<p>A. Base Level Incentive (BLI): Value EUR</p> <p>Proposed by the applicant as the estimated minimum incentive value per product proposed for support via the RBF Facility</p> <p>BLI will also form the central basis to calculate subsequent incentive bonuses per unit and assess the financial competitiveness of the applicant's RBF proposition.</p>	<p>As proposed by the applicant in its Unit Bid</p>		
<p>B. Energy Service Potential (ESP) Bonus: <i>A * ESP Bonus Rate</i></p> <p>This incentive will be paid on a pro-rata basis derived from the level of energy service of the power generation required to operate the SWP applications based upon the <u>Multi-Tier Framework</u> for electrification and, taking into account quality standard considerations as described by the project.</p> <p>SP bonuses are applied to base level incentives as per the brief schedule on the right.</p>	<p>Tier 2</p>	<p>5%</p>	
	<p>Tier 3</p>	<p>10%</p>	
	<p>Tier 4 and above</p>	<p>25%</p>	
<p>C. Quality Assurance (QA) Bonus: <i>A * QA Bonus Rate</i></p> <p>Rewards businesses for provision of after-sales support. This incentive will be paid pro-rata to the number of years covered by the respective product warranties, but subject to verification to confirm functional warranty administration mechanisms.</p> <p>The bonus is applied to base-level incentives as per the brief schedule on the right.</p>	<p>Warranty Period</p>	<p>< 2 years</p>	<p>0%</p>
		<p>> 2 but < 5 years</p>	<p>10%</p>
		<p>> 5 years</p>	<p>25%</p>
<p>D. Total RBF Incentive Bid Rate</p>	<p>= A + B + C</p>		
<p>To illustrate the structure of the SWP RBF facility relative to the base level incentive bid of a business per single EUR upon applying the RBF Bonuses, the following scenarios can be realized in terms of rewards per product:</p> <p>A base-level incentive bid for EUR 1/unit for a Tier 2 SWP, with a warranty period of 1 year would result in support per product of EUR 1.05/unit (EUR 1 BLI + EUR 0.05 ESP).</p> <p>The same base level incentive bid for EUR 1/unit for a Tier 4 SWP, with a warranty of 5 years would result in support per product of EUR 1.5/unit. (EUR 1 BLI + EUR 0.25 ESP + EUR 0.25 QA)</p>			

The maximum total RBF bid value (excluding the CBG request) that a company may submit cannot exceed EUR 100,0000. A targeted average commercial investment leverage of 1:4 (a minimum of 20% contribution from the businesses either in cash or in-kind or both) is set for the RBF, which will be measured per business during the verification process at the end of each investment cycle.

Successful businesses (after the competitive bidding process) should therefore be aware that their RBF Bid Incentive Rates and/or Total Bid Value and/or Bid Unit Targets will be negotiated to determine a final accepted financing reward level by the RBF facility. The final rewards will be adjusted/revised based on the total available funding and the other competing bids from other applicants.

The RBF incentives rewarded to businesses will be paid based on the achieved results, in this case, the SWP units sold and in use by the smallholder farming households in Machakos, Makueni, Kajiado, Muranga, Kirinyaga, and Meru counties.

7. Annex 2: Capacity Building Grants (CBG)

7.1 CBG Facility Objectives and Approach

The Capacity Building Grants (CBG) will involve support to implement the pre-agreed market development activities to promote the distribution and use of the SWPs. CBG is accessible by the RBF beneficiaries as additional but optional financing to enhance the performance of the RBF facility and to maintain the integrity of the products being distributed by the beneficiaries as they work to scale up operations. The main market development objective of the CBG facility is to build or enhance the technical and business capacities of the different actors along the rural or last-mile distribution chain. See section 7.3 for details on the eligible use of CBG Funding.

The CBG facility is intended to provide flexible financing to facilitate the implementation of market development activities before the achievement of the RBF results, therefore, support from the CBG facility will be based on pre-agreed activities and implemented against pre-approved budgets.

Support from the CBG facility can be accessed through a combination of the two facilitation options, but where a firm is able and willing to pre-finance all the activities (100% pre-financing), then only one option (Option 1) will apply.

Option 1 - Beneficiary proceeds to implement using own financial resources (without pre-financing from the project) and thereafter receives a reimbursement on actual expenditure (maximum 80% of the total expenditure) upon proof of implementation and evidence of the 20% co-investment.

- *Through this option, the beneficiary proceeds to pre-finance and implement the pre-agreed activities against a pre-approved CBG proposal and budget, and thereafter submits a reimbursement claim to the project. In this case, SNV will provide the implementation guidelines.*
- *For instance, a pre-agreed activity can be a training workshop for 25 new sales agents (40% women), to introduce solar-water pumps and the required selling skills. In this case, a CBG beneficiary can submit a claim (plus the expenditure support documents) for reimbursement of the training costs upon successful implementation but based on a pre-approved budget and upon submission of a report providing evidence on the achieved activities and outcomes against the intended plans. Therefore, the results (sale of products) achieved by the sales agents after the training will not act as a basis for CBG funding but will enhance results for the RBF incentives.*

Option 2 – Indirect pre-financing from the project (maximum 50% of the CBG budget) through SNV's procurement processes, with the remaining 30% (to achieve the maximum 80% co-funding from the project) payable as a reimbursement upon proof of actual expenditure and evidence of the 20% co-investment from the beneficiary.

- *The objective of this option is to ease a firm's cash flow constraints on a need basis. This will involve indirect pre-financing through SNV's procurement processes, where SNV acts on behalf of the beneficiary (but in close cooperation) to procure goods or services and settle supplier payments. In this case, SNV's role will be limited to the provision of facilities and goods/materials required by the beneficiary to undertake the market actions, therefore also need-based and upon a specific request from the respective beneficiary against their pre-agreed CBG proposal and budgets.*
- *However, this option will require allowance for the process lead time and joint planning with SNV.*
- *Since this option will provide support before results have been achieved, the budget lines allocated to the indirect pre-financing through SNV's direct procurement should not exceed 50% of the total activity budget. The remaining 30% to achieve the maximum 80% co-funding from the project will be payable as a reimbursement claim from the project upon proof of implementation and evidence on the 20% co-investment from the beneficiary.*

Firms interested to receive support through the CBG facility will be required to submit their cumulative CBG proposal (activities and the expected outcomes) and budget for the implementation period beginning January 2022 and ending August 2023, however, due to the limited funding envelop, the maximum amount any applicant can access as co-funding (see section 7.2 for co-funding details) from the CBG facility will be capped at EUR 20,000 for the entire implementation period.

Although all interested firms will be eligible to submit their CBG applications, the CBG assessment and selection process will focus on the selected RBF applicants. Therefore, CBG awards and the respective number of beneficiaries to be supported through the CBG facility will be determined through a competitive process based on the corresponding RBF results commitments, CBG awards, or CBG limits per beneficiary.

Before implementation begins, the selected CBG beneficiaries will be required to provide a detailed breakdown of their activity work plans and budgets to facilitate the structured implementation, claim and reimbursements, and tracking of CBG progress and balances.

7.2 CBG Co-Funding Requirements

An appropriate in-kind and/or monetary contribution will be expected from the CBG applicants as outlined below:

- a) For all eligible expenditures (see section 7.3 below), all applicants are required to match the CBG with at least 20% co-investment value (1:4).
- b) Co-investment from the applicants can be comprised of their own and partner cash and in-kind contribution with the following limitations:
 - The co-investment must be specifically and directly related to the implementation of the pre-agreed/pre-proved activities or market development measures.
 - The value to the in-kind contributions must be quantifiable, included in the claim as evidence for the co-funding, and supported with the relevant evidence such as contracts, invoices, etc. to be validated during the review and approval of CBG reimbursements.
- c) Another grant-based development programme financing is not eligible as co-investment.

7.3 Eligible Use of CBG Funding

CBG financing is intended to partially compensate businesses for the expenditure required to build or enhance the technical and business capacities of the different actors along the last mile distribution chain. Therefore, the capacity building will be provided on both the supply and demand sides and will happen on the level of individual farmers or entrepreneurs as well as on the organizational level of farmer groups, cooperatives, women/youth groups, and governmental actors. The capacity-building activities will involve a series of training, workshops, advisory sessions, targeted study trips, and matchmaking events.

- a) On the demand side, CBG will build the capacity of the individual smallholder farmers and at the farmer organization structures including cooperatives, farmers/women/youth groups, associations, among others. The CBG objective at this level will be to enhance the sustained use, operation, and maintenance of SWPs. The capacity building will, in addition, include advisory sessions on GHG emission reduction of SWP technologies and the connection with climate changes endangering farmers' activities, to influence the purchase and use of SWPs.
- b) On the supply side, CBG will develop and build the last mile distribution channels and networks. The CBG objective at this level will be to develop sustainable business relations and to enhance the capacity for distribution and sale of the SWPs.

Based on the above, CBG funding will cover the following market actions:

- 1) **Partnership development and capacity building for the distribution channels and partners:** will include but not limited to a series of SWP related training, workshops, advisory sessions, business-targeted study trips, and business matchmaking events, to recruit, sensitize and establish new partnerships and/or empower the rural distribution partners involved in a business case to professionally develop and sustain distribution channels/networks at the county level, and to enhance SWP business performance.
- 2) **Improving last-mile technical capacities:** establish/enhance technical/after-sales support mechanisms, through training of local/rural staff, technicians, and/or sales agents.

- 3) **User capacity building training and technical support:** will include but not limited to practical user training, advisory sessions, farmer demonstration events or demo site visits, and after-sales technical support for the targeted SWP technology users (either as individual farmers, cooperatives, or other farmer groups) to empower customers to operate, manage, maintain, and maximize use/benefits of the SWP technologies and energy services.

8. Annex 3: Awareness Creation Facility (ACF)

The Awareness Creation Facility (ACF) will provide non-financial but optional support to the RBF beneficiaries and will complement the product-specific marketing activities implemented by the SWPs distributors. ACF will be accessible to the RBF beneficiaries in the form of business development services from the project. Therefore, the overall facilitation approach will include but is not limited to:

- a) ACF support will be tailored to the needs of the SWP market segment. Therefore, the design, planning, and implementation will be done in close collaboration with the SWP distributors to facilitate adapted and effective design and implementation.
- b) Behaviour-change experts/consultants hired by the project will provide support to design and implement the awareness and behaviour change events and materials.
- c) The procurement of all relevant services and materials will be done through SNV and the campaigns will be led by the SEFFA project but working closely and in collaboration with the RBF beneficiaries and the behaviour change consultants.
- d) Behavioural change and awareness campaigns through social media and classical structures. Digital channels to inform smallholders about SWP technologies and related micro-credit availability will be integrated to the extent possible.
- e) Behavioural change and awareness-raising events and meetings at the county level, coupled with demonstrations of SWP technologies being promoted and distributed by the project beneficiaries.
- f) Collaboration with local awareness channels will be done to the extent possible. For instance, this can include the agricultural and nutrition advisory services, community leaders or forums, and any other key representatives in each of the target countries.
- g) Design and printing of the awareness and behaviour change materials.
- h) Implementation will be done in a structured but phased manner and spread throughout the project period.

The goal of the ACF support is to transform perceptions of different stakeholders along the value chain, through the awareness creation and behavioral change materials and campaigns, which will be designed to support market adaptation and get the full acceptance of new technology and approaches. ACF support will on this basis strive to create an understanding of the value of a shift to renewable energy technologies such as the SWPs, create awareness on these technologies and service providers along the value chain, and create customer awareness on these technologies, while also driving a broader message on best practices to promote consumer behavior change. Therefore, ACF support will include a mix of targeted and general approaches in reaching out to the stakeholders at different levels to achieve the following specific objectives:

- a) Promote behaviour change among farmers and farmer organizations,
- b) Promote the SWP value proposition in horticulture and dairy value chains,
- c) Broker B2B linkages between farmer groups, cooperatives, agribusinesses, and energy service providers,
- d) Sensitize local financial institutions and micro-credit organizations and specialized NGOs to encourage lending for SWP technologies and businesses targeting smallholders, while also creating awareness on the availability of SWP micro-credit.
- e) Sensitize representatives from the political and legislative arena as well as key-value chain or agricultural sector representatives from the respective target countries to sensitize them on necessary measures to encourage SWP technologies and business cases.
- f) Target women and youth and their local organizations as well as local agriculture and nutrition advisory services (where available) to sensitize them about nutrition issues related to SWP technologies.
- g) Create awareness on the GHG emission reduction of SWP technologies and the connection with climate changes endangering farmers' activities.

Firms interested in ACF support will be required to identify their needs during their initial application for the RBF facility. Once successfully selected for RBF support, the firms have an opportunity to revise or refine their ACF request during the negotiation and contracting process. ACF support will be provided on a first-come-first-served basis at the discretion of the SEFFA project.

9. Annex 4: Technical Assistance Facility (TAF)

The Technical Assistance Facility (TAF) will provide non-financial but optional support to the RBF beneficiaries to enhance their business and RBF performance. TAF support will be accessible to the SWP distributors in the form of advisory and business support through the embedded programme staff and local capacity builders (LCBs) hired by the project.

TAF support will be available on a need-basis and a first-come-first-served basis to firms contracted by the project. Support involving localized activities and or fieldwork will largely depend on the availability of the project team and more so where the project will have an active local capacity building. Therefore, TAF support will be provided to the extent possible and practical, depending on the specific request, timelines, and/or any other relevant considerations.

TAF will cover the following advisory and business support services, tailored to the needs of the SWP market segment and the respective project beneficiaries.

- **Market intelligence:** assistance in identifying local market opportunities (based on available information) or support to collect additional information (where practical/possible) to help understand the local SWP markets or the specific/selected target groups, to guide business, and market strategies.
- **Business modelling:** assistance to participating companies to enhance/refine business model planning and implementation strategies, integrate best practices, or adjust to local markets.
- **Product design and development:** support to businesses/distributors entering the SWP market and/or initiating new SWP ventures, to develop (or refine) suitable business products and customer services, including guidance on procurement of high-quality products, and tailoring business models to address local market needs and business opportunities.
- **Partnership facilitation:** assistance can be provided in organizing business forums and networking/match-making events to facilitate strategic partnerships to ensure improved access to markets and improved product awareness and distribution. Support can include activities to identify, recruit and sensitize rural market entry points including distribution partners, channels/networks, or market-based platforms including the most relevant service providers (off-takers, middle-men, aggregators, processors), rural technology promoters or distributors (sales agents, local enterprises/vendors/outlets), credit providers, local agricultural/nutrition advisory services, and other relevant key value chains/agricultural/political/legislative representatives from the respective target countries.
- **Marketing support:** assistance to implement product-specific market activations in collaboration with the participating companies, including support to identify and sensitize rural user groups and marketing platforms including smallholder farmer organizations (cooperatives or other farmer groups), women/youth groups (as farmers or SMEs), and other related local businesses of agricultural value chains using sustainable and affordable energy technologies and energy services.

Firms interested in TAF support will be required to identify their needs during their initial application for the RBF facility. Once successfully selected for RBF support, the firms have an opportunity to revise or refine their TAF request during the negotiation and contracting process. ACF support will be provided on a first-come-first-served basis at the discretion of the SEFFA project.



10. Annex 5: Product Quality Assurance

All eligible products for support through the SEFFA Project are classified based on the SEforAll's Multi-Tier Framework (MTF) for measuring energy access, which was developed to monitor and evaluate energy access by following a multidimensional approach. This is done by measuring energy access using a multi-tiered spectrum which ranges from Tier 0 (no access) to Tier 5 (the highest level of access). The data gathered through the GTF can then be used to measure global progress towards the United Nations (UN) Sustainable Development Goal 7 (SDG7) which aims to achieve universal access to affordable, reliable, and modern energy services by 2030.

Determination of MTF levels is based upon Energy Service Level (ESL) for electrification (products-service-connections) for Peak Capacity as expressed in Watt Hours (Wh). Watt-hour calculations are to be based on evidenced product performance in terms of the power output (Watt) and duration (day-night operational hours). An outline of Energy Service and Quality Assurance conditions for eligible electrification products is outlined in the following table:

MTF Classification		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Energy Service Level	Peak Capacity (Wh)	≥12 Wh <i>Min 1,000 Lumen Hours</i>	≥200 Wh	≥1,000 Wh (1kWh)	≥3,400 Wh (3.4kWh)	≥8,200 Wh (8.2 kWh)
	Indicative Wattage	3W - 50W	50W - 200W	200W - 800W	800W – 2,000W (2 kW)	≥ 2kW
	Indicative Duration	≥4hrs/day + ≥1hr/evening	≥4hrs/day + ≥2hrs/evening	≥8hrs/day + ≥3hrs/evening	≥16hrs/day + ≥4hr/evening	≥23hrs/day + ≥4hr/evening
	Appliance Characteristics	<i>Multi Light Point, Phone Charger/Radio</i>	<i>Tier 1 + Fan, TV, optional small power appliances</i>	<i>Tier 2 + medium-powered appliances</i>	<i>Tier 3 + high powered appliances</i>	<i>Tier 4 + very high-powered appliances</i>

Product performance must be evidenced by verifiable independent lab test results. All solar products supported by the SEFFA Project must adhere to international quality, as evaluated based on results from laboratory testing at an approved, third-party test center. This can include Verasol or an equivalent verifiable testing facility.

For each product proposed by the solar distributors, testing/certification supporting documents must be attached for assessment and approval of the respective products before implementation under the SEFFA Project. If such information is actively available online, web links are acceptable. For all component-based systems, the solar distributors will be required to provide testing/certification for all the system components and the certification for all the technicians used in the design, assembly, and/or installation works.

In addition, participating firms will be required to demonstrate the availability of functional aftersales technical support mechanisms including warranties and administration warranty mechanisms, certified technicians for installations (where applicable) and rural technicians, local service centers, or reverse logistics to centralized service centers, among other measures to address user technical issues.