

## 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

### FREQUENTLY ASKED QUESTIONS (FAQs)

### RESPONSE DOCUMENT

DECEMBER 2024

## Contents

<b>1. Pre-Application Questions .....</b>	<b>4</b>
A. Who can apply? .....	4
B. Can organisations apply singly or jointly? .....	4
C. Can a single entity apply for different projects? .....	4
D. Are projects using energy from renewable energy/diesel hybrid mini-grids considered as eligible for funding? .....	4
E. Does clean cooking and energy from biomass fit into this call? .....	4
F. If my product is more focused on product innovation rather than business model innovation, should I apply? .....	5
<b>2. Application Questions .....</b>	<b>6</b>
A. How can I apply? .....	6
B. Does my application have to be submitted in English? .....	6
C. How long can my project be conducted for? .....	6
D. What does PREO mean by partners, sub-contractors or supporting parties, and what are the conditions of partnerships? .....	7
E. Can I make updates to my application after submission? .....	7
F. Can I resubmit my application if errors have been made? .....	7
G. Can I submit other applications or similar applications in future funding calls? .....	7
H. Once I submit my application, how do you handle my data? .....	7
I. How does PREO select grant awardees? .....	8
J. How long does the application review process take? .....	8
K. What will the due diligence requirements be if the application is successful? .....	8
L. Why do we require our potential grant recipients undergo due diligence? .....	10
<b>3. Financing Questions .....</b>	<b>11</b>
A. Co-financing: What sources of finance are eligible as co-financing? .....	11
B. Are the co-financing requirements listed required from the whole project or for the individual project partners? Can non-lead partners contribute the co-financing? .....	11
C. How does PREO define a 'sub-Saharan African owned' organisation? .....	12
D. Are the co-financing limits applicable to all types of organisations? .....	12
E. Can co-financing come from the project or company cash flows? .....	12
F. For organisations which are recently established and lack access to audited management accounts, what will be required for the due diligence procedures for shortlisted applicants? .....	13
G. What is a 'Tax Compliance Certificate' for a UK-registered company? .....	13
<b>4. Project questions.....</b>	<b>14</b>
A. What will my project's Key Performance Indicators (KPIs) be? .....	14

Thank you for your interest in participating in the 2024-25 Call for Applications. Please see below Frequently Asked Questions (FAQs) and the responses to these questions for clarification.

The funding call opens on Monday 9 December 2024 and the submission deadline is **Friday 31 January 2025 at 23:59 UTC**.

Any legally registered and physically established business or non-profit which is legally registered and/or is based in a sub-Saharan African country (excluding South Africa) may apply.



Transforming  
Energy  
Access



IKEA Foundation



ENERGY4IMPACT  
POWERED BY MERCY CORPS

## 1. Pre-Application Questions

### A. Who can apply?

Any business or non-profit organisation which is legally registered and/or is based in a sub-Saharan African country (excluding South Africa) may apply.

### B. Can organisations apply singly or jointly?

An organisation can apply for a PREO grant alone, or jointly with one or more partners.

Where multiple applicants apply together, one organisation must be presented as the lead organisation. See also Section 2.D.

### C. Can a single entity apply for different projects?

An organisation, as either a lead organisation or a partner organisation within a joint application, may apply for more than one project under this Call for Applications.

An organisation cannot submit multiple applications if it is the only organisation for the submitted applications, i.e., if there are no other partners in the applications.

However, it is important to note that an organisation that has submitted multiple applications as the lead partner or sole project implementer, and has been shortlisted for more than one project, will only be able to receive funding for one project as the project lead. If an organisation has been involved as a non-lead partner on multiple applications, it will be eligible for funding for more than one project.

### D. Are projects using energy from renewable energy/diesel hybrid mini-grids considered as eligible for funding?

The PREO programme defines off-grid energy as renewable energy that is not transmitted or distributed by the national, provincial or municipal grid network. Mini-grids supplied using diesel, natural gas or other fossil fuels will not be considered eligible for this programme. Therefore, only mini-grids powered by clean energy sources and biodiesel will be accepted. Projects using energy derived from non-renewable sources will not be eligible for funding under PREO.

### E. Does clean cooking and energy from biomass fit into this call?

Clean cooking projects or projects that make use of bioenergy are eligible to apply for PREO grant funding but will be required to demonstrate their PURE (Productive Use of Renewable Energy) application to generate or enhance income for the user. Domestic clean cooking applications are not eligible for funding under PREO as this is seen as a consumptive use of energy. However, commercial applications of clean cooking equipment or products, whereby the user derives an income or generates revenues from clean cooking, will be eligible.

**F. If my product is more focused on product innovation rather than business model innovation, should I apply?**

PREO will support innovation in various forms, including a new product or technology, a new financing model, targeting new customer segments, testing innovative pricing strategies, among others.

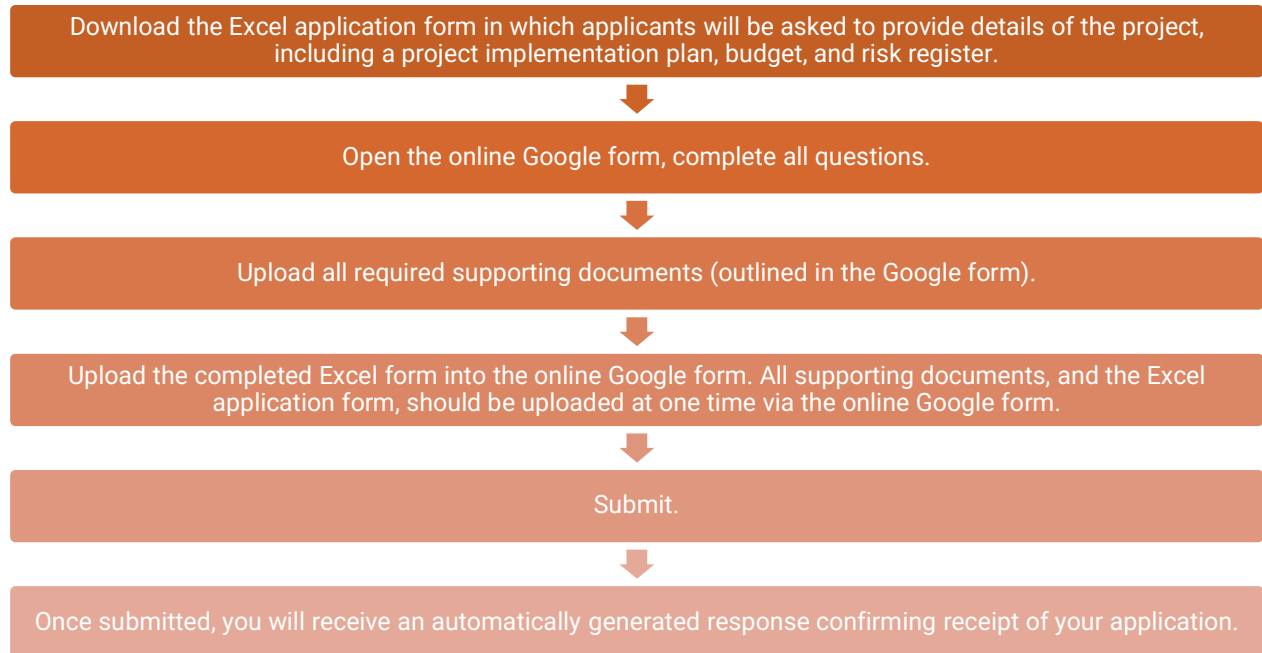
Product innovation is eligible provided the technology development is complete. PREO does not fund R&D, prototyping or testing technology viability.

## 2. Application Questions

### A. How can I apply?

Please ensure that you carefully read the 'Grant Application Guidance Note' before applying and refer to this FAQ document as needed. Interested innovators should visit the [PREO website](#) to download the full application pack.

Follow the procedure outlined below:



**To access and submit your application form, you will need to use a Google account.** Please set this up and test your ability to access the Google form in good time before the deadline, to avoid any last-minute submission problems.

For information on how to set up a Google account see here: [Create a Google Account - Google Account Help](#)

### B. Does my application have to be submitted in English?

Yes. We cannot assess applications submitted in languages other than English.

### C. How long can my project be conducted for?

PREO projects supported under this open call must complete final project reporting, by no later than the end of June 2027. Completing final reporting requires a final report, external communications report and presentation to the PREO team. Projects of no more than 23 months in duration are therefore envisaged under current timelines.

**D. What does PREO mean by partners, sub-contractors or supporting parties, and what are the conditions of partnerships?**

Partners, sub-contractors and supporting parties are any third-party or external organisations that will play a role in the project. The name of these organisations should be provided, with a description of their role and the status of their confirmation of participation. Sub-contracting services supplied by partner organisations should exclude any profit element and be charged at cost. Where a partner is also a sub-contractor within a project, it is important that the organisation in receipt of the project funding stays within state aid limits.

If you apply as a partnership (i.e., with more than one named applicant), the lead partner will assume all responsibility for the project and will be the recipient of the grant funding.

**E. Can I make updates to my application after submission?**

No, you will not be able to update an application once it has been submitted.

**F. Can I resubmit my application if errors have been made?**

Yes, applicants can re-submit their applications, if necessary, provided that the re-submission is received before the ‘Submission Deadline’ detailed above. Please notify the PREO team at [contact@preo.org](mailto:contact@preo.org) if you wish to resubmit your application before the deadline, so we can omit the first submission.

**G. Can I submit other applications or similar applications in future funding calls?**

Yes, you may submit other applications or a similar application in future funding calls.

**H. Once I submit my application, how do you handle my data?**

The PREO Programme is fully administered by the Carbon Trust, however any information you share with us may be shared with our Programme delivery partners, Energy 4 Impact (E4I) – Powered by Mercy Corps, or with the programme funders, IKEA Foundation and the United Kingdom’s Foreign, Commonwealth and Development Office (FCDO). Information about your rights and how each of these organisations may use your information can be seen via the following links:

The Carbon Trust	<a href="#">Privacy notice   The Carbon Trust</a>
Mercy Corps	<a href="#">Privacy policy   Mercy Corps</a>
IKEA Foundation	<a href="#">Privacy Policy   IKEA Foundation</a>
FCDO	<a href="#">Privacy notice   FCDO</a>

In the application Google form, we have requested permission to share your information with organisations providing other sources of funding (grant sources, potential investors). If you decline permission, we will not use your information in this way.

If you have any questions, concerns or require further clarification on the processing of your personal data, please contact us via [contact@preo.org](mailto:contact@preo.org).

#### **I. How does PREO select grant awardees?**

Applications will undergo an impartial yet rigorous assessment process by a pool of PREO assessors and an expert independent review committee. The applications will be assessed consistently using evaluation criteria which is specified in the Submission Evaluation section of the 'Grant Application Guidance Note'.

Once all applications have been assessed, the independent review committee will meet to select the applications to be awarded based on assessment score outcome. Where required, a 'portfolio' approach may be used to ensure funding is spread across multiple scope areas, geographic locations, stages of business development, project duration, project cost, and levels of project risk. We understand the risks involved in innovation projects and welcome applications for projects that are both high risk and high reward (impact). Unselected applicants will be notified of the outcome of the assessment and may request feedback.

The selected applicants will then undergo due diligence.

#### **J. How long does the application review process take?**

We aim for the application review process to take no more than 3 months from the application closing date.

#### **K. What will the due diligence requirements be if the application is successful?**






The successful applications will then undergo more detailed technical and financial due diligence, which will involve requests for further information and data. Those who pass this due diligence phase will then receive confirmation that they are to be awarded a grant and will be invited to enter into a contract with the Carbon Trust.

The due diligence process will require the selected applicants to provide the necessary information within 6 weeks of being informed of their success at the application stage, or risk withdrawal of the grant offer. We suggest that preparations should therefore be made during the application review period, to be ready for due diligence in the event that the application is selected. Appendix 3 of the PREO Guidance Document provides a description of the required documentation.

Please note that we understand that some organisations may not be able to answer some questions affirmatively (whether during the application assessment phase or the subsequent due diligence phase). Should this be the case for your organisation, please do not let it deter you from applying, as we may seek to mitigate these risks in other ways, such as providing support to create relevant documents and/or procedures.



Potential PREO grant recipients (i.e., successful applicants) will be assessed according to these 5 key pillars:

Pillar	Reason for assessing against this pillar	Documents which may be required to assess this pillar
<b>Governance and internal controls</b> 	Establish how partner organisations are structured, directed and controlled, and how the organisation operates.	Ownership and legal structure, conflict of interest protocols, risk management and policy governance, and policies including for whistleblowing, data protection and diversity and inclusion.
<b>Ability to deliver</b> 	Understand an organisation's capacity and capability to deliver programmes of the type, size, and complexity that the funding applies to.	CVs of relevant employees, recruitment protocols and performance management systems.
<b>Financial stability</b> 	Establish if the partner organisation exposes PREO to any financial or 'Value for Money' risks, and how these are managed.	Audited accounts, asset and inventory management procedures, procurement processes and shareholding patterns.
<b>Downstream Delivery</b> 	Interpret how the organisation manages any downstream delivery partners in terms of governance, and how due diligence is cascaded further down the delivery chain.	Partner selection criteria and processes, monitoring and evaluation policies for downstream partners, downstream due diligence, financial reporting.
<b>Safeguarding</b> 	Assess controls and processes to avoid harm to people or the environment with a specific focus on the prevention of harm via sexual exploitation, sexual abuse, and sexual harassment.	Whistleblowing and grievance procedures, code of conduct, modern slavery statement, safeguarding internal policy and policy for downstream partners, and labour management policies.

**L. Why do we require our potential grant recipients undergo due diligence?**

The PREO programme is funded by UK aid via the Transforming Energy Access platform, and the IKEA Foundation. The terms of the funding require rigorous due diligence to be completed for all downstream partners. Below are 5 broad principles of due diligence:

Responsible and Accountable	Effective risk-based due diligence provides assurance that funds are being spent to maximise impact and value for money. It can help improve performance by identifying and appropriately responding to risks.
Context-specific	It is important to understand the capacity and capability of the partner to deliver in the context in which they are operating.
Evidence-based	Due diligence critically analyses a range of evidence including policies, processes, controls, and financial information to inform decisions on each partner, and provides an opportunity to identify and share lessons and good practice internally and externally.
Proportionate and balanced	Assessment scope and depth depends on a range of criteria, including risk appetite, programme size and complexity, programme value, inherent risks, availability of evidence, programme objectives, timeline (urgency) and any history with the partner.
Transparent	Due diligence helps us fully understand what is being invested in. This can help in being transparent with the public. Due diligence also helps assess whether partners have the capacity and capability to be transparent too.

### 3. Financing Questions

#### A. Co-financing: What sources of finance are eligible as co-financing?

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

Cash	<p>Direct financial contributions to the project from the applicant and/or third parties such as donors (individuals, foundations, family offices, governments), impact investors, or venture capital firms. You will be asked to provide evidence of the matching commitment, and we may ask for details of the conditions, timescales and any other relevant considerations.</p>
In-kind	<p>Any significant and quantifiable contribution to the project that is not financial. This may include the use of goods, services and facilities, as well as the provision of, and access to, equipment. Evidence will need to be provided to the PREO team when submitting milestone reports for the relevant and applicable milestones.</p> <p>Applicants are requested to clearly describe the nature and details of such co-financing and be prepared to demonstrate the basis for quantification. In-kind contributions should still offer value for money. Contributions of time, labour, equipment etc., are expected to be reasonably and fairly quantified.</p> <p>In-kind co-financing will be evaluated based on the project context and how the contribution is additional to the project and/or leverage upon the grant funds.</p>

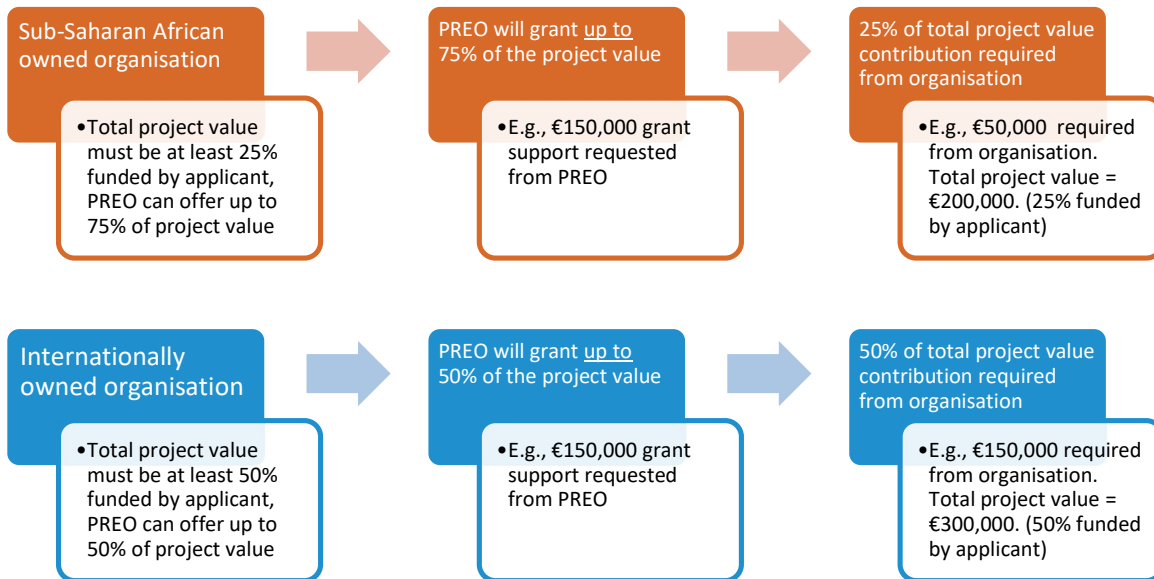
There is some flexibility in what will be considered for co-financing. In principle, evaluation considerations will include:

- ❖ to what extent the applicant is sharing the project costs and risks;
- ❖ is the proposed co-financing directly relatable to the project being proposed and contributing to its realisation?; and
- ❖ is the proposed co-financing additional to contributions already made to the project?

#### B. Are the co-financing requirements listed required from the whole project or for the individual project partners? Can non-lead partners contribute the co-financing?

If the lead organisation for a project is a sub-Saharan African owned organisation, the project (as a whole) would be required to raise or contribute 25% of the total project value in co-financing, meaning that the PREO grant funding requested could be up to 75% of the total project value. The co-financing could be contributed or raised (through external finance providers) by any of the project partners as cash or in-kind co-financing.

If the lead organisation for a project is an Internationally owned organisation, the project (as a whole) would be required to raise or contribute 50% of the total project value in co-financing, meaning that the PREO grant funding requested could be up to 50% of the total project value.



The funding limits relating to the co-financing requirements and the grant funding requested, are applicable to the project as a whole, whether or not partners are involved. It is expected that PREO grant requests will be in the range of €100,000 to €200,000 but will consider proposals including a request for a grant of up to €300,000.

### C. How does PREO define a 'sub-Saharan African owned' organisation?

An organisation is considered 'sub-Saharan African owned' if it meets any one of the following criteria:

- ❖ Organisations, businesses, entities, enterprises, academic institutions, and entrepreneurs that are fully head-quartered in a country in sub-Saharan Africa.
- ❖ Organisations, businesses, entities, and enterprises that are majority (at least 51%) 'owned'/founded by citizens, diaspora, indigenous people, or refugees, migrants or forcibly displaced people, of countries in sub-Saharan Africa.
- ❖ Autonomous national/regional networks/organisations/associations/academic institutions operating in a country in sub-Saharan Africa. This can include autonomous organisations that are part of an international organisational, enterprise, network or institutional framework.

Sub-Saharan African owned organisations are sometimes also referred to within PREO as 'locally-owned'.

### D. Are the co-financing limits applicable to all types of organisations?

The assessment of ownership, to determine the co-financing requirements, will be applied to all types of for-profit organisations. Any organisation which is not for profit will be required to provide co-financing of at least 25%.

### E. Can co-financing come from the project or company cash flows?

Co-financing cannot be derived from anticipated or expected cash flows coming from the project activities. Although the PREO grant funding will be used to invest in revenue-generating equipment or activities, the

uncertainty of future cash flows resulting from this equipment or activity means that these expected revenues (e.g., income from the sale of equipment) cannot be used as upfront co-financing for this Call for Applications.

**F. For organisations which are recently established and lack access to audited management accounts, what will be required for the due diligence procedures for shortlisted applicants?**

PREO due diligence procedures require shortlisted applicants to provide management accounts (audited or unaudited) that clearly detail the financial health of the organisation(s), with preference given to audited management accounts. If an organisation cannot provide a full year of records, alternative appropriate management accounts must be provided to demonstrate its financial health. The types of management accounts that are required could include: a profit and loss statement, a statement of financial position, and a cash flow statement. If these accounts cannot be provided, any account of the organisation(s)' financial health that the applicant sees fit may be submitted for due diligence. (Please note that any alternative accounts provided will be checked for suitability).

**G. What is a 'Tax Compliance Certificate' for a UK-registered company?**

For organisations registered in the UK, applicants can contact His Majesty's Revenue and Customs (HMRC) and request a Certificate of Compliance. This Certificate of Compliance can be used as the 'Tax Compliance Certificate' for this Call for Applications.

## 4. Project questions

### A. What will my project's Key Performance Indicators (KPIs) be?

The KPIs for each of the PREO Programme objectives are detailed in the panel below. It should be noted that PREO-supported projects may also have unique KPIs applicable to the specific activities of the project, determined by the nature of the operation. For example, it may be appropriate for a healthcare project to measure and report the number of female end users reached, while an agri-processing enterprise could measure and report productivity enhancement or increased revenues as a result of PURE activities.

Therefore, it is the responsibility of the applicant to determine their project-specific KPIs that will be measured and reported to PREO. During the project delivery phase, successful applicants will be required to provide this information at agreed intervals, necessitating all projects to have a monitoring and reporting framework in place. This will be developed in collaboration with PREO programme support managers.

#### PREO cross-cutting KPIs applicable to all projects:

##### KPI 1 Economic Performance

- ❖ Loan based projects: unit margin of enterprise providing loans to ensure end users for PURE equipment (reported as a %) representing profit earned.
- ❖ Service model projects: simple payback on PURE infrastructure (reported as months/years) representing the time to recover the initial investment.

##### KPI 2 Follow-on Funding

- ❖ Capital raised by PURE enterprises supported by PREO from public and private funders.
- ❖ As well as enabling us to calculate the amount of finance a PREO grant has leveraged, KPI 2 also enables us to measure the growth and maturity of a company as it attracts private sector investment over time.
- ❖ This is usually described as seed funding, Series A, B and C stages, with the amount at each stage determined by factors such as market size, company potential, current revenues and management.

##### KPI 3 Green Job Creation/Support

- ❖ Number of new, sustainable, long-term, safe jobs supported, and income growth enabled (where relevant and reported as %) by PURE enterprises as a direct result of PREO support. In addition, the total number of green jobs supported should be able to be reported by gender.

##### KPI 4 People with Clean Energy Access

- ❖ Number of people with improved access to clean energy (also reported by gender).

##### KPI 5 Fossil Fuel Avoidance

- ❖ Transitional productive sectors away from diesel- and petrol-powered energy to renewable energy sources, thereby reducing CO<sub>2</sub> emissions and pollution.
- ❖ Where relevant, MW renewable energy installed.

##### KPI 6 Knowledge Building

- ❖ Create an evidence base and disseminate knowledge to PURE stakeholders.