

Powering Renewable Energy Opportunities (PREO) programme

A programme co-funded by UK aid via the Transforming Energy Access (TEA)
platform and the IKEA Foundation

Implemented by the Carbon Trust and Mercy Corps-Energy 4 Impact

Support for productive use of renewable energy (PURE) projects in
countries in sub-Saharan Africa

GUIDANCE NOTE FOR APPLICANTS

DECEMBER 2024



Transforming
Energy
Access



IKEA Foundation



ENERGY4IMPACT
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1. About the PREO programme

PREO's vision

PREO's vision is a world where everyone, everywhere, has access to affordable Productive Use of Renewable Energy¹ (PURE) products and services, while simultaneously generating new employment opportunities and helping communities mitigate and adapt to climate change.

PREO's mission

PREO's mission is to support enterprises in Africa and Pacific Island Countries to harness PURE to improve incomes, strengthen local economies, attract investment, build climate resilience, reduce reliance on fossil fuels, and support global progress towards the UN Sustainable Development Goals (SDGs), including:

- ❖ **SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all,
- ❖ **SDG 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and
- ❖ **SDG 13:** Take urgent action to combat climate change and its impacts.

PREO's funders and delivery

PREO is funded by the IKEA Foundation and by UK aid, which is provided by the UK government through the Transforming Energy Access (TEA) platform. The programme is delivered by the Carbon Trust and Mercy Corps-Energy 4 Impact.

PREO programme objectives

Since 2019, PREO has awarded 55 catalytic grants to private sector and non-profit enterprises to deliver projects across 15 African and 6 Pacific Island Countries, demonstrating both the business and impact cases of using renewable energy across multiple sectors.

PREO offers three types of support:

- ❖ **Financial support** through catalytic grants
- ❖ **Advisory services** through a Technical Assistance programme
- ❖ **Partnership building assistance** between PREO grant recipients and the wider TEA network of energy access professionals and partners.

¹ Productive Use of Renewable Energy (PURE) is here defined as agricultural, commercial and industrial activities that generate income and are powered by renewable energy sources (or) an activity requiring electricity as a direct input for the production of goods or the provision of services.

PREO aims to stimulate growth in PURE sectors across sub-Saharan Africa and the Pacific Islands by supporting local projects that enhance productivity and create social and economic impact. Through targeted investments, PREO will foster business development within these sectors, strengthening local value chains and boosting the market value of PURE goods and services, and driving lasting impact in local communities and beyond.

By testing and demonstrating successful PURE models across diverse regions, PREO seeks to generate and share knowledge, evidence, and best practices to help build sustainable PURE markets at scale. Our goal is to showcase impactful companies in ways that help them attract further investment, positively influence the policy and development landscape, and expand the overall reach and sustainability of the PURE ecosystem.

The core strategy is based on the provision of catalytic grants that support organisations to build scalable, replicable models for delivery of innovative, demand-led PURE applications. These grants focus on fostering economic growth, job creation and the development of robust local value chains. To receive PREO funding, companies must propose projects that contribute to PREO's core objectives:

- ❖ **Demonstrating positive social and economic impacts** across the value chain, driven by increased productivity, throughput and added value through PURE activities;
- ❖ **Improving livelihoods** by supporting partners to grow their workforce and expand their customer/end-user reach;
- ❖ **Stimulating the entry of financial institutions and capital providers into the PURE market** through improved business economics, scalability and financial sustainability;
- ❖ **Creating an evidence base and disseminating knowledge** with PURE stakeholders, including public and private sector investors, innovators, donors, policy makers and enterprises; and
- ❖ **Empowering women** to engage in PURE activities, whether as active participants or as end-users

Activity in support of the core objectives contributes to PREO's broader outcomes, as outlined in the Theory of Change in Appendix 1. PREO has established five key performance indicators (KPIs) as benchmarks to assess and guide progress towards these. PREO Partners (recipients of PREO grants) play a critical role by regularly monitoring and reporting on the project's performance across relevant KPIs.

PREO Key Performance Indicators

Each PREO partner will be required to feed into the following cross cutting KPIs:

- ❖ **Economic performance**
- ❖ **Follow-on funding**
- ❖ **Green jobs supported**
- ❖ **People with clean energy access**
- ❖ **Fossil fuel avoidance**
- ❖ **Knowledge building**

Each project may also have individual, project-specific KPIs.

For more detailed information on PREO KPIs, please refer to Section 4 in the FAQ document.

2. Call for Applications

We now invite the submission of applications for proposals of projects to be co-funded with a PREO catalytic grant.

The PREO programme has allocated almost €7.5M catalytic grants in the period 2022-2027, with around €3.45M allocated to this round. We expect grant requests to be in the range of €100,000-€200,000 but will consider applications requesting up to €300,000 in support. It is anticipated that this will be the last round of funding in this phase of PREO, until 2027.

To help make your application process as simple and efficient as possible, the PREO team has developed a thorough set of Frequently Asked Questions (FAQs), which provide detailed answers to common queries about:

- ❖ **The PREO programme:** Background, funding, and grant award process
- ❖ **Pre-application Requirements:** Eligibility criteria, project types, and sector suitability
- ❖ **Application Process:** Submission guidelines, project timelines, and partnership terms
- ❖ **Financing:** Co-financing requirements, eligibility of funding sources, and details on the required financial proposal

While some key points are noted below, please refer to the FAQs for complete guidance on each of these topics.

Who can apply?

Any legally registered and physically established business or non-profit organisation based in a country in sub-Saharan Africa (excluding South Africa) may apply. An applicant can apply to PREO as a sole applicant or in partnership with other entities as project partners. Applications involving an organisation with majority sub-Saharan African ownership and/or an organisation that is women owned and/or led, are preferred. The nature of the organisation(s) involved in the application will impact the co-financing requirement. Full details on the co-financing criteria necessary for application eligibility are outlined in the FAQs and further down this document.

Additional eligibility requirements: type, size and maturity of organisation

Organisations must fall into one of the following categories:

Private or public companies	Not-for-profit organisations	Non- governmental organisations	Community- based organisations	State-owned entities
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There are no restrictions on the size or maturity of the organisations applying for grant funding through PREO.

Projects at all implementation stages are eligible to apply, provided that the project has a PURE application, does not involve any technology risks, and targets building a business model and demonstrating its commercial viability (i.e., R&D, prototyping and testing technology viability are not eligible).

Geographic scope of project

The project must be delivered in any sub-Saharan African country, excluding South Africa.

Types of projects sought

Projects in the following sectors are encouraged to apply to this Call for Applications, though applications outside of these sectors may also be considered:



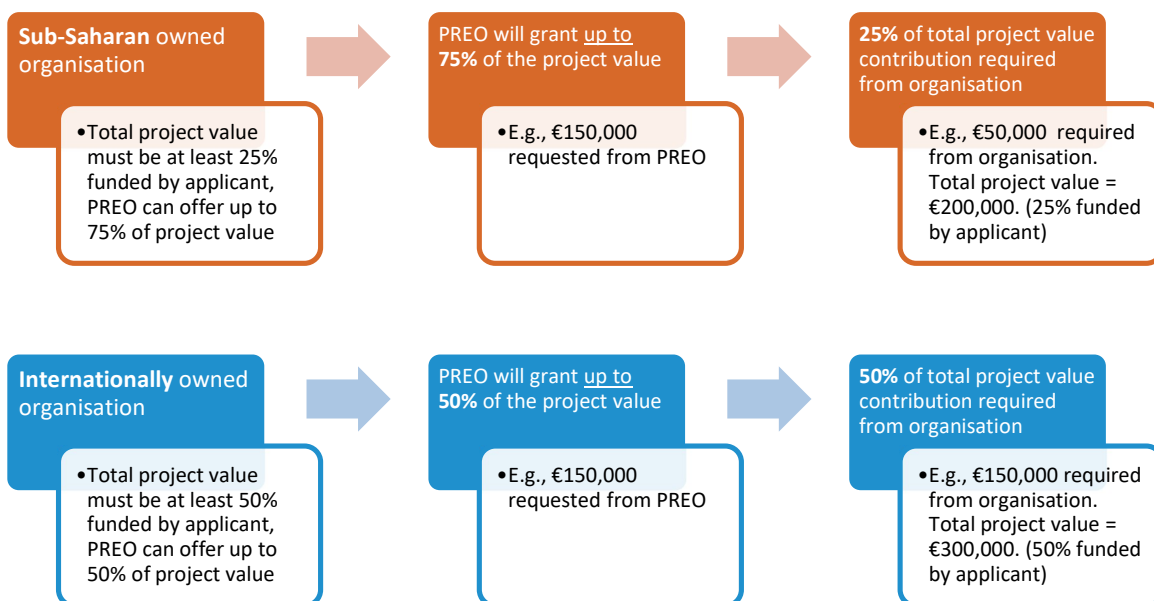
Co-financing requirements

The requirement for co-financing for this Call for Applications is to leverage existing investment and to stimulate new investment into the PURE sector. For these projects to be user-led, scalable and sustainable, there needs to be additional investment from either the applicants themselves or other investors/ funders to ensure that the project is competitive and sustainable.

Co-financing can come from a variety of sources, including equity, debt and grants, and can be cash or in-kind contributions.

The level of co-financing required by the applicant, and likewise the level matched by the PREO grant, depends on whether the organisation is sub-Saharan African owned, or is internationally owned. Please refer to the FAQs in Section 3C for definitions.

Internationally owned organisations must contribute at least 50% of the total project value, while sub-Saharan African-owned organisations are required to contribute a minimum of 25%, ensuring greater accessibility for local entities. The figure below outlines an example for both ownership/leadership scenarios:



Co-financing requirements for sub-Saharan African-owned organisations and internationally-owned organisations applying for PREO grants.

Proof of having secured co-financing (cash or in-kind) will need to be provided by successful applicants and will be reviewed in the due diligence process. This is detailed in Appendix 2 of this document and Section 2 of the FAQs.

For further details around the co-financing requirements, definitions of sub-Saharan African and internationally owned organisations, and additional finance-related queries, please refer to Section 3 of the FAQs.

Application procedure

For this Call for Applications, interested innovators should visit the [PREO website](#) to download the full application pack.

Documentation

Applicants are required to complete (in full) an Excel-based application (including a project implementation plan, budget) and submit the completed form with the accompanying documents via an online Google Form. Applications are to be submitted in English language only.

These accompanying documents are as follows:

- ❖ **CVs** of core team members;
- ❖ **Company registration document**;
- ❖ **Tax compliance certificate** (most recent);
- ❖ **Shareholding pattern** of the Lead applicant (most recent) including information on Nationality of the entity and public/private nature;
- ❖ **Corporate presentation/deck** for the Lead applicant (if already available);
- ❖ **Audited financial statement** (most recent);
- ❖ **Unaudited year-to-date financial statement**;
- ❖ **Proof of secured co-financing**, including plans for remaining amount if full co-financing not yet secured;
- ❖ **Funds raised by the company so far** – grant, equity and debt.

Submission Deadline

The deadline for submissions to this Call for Applications is **31 January 2025** at 23:59 UTC, after which time applications will be closed and no further submissions considered. Applicants will receive a notification confirming their application has been successfully received.

Resubmission

Applicants can resubmit their applications, if necessary, provided that the resubmission is received by PREO before the “Submission Deadline” detailed above. Please notify us at contact@preo.org should you wish to resubmit your application before the deadline, so we can omit the first submission.

Risk Assessment

In the Application, applicants will be asked to briefly explain the key delivery risks anticipated, alongside a brief indication of a plan of how to respond to these risks.

This will be used to determine whether the applicant has given sufficient thought to the specific and general risks that could affect the project, and that the applicant has devised appropriate mechanisms to mitigate the impact of

these risks. The mechanisms to mitigate the impacts of the identified risks are up to the discretion of the applicants and would include strategies, procedures and protocols that are embedded in the organisations environmental, health and safety policies, and governance structures.

A full Risk Matrix will be required for submission during the contracting phase for successful applicants, as explained in Appendix 2.

Submission Evaluation

PREO catalytic grant applications will be assessed according to the following criteria:

Section	Description	Long description	Weighting
Innovation	How innovative is the project proposal?	<ul style="list-style-type: none"> > How clearly is the problem case articulated and how comprehensively does the proposed project address the problem case? > How innovative or novel is the proposed business model (new, new to country/market, new to the organisation)? > How credible is the innovation, how radical or incremental is the innovation? 	15%
Scalability of Solution	How scalable/replicable is the project proposal?	<ul style="list-style-type: none"> > What is the size of the potential market? > How close is the solution to market uptake? > What is the ability of customers to pay for the solution? > How credible is the pathway to investment? 	20%
Impact	How impactful is the project proposal (in itself)?	<ul style="list-style-type: none"> > How many lives are improved through energy access (including male/female) as a result of the project? > How many long term jobs are supported (including for males/females) as a result of the project? > How many MW will be installed and/or litres of fossil fuel avoided and/or CO₂e avoided as a result of the project? > What are the economic benefits to the community and company as a result of the project? > Are there any other strategic impacts of the project? 	20%
Inclusivity	How inclusive is the project proposal?	<ul style="list-style-type: none"> > How much does the proposal support local manufacturing and/or assembly of a solution vs the proportion of solution that is imported? > How much does the project support local inclusion considerations within the delivery and scalability of the solution (e.g. through beneficiaries, leadership or delivery teams, strategic partnerships etc.)? > How does the project address gender considerations within the delivery and scalability of the solution (e.g. through beneficiaries, leadership or delivery teams, strategic partnerships etc.)? > Does the address the needs of other marginalised groups (e.g., disability, refugees, internally displaced etc.)? 	20%
Public Research Benefits	What wider research outputs and benefits does the project proposal include?	What public outputs and research will be created as a result of the project (e.g., output reports, workshops or other outreach events, lessons learned reports, academic outputs)?	5%
Project Credibility	How credible is the project proposal?	<ul style="list-style-type: none"> How credible is the project proposal including: > Company/consortium and project team skills and capabilities to deliver the project. > Quality of project plan/timeline credibility. > Comprehensiveness of risk evaluation. > Credibility of monitoring and evaluation approaches. 	10%
Value for Money	How good value is the project proposal?	<ul style="list-style-type: none"> What is the overall Project Value for Money (VfM) including: > What is the overall project budget? > How much private or other public funding will be leveraged into the project? > What is the additionality of the project funding (i.e., is PREO funding needed?) > What are the average day rates > What descriptive Value for Money considerations have been provided (e.g. procurement & expense processes etc.) 	10%

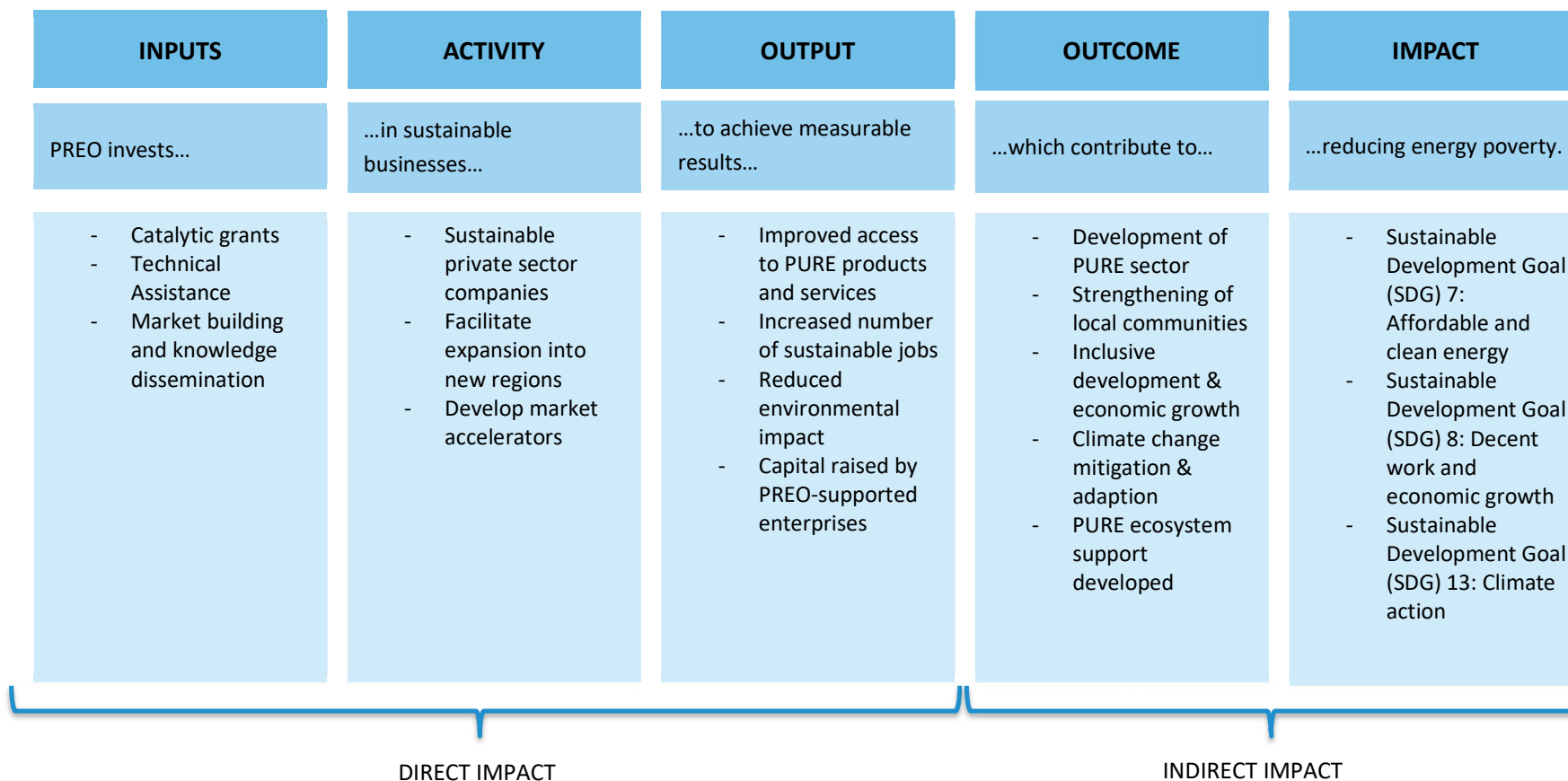
The leading applications will then be further assessed by an Investment Committee comprising PREO’s internal evaluation committee alongside independent experts. The Investment Committee will make recommendations as to which applications should be shortlisted for award of a grant.

The PREO catalytic grants evaluation committee has sole discretion in selecting winning applications, based on the above criteria. All applicants will be notified in a timely manner about the outcome of their application. While the PREO team will make every effort to minimise the waiting period, we cannot provide an exact timeline in advance, as the review duration will partially depend on the volume of applications received.

What happens if selected?

The successful applicants will then need to meet additional requirements and considerations, including fulfilling specific insurance obligations and successfully completing the due diligence process, before a contract can be signed and the grant awarded. Further details on these requirements are provided in Appendix 2.

Appendix 1: PREO Theory of Change



Appendix 2: Requirements and Considerations for Selected Applicants

This section provides an outline of the requirements and considerations for selected applications, before the PREO contract can be agreed and the grant formally awarded.

Due Diligence

Applicants of successful applications will then be required to undergo financial and technical due diligence before they can be officially awarded any grant funding.

The process will require selected applicants to provide the information required to complete due diligence within **6 weeks** of being informed of their success after the application assessment phase, or risk withdrawal of the grant offer. It is strongly recommended, therefore, that preparations are made during the application review period to be prepared for due diligence in the event that the application is selected. A list of the required documentation is provided in Appendix 3.

Please note that we understand that some organisations may not be able to answer some due diligence questions affirmatively. Should this be the case for your organisation, we may seek to mitigate these risks in other ways, such as providing support to create relevant documents and/or procedures.

However, organisations still unable to provide the required due diligence documentation despite the support provided by PREO will not be eligible to receive grant funding from the PREO programme.

Please refer to Section 2 of the FAQ document for information on why PREO conducts due diligence and the pillars we will be assessing against.

Insurance

It is a contractual requirement that each PREO partner must maintain, at its own expense, policies of employer's liability insurance, professional indemnity insurance and public liability insurance with reputable insurers (such policies as a minimum to be consistent with good industry practice) as are required by law to be maintained in relation to the provision of the project activities for the duration of the grant agreement, including in relation to the activities of its sub-contractors. It is also a requirement for the PREO partner to ensure that its sub-contractors, agents and suppliers each also take out and maintain at their own expense a policy or policies of insurance with reputable insurers.

Applicants should note that they will be required to show that they have (or will have by project commencement) at least **£1 million of public liability cover** and, where PREO funding relates to them selling products, to also have at least **£1 million of product liability cover**. Exceptionally, projects may be allowed to proceed with a lower amount of cover but only in highly exceptional circumstances and only after permission has been granted at a senior level within the Carbon Trust (which cannot be guaranteed).

The PREO partner may, if absolutely necessary and subject to individual agreement with the Carbon Trust on a case-by-case basis, incorporate the insurance premium costs into their grant fund application. These costs can then be covered by the grant funding disbursed by the Carbon Trust to the PREO partner, provided that:

- ❖ The cost of the insurance premiums can be proved to significantly impede the PREO partner’s capacity to effectively undertake the project activities, to the extent that the project’s viability and sustainability are compromised; and
- ❖ The PREO partner acquires and provides at least two competitive insurance quotations from reputable insurers to the Carbon Trust as evidence that the PREO partner has opted for the most competitive insurance quotation.

Further required documentation

Applications selected for funding by the PREO programme will be required to submit further details of the catalytic grant project at the time of contracting, with the additional documentation listed in the table below, to ensure applicants understand these expectations should they be selected. A template containing the formatting and parameters for the requirements below will be sent to successful applicants during the due diligence and contracting phase.

Further required documentation:

Requirement	Details
Implementation strategy	<p>Applicants must submit a comprehensive implementation strategy that describes the activities and interventions funded by the grant.</p> <p>This strategy should outline key project milestones or interventions and explain how they will contribute to achieving the project objectives and delivering the desired impacts</p>
Schedule of Project Outputs and Deliverables	<p>A summary of the key project outputs and deliverables, along with intended submission dates, is required.</p> <p>This schedule should include reports, project milestones, case studies, knowledge dissemination materials, and presentations designed to attract investors or other stakeholders.</p>
Full Financial Proposal	<p>Applicants are required to submit a complete financial proposal that includes a quarterly project budget breakdown.</p> <p>The budget should cover working capital needs, such as labour, inventory, and equipment, as well as other costs, including travel and overheads.</p> <p>Additionally, applicants must provide a projected payment schedule, which will be used to determine the PREO grant disbursement timeline.</p> <p>Deliverables should align with the payment schedule, based on project milestones.</p>
Project Workplan	<p>Applicants should submit a comprehensive workplan outlining key project milestones, timeframes, and personnel responsible for each deliverable.</p>

	This workplan should align with the “Schedule of Project Outputs” and the “Full Finance Proposal”
Risk Matrix	Applicants are required to complete a full ‘Risk Matrix’, to identify project-specific and general risks that can affect successful implementation, as well as the measures that would be taken to mitigate these risks and/or the impact of these risks on the project activities. It is noted that not all risks to the project will be evident initially and, as such, this is not intended to be an exhaustive, static risk register. The Risk Matrix is an element of the project which will be iterative and reported on (quarterly/bi-annually/annually) by the PREO partner.
Monitoring and Reporting Framework	<p>Selected applicants must provide a detailed framework for monitoring and reporting progress throughout the project.</p> <p>This framework should outline project-specific and program-aligned research questions, objectives, and KPIs that will measure the project’s performance.</p> <p>Quarterly progress reports are required, which will capture updates on activities, milestones, and performance data linked to the research objectives and KPIs agreed upon by the applicant and PREO.</p>

Intellectual Property

The intellectual property rights to all materials (including, but not limited to, reports, data and designs, whether electronically stored or not) produced by a PREO partner (i.e., a recipient of a PREO grant) or its personnel, members or representatives in the course of the PREO-funded project (“the Material”), will be owned by the PREO partner.

When signing the Contract with PREO, the catalytic grant project lead organisation and partners will grant the PREO programme a worldwide, non-exclusive, irrevocable and royalty-free licence to use all the Material. “Use” includes, but is not limited to, the reproduction, publication, and sub-licencing of all the Material and intellectual property therein. This encompasses the reproduction or sale of the Material and products incorporating it, for use by any person or for sale or other dealings anywhere in the world.

Code of Conduct

The PREO partner shall owe a duty of care to its employees, being responsible for the health, safety, security of life and property, and general wellbeing of such persons and their property. The PREO partner must adhere to relevant health and safety laws and ensure that sub-contractors owe a duty of care to their employees. PREO may require partners to provide a health and safety policy outlining governance structures in place to ensure compliance with health and safety Law and sound employer practices.

The PREO partner shall ensure that its employees, contractors, sub-contractors and other related parties comply with all applicable national and international laws and regulations relating to: equality, anti-discrimination, modern slavery, child labour, and the prevention of money laundering and financing of terrorism. Additionally, the PREO partner must adhere to anti-bribery and anti-corruption legislation, such as the UK Bribery Act 2010 and any

relevant local laws. The PREO partner may also be required to provide an anti-bribery policy outlining governance structures for handling bribery.

Regarding confidentiality, the PREO partner and PREO are obligated to handle and safeguard all shared confidential information, ensuring it is kept in a safe and secure manner which is no less safe and secure than the treatment of their own confidential and/or proprietary information of a similar nature. Sensitive information should not be shared with external parties without express written consent. The reporting of the impacts of the PREO programme using information obtained from all PREO partners shall be aggregated to ensure the confidentiality of the individual projects.

The PREO partner must ensure that no conflicts or potential conflicts of interest arise during the project implementation and shall adopt appropriate safeguards, controls and procedures to prevent such conflicts. If there is any uncertainty regarding the presence or emergence of potential conflicts of interest, the PREO partner should consult with the Carbon Trust.

General Conditions of the Contract

While certain contractual clauses have been discussed above, these are by no means exhaustive. Full contract information will be provided to applicants selected for funding.

Appendix 3: PREO Due Diligence – list of requirements

The following will be required during the due diligence process for applications selected for award of a grant, as mentioned in the 'Due diligence' section of Appendix 2 and in 2.K of the FAQs. The below information is not required for submission of the application, except where explicitly requested in the application form.

Compliance category	Compliance requirement
1. Ethics and ethos	
a.1.1	Conflict of interest in recruitment policy
a.1.2	Conflict of interest statements
a.1.3	Safeguarding policy
a.1.4	Whistleblowing policy
2. Finances, VfM and project definition	
a.2.1	Periodic financial breakdown
a.2.2	Ownership & business structure
3. Governance	
a.3.1	Economic and governance policies
a.3.2	Letter of commitment (co-funding)
a.3.3	Letter of commitment (project owner)
4. Risk management	
a.4.1	Financial standing
a.4.2	Credit worthiness
a.4.3	Corporate insurance
a.4.4	Modern slavery
a.4.5	Project risks
5. Terrorism and Security	
a.5.1	Data management
a.5.2	Principles of digital development
6. Transparency and delivery chain management	
a.6.1	Conflict resolution
a.6.2	Economic and governance policies
a.6.3	Prompt payment policy
a.6.4	Recruitment
a.6.5	Delivery chain management