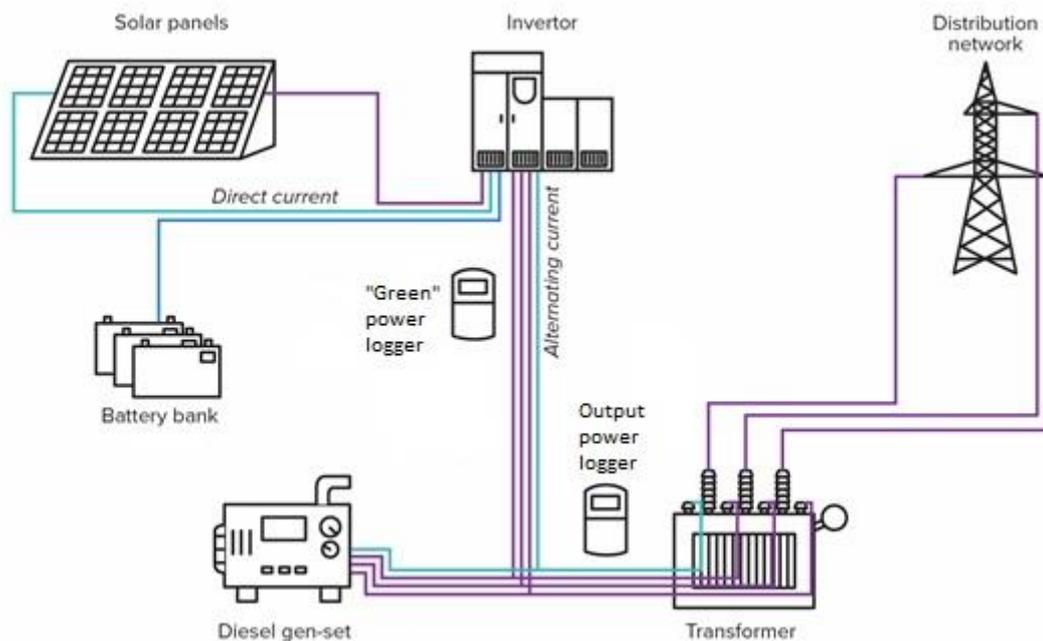




ESRES

ENERGY SECURITY AND RESOURCE
EFFICIENCY IN SOMALILAND



Somaliland Renewable Energy Fund Guidelines for Concept Note Application Window 1: Electricity Service Providers

April 2019

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List of Abbreviations

DFID	Department for International Development
ESP	Electricity Service Provider
ESRES2	Energy Security and Resource Efficiency in Somaliland Programme (Phase 2)
ESRES PM	ESRES Programme Manager
GBP	British Pound Sterling
GHG	Greenhouse Gas
GoSL	Government of Somaliland
JSC	Joint Steering Committee
LV	Low Voltage
MV	Medium Voltage
MoEM	Ministry of Energy and Minerals
MoTIT	Ministry of Trade, Industry and Tourism
MoU	Memorandum of Understanding
RE	Renewable Energy
RBF	Result-Based Financing
SREF	Somaliland Renewable Energy Fund
UK	United Kingdom
USD	United States Dollar
VAT	Value Added Tax

1. Introduction

- 1.1 The Energy Security and Resource Efficiency in Somaliland Programme (ESRES) supports the Government of Somaliland to improve access to affordable electricity for vulnerable communities through the promotion of renewable energy. The objective is to promote green growth and poverty reduction in Somaliland through increased access to more affordable and reliable renewable energy services.
- 1.2 The Memorandum of Understanding (MoU) governing the implementation of ESRES was signed in July 2015 between the Government of Somaliland (GoSL) and the UK's Department for International Development (DFID).
- 1.3 ESRES activities are overseen by a Joint Steering Committee (JSC). The day-to-day implementation of ESRES is entrusted to the ESRES Programme Manager (ESRES PM). The Programme Manager also acts as the Secretariat of the Joint Steering Committee.
- 1.4 Following the successful implementation of ESRES Phase 1 from September 2015 to August 2018, a second phase (ESRES2) is being implemented from September 2018 to August 2021.
- 1.5 ESRES2 includes the Somaliland Renewable Energy Fund (SREF), which will support different renewable energy and energy efficiency projects and activities through dedicated funding windows. Each funding window will have its dedicated fund recipients. These guidelines are specific to Window 1, which seeks to invest in hybrid mini-grids in collaboration with the established private sector electricity service providers (ESPs).
- 1.6 A hybrid mini-grid combines at least two different types of technologies for power generation and distributes the electricity to consumers through an independent distribution network. Thus, a hybrid mini-grid has a supply energy mix of renewable energy sources complemented with energy storage systems and/or diesel generators (at least in the Somaliland context).
- 1.7 The ESRES PM anticipates that Window 1 of SREF will support 3-5 high-quality hybrid mini-grid projects developed by ESPs that achieve a significant Social Return on Investment in the form of reduced tariffs and/or increased customer connections.
- 1.8 Window 1 is implemented through a two-stage Call for Proposals. The first stage (Concept Note stage) consists of the preparation, evaluation, and short-listing of the best Concept Note applications. At the second stage, the short-listed Applicants are then invited to prepare and submit Business Plan Proposals.
- 1.9 SREF will award grants of between USD 200,000 and USD 3,000,000 to the selected projects. The ESRES PM will sign a Grant Agreement with the successful Applicants who will become Implementing Partners of ESRES2.
- 1.10 The SREF grant can finance:
 - Up to 100% of proposed new renewable energy generation capacity capital expenditure;
 - Up to 50% of proposed network improvement / expansion capital expenditure; and

- Up to 100% of new connections.

The Applicant must finance at least 30% of the total project costs, but is strongly encouraged to propose a higher co-financing ratio.

- 1.11 These Guidelines describe how Applicants can prepare and submit Concept Note applications for SREF Window 1, and how these applications will be evaluated.
- 1.12 It is essential that Applicants carefully follow the instructions contained herein, in particular the requirements in terms of format and content of the Concept Note application (Annex 1). Applicants are also advised to pay particular attention to the criteria for administrative compliance, eligibility, and evaluation described in Annexes 2 and 3.

2. Objective of the Guidelines

2.1 Selection of Viable Projects and Implementing Partners

- 2.1.1 The selection of viable projects and Implementing Partners under Window 1 of SREF for the development and implementation of hybrid mini-grids during ESRES2 will follow a competitive process through a Call for Proposals. The objective of the Call for Proposals is to have a fair and transparent process for the selection of Implementing Partners.
- 2.1.2 The selection of viable project ideas and implementing partners will take into account the technical and financial capacity of the Applicant, technical coherence and viability of the project, the economic and social benefits (Social Return on Investment) of the project, the leverage (the Social Return on Investment per dollar of SREF grant), and the Applicant's proposed financial contribution to the project and capacity to finance this contribution.

2.2 Call for Proposals

- 2.2.1 The Call for Proposals is structured in two parts. In the first instance, only a Concept Note application must be submitted for evaluation. Thereafter, selected short-listed Applicants will be invited to submit a full technical and commercial proposal (hereinafter referred to as the Business Plan Proposal).
- 2.2.2 ESRES PM will use the ESRES website (www.esres-somaliland.org) for communications related to this Call for Proposals, including the launching and other related information at different stages of the process. ESRES PM will also use, if necessary, various other media outlets such as local newspapers, mailing lists, and other national and international mechanisms.
- 2.2.3 These Guidelines clarify the objectives, scope, investment model, expected benefits (Social Return on Investment), application procedure, and evaluation procedure for the Concept Note stage. Guidelines and details for the Business Plan Proposal stage will be provided to short-listed Applicants after the end of the first stage.

3. SREF Support

3.1 SREF Grant

3.1.1 The SREF grant funding is based on a partnership. The partnership opportunity allows successful Applicants to obtain a grant to support investments in renewable energy generation capacity, network improvement / expansion, and new connections.

3.1.2 The SREF grant can finance:

- Up to 100% of proposed new renewable energy generation capacity capital expenditure;
- Up to 50% of proposed network improvement / expansion capital expenditure; and
- Up to 100% of new connections.

New connections funded by SREF must be a complete connection, including a meter. The connection can utilize ordinary meters or smart meters. SREF may also consider funding the replacement of existing analogue meters with smart meters.

At least 20% of the total project cost must be accounted for by improvement and/or expansion of the existing distribution network.

The Applicant must finance at least 30% of the total project costs, but is strongly encouraged to propose a higher co-financing ratio.

3.1.3 The cost of new customer connections (service drops) supported by the SREF grant will be paid based on a fixed amount per verified connection. This is called results-based financing (RBF). The amount of RBF per connection will be determined during the Business Plan Proposal stage.

3.1.4 SREF funding must result in a significant Social Return on Investment for the Somaliland people as specified in paragraph 5.2.2.

3.2 Clarifications, Assistance, and Guidance

3.2.1 At the Concept Note stage, Applicants are expected to develop their proposed project concepts in compliance with the instructions given in this guidelines document.

3.2.2 ESRES PM will host a Launch Event for potential Applicants. In this event, ESRES PM will explain to all interested parties the objectives of the SREF in general and specifically Window 1 Guidelines.

3.2.3 Applicants may seek further clarifications, if necessary. Applicants may send requests for clarifications by email to the following email address: info@esres-somaliland.org. Deadline for clarification questions is indicated in section 10. In addition to answering questions from Applicants, ESRES PM may also, at its discretion, issue further clarifications at any time if it considers this to be appropriate.

- 3.2.4 At the second stage, ESRES PM will provide assistance to shortlisted Applicants to develop viable Business Plan Proposals. ESRES PM can provide technical assistance in the design, procurement, and installation of each project. This assistance will be free of charge to the short-listed Applicant.
- 3.2.5 The ESRES PM will provide technical support and project management oversight during the implementation of projects selected for SREF funding.

4. Scope

4.1 Number of Projects

4.1.1 ESRES2 aims to support the development and implementation of 3-5 hybrid mini-grid projects. However, this number is indicative, and depending on locations, size of proposed projects, and the availability of funding, a greater or lesser number of projects could be funded.

4.2 Total Funding Available and Project Size

4.2.1 The total SREF funding available is expected to be about GBP 6 million (approximately USD 7.2 million). ESRES PM reserves the right not to award all available funding. Any SREF grant must fall between the following minimum and maximum amounts:

- Minimum amount: USD 200,000
- Maximum amount: USD 3,000,000

4.2.2 Concept Note applications requesting an SREF grant outside of this range will not be considered for funding. The Applicant will be required to ensure that the amount requested is proportional to project's need and the proposed Social Return on Investment. This will be assessed at the Business Plan Proposal stage.

4.3 Timeframe for the Proposed Project

4.3.1 The implementation period for the project proposed in the Concept Note application must be no more than 14 months. The implementation period is defined as the time from signature of the contract (grant agreement) to successful completion and commissioning of the project. Proposed projects that fail to demonstrate a credible implementation plan that can be performed within this timeframe will not be selected.

5. SREF Investment Model

5.1 Governance

- 5.1.1 SREF is managed by the ESRES Programme Manager (Mott MacDonald) under the stewardship of a Joint Steering Committee (JSC).
- 5.1.2 The JSC is co-chaired by the Minister of Energy and Minerals, representing the GoSL, and the ESRES Senior Responsible Owner, representing the UK Department for International Development (DFID), the project donor.

5.2 Social Return on Investment

- 5.2.1 Only Concept Note applications that demonstrate how the proposed hybrid mini-grid project will deliver a significant Social Return on Investment will be considered for SREF support.
- 5.2.2 Social Return on Investment is defined as the positive socio-economic impacts of a project in terms of:
- Reducing greenhouse gas (GHG) emissions through increasing renewable energy generation capacity and improving network efficiency;
 - Increasing the number of electricity consumers (measured by the number of active new connections);
 - Improving affordability of electricity by reducing the cost for the end consumer;
 - Contribution to economic development and poverty reduction by increasing productive and social energy use.

5.3 Contractual Agreement

- 5.3.1 SREF investments will be formalised through a contractual agreement (Grant Agreement) between the ESRES PM and the Applicant (from thereafter known as the Implementing Partner). The Grant Agreement will stipulate, among other things, mutual roles and responsibilities, project costs, financing plan, SREF grant amount, asset ownership, and the committed Social Return on Investment.
- 5.3.2 Before entering into a formal grant agreement, ESRES PM will conduct a due diligence of the Applicants which will focus on the following four areas:
- Governance and control;
 - Ability to deliver;
 - Financial stability; and
 - Downstream activity (suppliers, contractors, and sub-contractors).

The ESRES PM reserves the right to request any clarifications on submitted documents in relation to the above. The Grant Agreement will only be signed upon satisfactory completion of the due diligence.

- 5.3.3 Any contractual agreement will require endorsement by the JSC.

6. Eligibility

6.1 Eligibility of Applicants

- 6.1.1 The Applicant must not have a government official in the current beneficial owners.
- 6.1.2 The Applicant must provide a notarized document describing the ownership structure and beneficial owners of Applicant's entity.
- 6.1.3 The Applicant must have at least two years of experience as ESP at the proposed location (i.e., the city/village/town).
- 6.1.4 Applicants must submit a registration certificate under the laws of Somaliland (either from local government or Ministry of Trade, Industry and Tourism).
- 6.1.5 The Applicant must provide a tax compliance certificate issued by the Ministry of Finance.
- 6.1.6 The Applicant must provide the billing records of the ESP at the proposed location for the year 2018.
- 6.1.7 The Applicant must propose a senior project engineer (as a lead project engineer or as a project manager) with at least 5 years of relevant experience. Applicants must attach CVs of the core project team, including managing director, the project manager, and the senior project engineer (if different from the project manager). These must be submitted as an annex of the Concept Note application.
- 6.1.8 An organization may apply for funding for different locations but the organization must submit a separate Concept Note application for each project and each project must meet the eligibility criteria for consideration.
- 6.1.9 Applicants must also comply with all DFID requirements for fund recipients, including commitments to avoid fraud and ensure safeguarding and ethical. Applicants must provide any certifications or documents required to comply with these requirements.
- 6.1.10 All documents must be submitted as annexes of the Concept Note application.

6.2 Eligibility of Projects

- 6.2.1 The entire proposed location (i.e., the city/town/village) must have a single ESP.
- 6.2.2 ESRES Phase 1 sites are not eligible for funding.
- 6.2.3 The proposed project must consist of:
 - Installation of at least 200 kWp of renewable energy generation capacity;
 - Improvement/expansion of distribution network must account for at least 20% of total project costs; and
 - Installation of meters to reduce or eliminate currently unmetered customers (if any).

6.2.4 The proposed project implementation period must not exceed **14 months** from the date of signing the grant agreement to the project commissioning date. Applicants must submit a Gantt chart indicating their proposed project implementation period as part of the application documents. Note that the reasonableness of this implementation plan will be assessed as part of the evaluation process.

6.2.5 The renewable energy source can be either solar (PV) or wind.

6.3 Eligibility of Social Return on Investment

6.3.1 The Applicant must commit to reduce the tariff for all customers within the proposed location for at least two years. This may be differentiated by customer type/classification, and the size of the reduction will be assessed as part of the evaluation process, but the Applicant must commit to reducing their tariff to some degree for all customers in order to be eligible for SREF funding.

6.3.2 The Applicant must commit to reduce or eliminate the fixed daily/monthly tariff (if and where it exists).

6.4 Eligible Costs

6.4.1 The requested grant must be in the range of **USD 200,000 – USD 3,000,000**.

6.4.2 The following table indicates main project cost items. The table also shows the eligibility of cost items for SREF funding and for Applicant's contribution:

No	Cost Category	Cost Item Groups	SREF Funding	Applicant's Contribution	Remarks
1.	Renewable Generation System	Renewable energy (RE)	Yes	Yes	
2.		Energy storage	Yes	Yes	
3.		Synchronization	Yes	Yes	
4.		Balance of system (BOS)	Yes	Yes	Must appropriately complement the renewable energy system.
5.	Diesel Generation	Diesel generators	No	Yes	Must appropriately complement the renewable energy system.
6.	Distribution System	Transformers, poles, protection, etc.	Yes	Yes	Must comply with 3.1.2.
7.	Service Connection	Service drops and metering	Yes	Yes	RBF will apply as indicated in 3.1.3.

No	Cost Category	Cost Item Groups	SREF Funding	Applicant's Contribution	Remarks
8.	Other	Installation and project implementation costs (including construction costs/buildings and engineering designs)	No	Yes	The reasonableness of these costs will be fully assessed during the proposal stage.

6.4.3 The following items are Ineligible Costs and are explicitly not eligible for financing:

- Labour and other operational costs;
- Debt service (repayment of principal and interest payments);
- Non-cash expenses such as depreciation and provisions;
- Items already financed otherwise;
- Purchases of land;
- Currency exchange losses;
- Taxes, including VAT, unless the Applicant (or, where applicable, its partners) cannot reclaim these and the applicable regulations authorise coverage of taxes; and
- Losses incurred which cannot be recovered due to neglect to provide adequate insurance cover (e.g., vehicle insurance cover).

While the Applicant may in fact incur Ineligible Costs, they will not count as part of the Applicant's contribution to the total project costs.

6.4.4 The Applicant must finance at least 30% of total project costs from its own resources (including possibly loans). However, the Applicant is strongly encouraged to propose a higher share of co-financing because this will be assessed during evaluation.

6.4.5 Applicants are required to submit certified financial statements for the last three years (2016, 2017, and 2018) as an annex of the Concept Note application. This information will be used to assess whether the Applicant has the financial resources to meet their proposed co-financing commitment.

6.4.6 Applicants are required to submit three quotations for each of the "Cost Item Groups" (as described in 6.4.2). These quotations must be submitted as an annex of the Concept Note application.

A detailed list of all Eligibility Criteria is in Annex 3.

7. How to Apply

7.1 Content of Concept Note Applications

- 7.1.1 The evaluation of Concept Note applications will be based only on the information which is explicitly contained within the Concept Note applications. Applicants must assume that ESRES has no prior knowledge of your entity, your application, or your proposed investment location. Therefore, Applicants must avoid vague, ambiguous, or incomplete responses to the Concept Note Form, which may prevent the evaluation of the application.
- 7.1.2 Notwithstanding the above, ESRES reserves the right to verify and validate any information provided, and if it is determined to be false or misleading, the Applicant will be disqualified.

7.2 Administrative Compliance

- 7.2.1 Applicants must complete the Concept Note Form. Applications that do not follow this format will not be considered.
- 7.2.2 A **Concept Note application** consists of:
- A completed Concept Note Form (provided in Annex 1 of this document)
 - Submission of all required documents as annexes (listed in Annex 2 of this document)
- 7.2.3 The Concept Note Form must be signed by either the Chairman of the Board of Directors or the Principal Owner of the entity.
- 7.2.4 A Concept Note application must be submitted in accordance with all the Administrative Compliance Criteria listed in Annex 3.

7.3 Submission of Concept Note applications

- 7.3.1 Applicants must send the **Concept Note application** (as specified in 7.2.2) in a sealed envelope as follows:
- One clearly marked original of the Concept Note application, bound
 - Two additional copies, bound

All applications must be printed on A4 paper. Diagrams or schedules may be submitted on A3 paper, but this should not be necessary during the Concept Note stage.

The envelope must bear the text:

“SREF Call for Proposals – Window 1”
Name and address of Applicant
“Not to be opened before the opening session”

The envelope must be delivered to the following address:

ESRES Programme Manager
Masala Area,

Hargeisa, Somaliland

For directions contact: (252) 063 442 4361 or info@esres-somaliland.org

7.3.2 Upon delivery of the envelope a receipt will be provided. Electronic submissions will not be accepted.

7.3.3 Concept Notes applications sent by any other means or delivered to other addresses will be rejected.

7.4 Deadline for submission of Concept Note applications

7.4.1 The deadline for submission of Concept Note applications shall be 23 May 2019 at 16:00 (Hargeisa time). Any Concept Note application received after the deadline will be rejected.

7.5 Validity of Concept Note applications

7.5.1 Concept Note applications should remain valid for at least six months. This period will allow the ESRES PM to complete the evaluation process.

8. Evaluation of Concept Notes

8.1 Evaluation Committee

8.1.1 An Evaluation Committee composed of three voting members will evaluate the Concept Notes:

- Committee Chairman (ESRES PM)
- ESRES PM member
- MoEM member

In addition, there will also be a Committee Secretary to document, organize, and record the proceedings.

8.1.2 The Evaluation Committee will be open to the GoSL National Tender Board Representative (non-voting). The observer may participate in all meetings of the Evaluation Committee. Other observers may also be present at the discretion of the Committee Chairman.

8.1.3 Members of the Evaluation Committee will be required to declare any conflict of interest in relation to any Applicant. Members will also be obliged to sign a confidentiality statement. Any observer present will also sign a confidentiality statement.

8.2 Step 1 - Administrative Compliance

8.2.1 The Evaluation Committee will check the administrative compliance of each Concept Note application (See Annex 3-1). Only administratively compliant Concept Note applications will be accepted for next step, which is the eligibility compliance check.

8.2.2 The Secretary of the Evaluation Committee will prepare the minutes of the administrative compliance meeting. Non-compliant Applicants will be informed at the end of the evaluation process.

8.3 Step 2 – Eligibility Compliance

8.3.1 The Evaluation Committee will then check the eligibility compliance of administratively compliant Concept Note application (See Annex 3-2). Only eligible Concept Note applications will be accepted for further evaluation.

8.3.2 The Secretary of the Evaluation Committee will prepare the minutes of the eligibility meeting. Ineligible Applicants will be informed at the end of the evaluation process.

8.4 Step 3 – Evaluation

- 8.4.1 The Evaluation Committee will use the Concept Note Evaluation Sheet attached in Annex 3-3 to calculate the Applicant's score.
- 8.4.2 The Secretary of the Evaluation Committee will prepare the minutes of the evaluation meeting(s).
- 8.4.3 The Secretary of the Evaluation Committee will also prepare a shortlist of Applicants to be recommended to the ESRES JSC for final selection.
- 8.4.4 The intention is to short-list 6-8 Applicants that will be invited to submit a full Business Plan Proposal. However, the Evaluation Committee and/or the JSC reserve the right to adjust the number of short-listed Applicants based on the applications received and the needs of the ESRES programme.

8.5 Step 4 – Selection

- 8.5.1 The JSC will review the shortlist.
- 8.5.2 The JSC will make a final selection based primarily on the capacity of the Applicant, quality of proposed project, Social Return on Investment and leverage. Geographic distribution may also be a factor.
- 8.5.3 All Applicants will receive notification of the outcome of the assessment of their Concept Note. Please note that all decisions are final and there is no appeals process.
- 8.5.4 Even though there is no appeals procedure for the Concept Note stage, all Applicants are entitled to a debriefing related to their Concept Note by the ESRES PM.
- 8.5.5 Any Applicant requiring a debriefing should contact the ESRES PM within two weeks of being informed of the outcome of the Concept Note evaluation.

9. Next Steps: Business Plan Proposal

- 9.1.1 Only short-listed Applicants will be invited to submit a Business Plan Proposal.
- 9.1.2 The invitation to submit a Business Plan Proposal is not a guarantee that your Business Plan Proposal will be accepted by ESRES for funding.
- 9.1.3 Applicants invited to submit a Business Plan Proposal will receive separate guidelines for the preparation of the Business Plan Proposal.
- 9.1.4 Applicants invited to submit a Business Plan Proposal will be eligible to receive technical assistance to develop their Proposals.

10. Timeline

The following table provides the timeline. The timeline for the Selection Notification and Invitation to Submit a Business Plan Proposal is indicative.

Activity	Period
Announcement of Window 1 Launch Event	29 March 2019
Registration Deadline for Window 1 Launch Event	12 April 2019
Post Concept Note Guidelines to Website	17 April 2019
Window 1 Launch Event	24-25 April 2019
Deadline to Submit Clarification Questions	9 May 2019
Submission Deadline for Concept Notes	23 May 2019
Selection Notification and Invitation to Submit a Business Plan Proposal	20 June 2019

Note that dates are subject to change. Any changes will be announced on the ESRES website (www.esres-somaliland.org).

11. Various

11.1 Disclaimer

- 11.1.1 ESRES PM reserves the right to fund any or none of the Business Plan Proposals submitted and/or to disqualify any organisation or Business Plan Proposal for funding. Issuance of these Guidelines does not constitute an award commitment on the part of the SREF. In addition, the final award of any resultant SREF grant will not be made until funds have been fully appropriated, allocated, and committed.
- 11.1.2 While it is anticipated that these procedures will be successfully completed, potential Applicants are hereby notified of these requirements and conditions for award. Applications are submitted at the risk of the Applicant; all preparation and submission costs are at the Applicant's expense.

11.2 Fraud

- 11.2.1 All Applicants are expected to conform to the highest standards of integrity.
- 11.2.2 Any Applicant that pays, solicits, receives, authorises, colludes in or condones the payment, solicitation or receipt of a bribe, or otherwise performs below the standards set out in the UK Bribery Act 2010, will be liable to summary termination of their application or of their contract. Full details of these conditions will be listed in the General Conditions of Contract that successful Applicants will be required to sign up to.
- 11.2.3 Applicants must declare any real or apparent conflicts of interest. These may include, but are not limited to, having friends, relatives, or business associates that are affiliated with the ESRES PM, MoEM, or Evaluation Committee. Applicants are expected to declare any Conflict of Interest in the course of their application and programme implementation (See Annex 1, Point 6). For the avoidance of doubt, any government official involved in an Applicant organisation in any form – including as non-executive Board members – and any close family connection to officials, count as a Conflict of Interest. Conflicts of interest may or may not be disqualifying, but they must be declared so that the ESRES PM can make this determination. Any Applicant who subsequently becomes an Implementing Partner and is found to be in an undeclared Conflict of Interest will have all further invoice payments suspended until the matter has been resolved and may be subject to further legal action.

11.3 Safeguarding and Ethical Behaviour

- 11.3.1 The ESRES PM has a strong commitment to the welfare of its staff and beneficiaries of the programme. We have a zero-tolerance approach to harassment, abuse, and sexual exploitation. We seek to ensure we provide an environment which safeguards anyone whom we have contact with, including beneficiaries, staff, and Implementing Partners.
- 11.3.2 The Grant Agreement will contain a safeguarding policy that all Implementing Partners are required to adhere to. Applicants are obliged to report knowledge of any convictions of the organisation or members of its organisation of child labour, trafficking, sexual harassment, or other safeguarding abuses in the Concept Note application. This reporting requirement will remain throughout the lifetime of the contract and reporting procedures will be part of the Grant Agreement.
- 11.3.3 Applicants are obliged to report in the Concept Note application if the organisation or any of the members of the organisation:
- Is blacklisted by an International Financial Institution;
 - Is a member of a criminal organisation (by any judgement);
 - Has a conviction of corruption or fraud;
 - Has a conviction of links to terrorist offenses, activities, terrorist financing or money laundering;
 - Has a conviction of professional misconduct;
 - Has attempted to enter into competition distorting arrangements.

Failure to report any of the above considerations will result in exclusion of the Applicant or, if discovered following award of a grant, cancellation of the Grant Agreement and possible other legal remedies.

11.4 Visibility

- 11.4.1 The SREF financed projects aim to showcase the advantages of renewable energy and energy efficiency in mini-grids.
- 11.4.2 Any project co-financed by an SREF grant must comply with various DFID rules and regulations. These include, but are not limited to, branding and signage, asset registry and tagging, and data reporting requirements. Signage may include information about the intended social return of the project and how to report safeguarding issues.
- 11.4.3 Any project co-financed by SREF can be used in promotional materials. The ESRES Programme Manager reserves the right to visit the project sites with study groups.

Annex 1: Concept Note Form

THE APPLICANT	
Applicant Profile	
1.1.	Name of Applicant's entity.
1.2.	Year in which the Applicant's entity was founded.
1.3.	Address of main office of the Applicant.
1.4.	Describe the ownership structure of the Applicant, including the shareholders (beneficial owners).
1.5.	Applicants must not have government officials as beneficial owners of their entity. Do you confirm that none of the Applicant's beneficial owners are government officials?
1.6.	Describe the legal structure of the Applicant with subsidiaries
1.7.	List the locations in which the Applicant is currently active as ESP

Preliminary Due Diligence Requirements			
1.8.	Has your organisation been convicted for child labour, trafficking, sexual harassment, or other safeguarding abuses?		
1.9.	Has your organisation been blacklisted by an International Financial Institution?		
1.10.	Is your organisation a member of a criminal organisation (by any judgement)? If so, please declare.		
1.11.	Has your organisation been convicted for corruption or fraud?		
1.12.	Has your organisation been convicted for links to terrorist offenses, activities, terrorist financing or money laundering?		
1.13.	Has your organisation been convicted for professional misconduct?		
1.14.	Has your organisation ever attempted to enter into competition distorting arrangements?		
Technical Assets (at the location proposed for the project)			
1.15.	Provide a technical description of the current generation capacity.		
Notes:			
Main Generation Assets		Units	Total Value
Total installed generation capacity		kW	

Number of installed diesel generators	#				
Size of synchronization system (if any)	A				
Current peak load served	kW				
Number of installed step-up transformers	#				
Current installed step-up transformer capacity	kVA				
1.16. Provide a technical description of the distribution network. Provide an indicative diagram/map of your existing layout of the distribution network (if available).					
Notes:					
Main Distribution System Assets	Unit	Total Value			
Number of installed step-down transformers	#				
Total installed capacity of step-down transformers	kVA				
Distance of existing distribution system (all feeders) <i>(indicate the MV and LV separately)</i>	km				
1.17. Describe the current quality and reliability of the electricity service. (Consider: number of outages/month, voltage drop, and ability to provide service to large energy users.)					
Notes:					
1.18. How much energy (kWh) did you produce in 2018? What is your estimate of your current technical and commercial losses (differentiate if possible)? What is the basis for this estimate?					
Notes:					
Commercial Operations (at the location proposed for the project)					
1.19. How many customers do you currently serve? Are all of your current active customers metered? If no, specify the total number of metered customers and the total number of unmetered customers. What is your total annual energy billed in kWh (obtained from sales)? What is the price per kWh currently charged per customer group? Please provide any clarifications, if necessary, in the space below.					
Notes:					
	Residential	Small Business	Large Business	Other Customers	Total
Tariff (in USD/kWh)					
Number of active customers					
Number of metered customers					
Number of unmetered customers					
Total annual kWh					

1.20.	Are there any fixed tariffs charged to your current customers? Provide the details of such mechanisms if they exist (e.g., daily customers or monthly charges to residential customers)																
Project Management																	
1.21.	Provide the organisation chart of the Applicant																
1.22.	Describe the experience of the Applicant in managing projects. List the most relevant experiences (in terms of projects), especially those which are of similar size and/or complexity																
1.23.	Identify the proposed core project team including: managing director, project manager, and lead project engineer (if different from the project manager)																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%;">Managing Director</th> <th style="width: 15%;">Project Manager (PM)</th> <th style="width: 10%;">Lead Project Engineer (if different from PM)</th> </tr> </thead> <tbody> <tr> <td>Name of proposed person</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Current position within Applicant's entity</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Years of experience in similar projects</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Managing Director	Project Manager (PM)	Lead Project Engineer (if different from PM)	Name of proposed person				Current position within Applicant's entity				Years of experience in similar projects			
	Managing Director	Project Manager (PM)	Lead Project Engineer (if different from PM)														
Name of proposed person																	
Current position within Applicant's entity																	
Years of experience in similar projects																	
1.24.	Describe the experience of the core project team in managing and implementing power generation and/or distribution projects including renewable energy projects. List details (including the sizes) of at least three main projects in which the proposed core team members have contributed																

THE PROJECT	
Location	
2.1.	Location of the proposed project.
2.2.	Applicants must be the only ESP operating within the proposed location (the city/town/village). Do you confirm that the Applicant is the only ESP in the proposed location?

2.3.	How long has your organization been operating as an ESP in the proposed location?				
Investments and Timeline					
2.4.	Provide a technical overview of the proposed project including the technical standards to be used.				
2.5.	The total generation capacity per customer (in W) must increase. Indicate your current synchronised generation capacity per customer (in W), and your proposed (post-project implementation) synchronised generation capacity per customer (in W)				
	Current Total Capacity (kW) = Current Active Customers = Current Capacity per Customer (W) =		Post-Project Total Capacity (kW) = Post-Project Total Customers = Post-Project Capacity per Customer (W) =		
2.6.	Investment Programme				
Category	Main Investment Areas	Units	Total Value	Unit Price (USD)	Total Cost (USD)
Renewable Generation System	New renewable energy generation capacity	kWp			
	Storage capacity (if any)	Ah			
	Size of the synchronization system with controllers (if any)	A			
	Sub-total Renewable Generation System =				
Diesel Generation	New diesel generation capacity (if any)	kW			
Sub-total Diesel Generation System =					
Distribution System	Total capacity of new transformers (if any)	kVA			
	Distance of existing distribution system to be improved	km			
	Distance of new distribution lines (<i>indicate the LV and MV separately</i>)	km			
	Sub-total Distribution System =				
Service Connections	New meters to be installed for new connections	#			
	Existing meters to be replaced for current connections (if any)	#			
	Meters for unmetered customers (if any)	#			
	Other smart meter system costs (if any)				

	Sub-total Service Connections =				
Other Costs (Specify)					
	Sub-total Other Costs (Describe in 2.11 below) =				
Grand Total =					
2.7.	Describe the renewable energy generation component in the project including any energy storage component.				
2.8.	Describe the rationale of any new diesel generation capacity of the project.				
2.9.	Describe how the proposed investments in distribution networks will be implemented (for improvement and/or expansion of existing network).				
2.10.	Describe any planned expansion of customer base and describe investments in service connection components, including meters to be installed (whether smart or ordinary meters).				
2.11.	Describe other major project investments that will be necessary for the project implementation, if any.				
2.12.	Present a schedule to implement the project from the time the contract is signed till project commissioning, showing the total projected duration of the project (in months). Provide an attachment of a Gantt chart showing this schedule. (Note that the reasonableness of this implementation plan will be assessed as part of the evaluation process).				

BENEFITS (SOCIAL RETURN)

Tariff Reduction

3.1.	Following the completion of the project, what is your proposed tariff structure? Note that you will have to commit to this tariff for at least two years following the completion of the project.				
	Residential	Small Business	Large Business	Other Customers	Total

Proposed tariff (USD/kWh)					
Describe an exceptions or variances to your proposed tariff structure.					
3.2.	Applicants must commit to apply the proposed tariffs to all customers within the proposed location. Do you confirm that the proposed tariffs indicated above will apply to all customers of the indicated type within the proposed location?				
3.3.	Are there any additional tariff reductions for any underserved community or large energy users that will benefit from the project? If yes, explain.				
3.4.	Applicants must commit to reduce or eliminate the fixed daily and monthly tariffs (if applicable). Do you confirm that the proposed tariff structure (as in 3.1) will reduce or eliminate the fixed daily and monthly tariff, if it exists in your current service delivery model? If yes, describe the proposed approach to deliver this commitment.				
New Connections / Service Quality					
3.5.	How many new connections will be created in the proposed location as a result of this project? Substantiate your proposition.				
Notes:					
	Residential	Small Business	Large Business	Other Customers	Total
Proposed new connections (#)					
3.6.	Does the project include the supply of electricity to large energy users who are currently using captive power facilities (e.g., large hospital, industrial site, commercial site including hotels etc.)? If yes, provide a list of those organizations.				
3.7.	If the Applicant does not currently deliver a 24-hour service to all customers at the proposed location, what is the proposed extension of service coverage and duration (hours)?				

PROJECT COSTS AND FINANCING

4.1. Financing Plan					
	Project Costs (USD)	Requested SREF Grant		Applicant Contribution	
		USD	Percentage	USD	Percentage
Renewable Energy Generation Capacity (including Storage and Synchronisation, if any)					
Diesel Generation					
Distribution (Expansion and/or Improvement)					
Service Connections including Metering					
Other Costs					
TOTAL					

Note: Make sure the table does not include Ineligible Costs as per Section 6.4.3.

4.2. Applicant's Turnover (Revenue)			
	2016	2017	2018
Applicant's annual turnover for the past 3 years (USD):			

PRELIMINARY RISK ASSESSMENT

5.1. What local factors (social, economic, technical or otherwise) might negatively impact the implementation of this project?

CONFLICTS OF INTEREST

6.1. Declare any conflicts of interest

AUTHORISED SIGNATORY (must be either the chairman of the Board of directors or the Principal Owner of the Applicant)

7.1. Name	
7.2. Position	
7.3. Contact details (cell and email)	
7.4. Signature	

Annex 2 –Concept Note Checklist

The following documents must be provided as part of the Concept Note application:

- A filled in Concept Note Form as provided in Annex 1 of these Guidelines.
- Annex 1: A registration certificate of the Applicant under the laws of Somaliland (from local authority or Ministry of Industry and Tourism)
- Annex 2: A tax compliance certificate issued by Ministry of Finance
- Annex 3: CVs of the core project team, including managing director of Applicant, a project manager and senior project engineer (if different from the project manager)
- Annex 4: Certified financial statements for the last three years of the Applicant
- Annex 5: Timeline of proposed project (Gantt chart)
- Annex 6: Billing records for last year of the Applicant
- Annex 7: Notarised document describing company ownership structure and beneficial owners of the Applicant
- Annex 8: Three quotations for the main project cost elements
- Annex 9: The Applicant's Code of Conduct (if any)

Note: any original documents in Somali must be accompanied by a certified English translation.

Annex 3 – Concept Note Evaluation Sheet

Note: for both Administrative Compliance Criteria and Eligibility Criteria, a Yes or No (Y/N) test is applied. No means exclusion. Only for Evaluation Criteria is a scoring applied.

1. Administrative Compliance Criteria

No.	Criterion		Annex required
1.1	Concept Note application was handed in before the deadline stipulated in 7.4 of these Guidelines	Y/N	
1.2	Concept Note application was delivered in compliance with 7.3 of these Guidelines	Y/N	
1.3	Concept Note application includes one original Concept Note and two copies in A4 size, all three separately bounded	Y/N	
1.4	Concept Note was signed by Chairman of the Board / Principal Owner of the Applicant	Y/N	
1.5	Concept Note complies with the Concept Note Form	Y/N	
1.6	Concept Note application is in English and not handwritten	Y/N	
1.7	Concept Note application includes a registration certificate of the Applicant under the laws of Somaliland (from local authority or MoTIT)	Y/N	1
1.8	Concept Note application includes a tax compliance certificate issued by Ministry of Finance	Y/N	2
1.9	Concept Note application includes CVs of the core project team, including managing director of Applicant, a project manager and senior project engineer (if different from the project manager)	Y/N	3
1.10	Concept Note application includes certified financial statements of Applicant for the last three years	Y/N	4
1.11	Concept Note application includes timeline of proposed project (Gantt chart)	Y/N	5
1.12	Concept Note application includes billing records for last year for the proposed location	Y/N	6
1.13	Concept Note application includes a notarised document describing ownership structure and beneficial owners of Applicant	Y/N	7
1.14	Concept Note application includes at least three quotations for the main project cost elements as indicated in section 6.4.3.	Y/N	8
1.15	Concept Note application includes the Applicant's Code of Conduct (if any)	Y/N	9

2. Eligibility Criteria

The Applicant		
2.1	None of the beneficial owners of Applicant is currently a government official	Y/N
2.2	The Applicant has at least two years of experience as ESP within the proposed location (the city/town/village)	Y/N
2.3	The Applicant has proposed a senior project engineer with at least 5 years of relevant experience <i>NOTE: ESRES will only select one project with a given senior project engineer</i>	Y/N
2.4	The Applicant has responded with “No” to all of the Concept Note Form questions under Preliminary Due Diligence	Y/N
The Project		
2.5	The proposed location (the city/town/village) has a single ESP	Y/N
2.6	The proposed location of the project was not covered by ESRES Phase 1	Y/N
2.7	The proposed project consists of: <ul style="list-style-type: none"> • At least 200 kWp of renewable energy generation capacity • At least 20% of total project costs allocated for improvement and/or expansion of distribution network • Commitment to reduce or eliminate currently unmetered customers (if any) 	Y/N
2.8	The period of implementation of the proposed project does not exceed 14 months from signing the grant agreement	Y/N
Social Return on Investment		
2.9	The Applicant is committed to reduce the tariff for all customers within the proposed location for at least two years	Y/N
2.10	The Applicant is committed to reduce or eliminate the fixed daily/monthly tariff if and where it exists	Y/N
Costs and Efficiency		
2.11	The requested grant is between USD 200,000 and USD 3,000,000	Y/N
2.12	The Applicant excludes all Ineligible Costs (refer to section 6.4.3 of these Guidelines) in total project costs	Y/N
2.13	The Applicant is committed to finance at least 30% of total project costs	Y/N

3. Evaluation Criteria

The Project				
		Weight	Score	Maximum Score
3.1	Coherence of proposed project (change in Watts/Customer as a result of the project - must increase)	4	0 or 4	16
Expected Social Returns				
		Weight	Score	Maximum Score
3.2	Impact of proposed tariff reduction (average tariff reduction in US cents X current customer demand in kWh)	6	1-4	24
3.3	Increase in new connections (number)	3	1-4	12
Costs and Efficiency				
		Weight	Score	Maximum Score
3.4	Leverage ratio: Tariff reduction impact (3.2 above) / requested SREF grant in USD)	6	1-4	24
3.5	Cost reasonableness (cost of renewable energy capacity per kWp)	3	1-4	12
3.6	Financial capacity (Applicant contribution/annual turnover)	3	1-4	12
Total		25		100