

United Nations Capital Development Fund
REQUEST FOR APPLICATION
Putting Energy to Work! Promoting Productive use of energy in Malawi

240409 - MWI

I. BACKGROUND

Founded by the UN General Assembly resolution in 1966, the United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 Least Developed Countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyze capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the least developed countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically, by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial & business advisory and catalyzation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy & biodiversity finance, and sustainable food systems finance).

UNCDF's expertise is in three primary areas of work: (1) **development and financing of inclusive digital economies** through a market development approach, largely driven by digital finance and innovation; (2) **local development finance** through fiscal decentralization (including local climate adaptation finance), municipal finance and structured project finance, to drive market transformation in local economic development; and (3) **investment finance**, to drive capital accumulation and market transformation in financially underserved areas, including investment sourcing, due diligence, de-risking, deployment of loans and guarantees, and crowding in of investment capital from domestic and international investors.

2. DEVELOPMENT CHALLENGES AND REQUIRED INTERVENTIONS

UNCDF is present in Malawi and is active in promoting Inclusive Digital Economies and other market development initiatives. UNCDF will increase resilience in LDCs by supporting an energy transition agenda that emphasizes decentralized, renewable and clean energy projects and products that drive green growth. Net-zero emissions energy solutions that expand energy access and value addition are key elements of this approach. UNCDF promotes access to finance across energy value chains, from customer to enterprise to larger investments.

UNCDF helps fill the energy SME financing gap through the use of its financial instruments. It increasingly supports both solar and improved cooking business models with digital and other technologies to increase their bankability and reach excluded populations. By 2025, UNCDF aims to support investments that allow 6 million people in at least 10 countries to access and benefit from clean energy. UNCDF investments will also contribute to wider energy market development, with an increased focus on productive use and local economic resilience and with strong connections to other key sectors.

UNCDF in partnership with GIZ – Energising Development (EnDev) is to implement a Results Based Finance (RBF) facility and provide business development services (BDS) to energy service companies under the project – Putting Energy to Work!. The Putting Energy to Work (PEW) is a multi-donor action jointly co-funded by the European Union and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by GIZ as a contribution to multi-donor initiative Energising Development (EnDev), which is also financed by the Netherlands Ministry of Foreign Affairs, the Norwegian Ministry of Foreign Affairs (NORAD), the German Federal Ministry for Economic Cooperation and Development, and the Swiss Agency for Development and Cooperation (SDC).

Malawi is a landlocked country in south-eastern Africa and is a member of the Southern African Development Community (SADC). The country has a population of around 20 million inhabitants with a GDP per capita of US\$ 636.80 (World Bank 2020). Malawi has the third lowest Human Development Index (HDI) value among the SADC countries, ranking 174th among 189 countries (2019 UNDP Human Development Report) and with >70% of the population living below the international poverty line of US\$ 1.90/day of the population (World Bank, 2016). Agriculture in Malawi remains the most important sector of the economy, contributing to 80% of foreign exchange earnings and employing around 80% of the Malawian labour force. 70% of the workforce in smallholder agriculture is provided by women. While 85% of rural Malawians' livelihoods rely on the agricultural sector, there is a dire need of modernisation and investments to increase not only productivity but also its resilience to external shocks.

At the same time, Malawi has one of the lowest electrification rate world-wide with only about 12.4% of the population having access to the electricity grid and 6.6% having access to electricity from solar PV (ESCOM 2022). In rural areas, where 86% of the population lives, the electrification rate is as low as 4% (SEforALL, 2019). The Electricity Supply Corporation of Malawi (ESCOM) faces financial and capacity challenges in narrowing this gap, with dated infrastructure proving vulnerable to climate shocks.

Malawi's total installed capacity amounts to 556.84 MW, but the available capacity is 322 MW (ESCOM, 2022), 91% of which is hydropower, 3% diesel and the remaining 6% is from solar. With only about 23kW Malawi has one of the lowest installed electricity generation capacity per capita worldwide. Electricity consumption is at roughly 115kWh per capita, way below the average of 480kWh per capita in sub-Saharan Africa. Peak demand regularly exceeds supply and results in extended load shedding.

The National Energy Policy (NEP, 2018) estimates that 93% of total energy demand is met by biomass energy, with households consuming 84% of the total primary energy. This high dependency on biomass energy, with increasing population growth and energy demand due to economic development, is exerting significant pressure on the country's forest resources, leading to degradation and deforestation at a rate of 2.6% per year.

Notwithstanding, Malawi has developed an ambitious long-term development plan to achieve upper middle-income status by 2063. A clean, reliable and sustainable supply of energy is a key element to achieving this goal and investments in power generation and access are embedded in Pillar 2 of Malawi 2063 Industrialisation. The SDG 7 target of universal access to energy is defined in Malawi's SEforALL Action Agenda and further broken down in the NEP 2018, which aspires to achieve universal access to clean and affordable energy by 2030, 30% of which are to be reached with the central grid, while the rest (70%) should be reached through a mix of off-grid solutions. Access to electricity is a prerequisite for economic development. With Malawi's low electrification rate, 89% of the population live under sub-optimal conditions

for economic, social and human development. Businesses do not have the necessary framework conditions and skills (including unclear policy landscape and implementation, risk-adverse and expensive financial sector, poor and expensive transport networks, lack of capacities of MSMEs and energy poverty) to thrive and contribute to the country's development.

MSMEs looking to increase or simply maintain productivity through the introduction of PUE equipment are often pushed towards costly and polluting diesel-based technologies or do not have the knowledge or financial means to access energy-efficient PUE technologies. This is the result of an absence of a functioning market for renewable energy (RE)--based off-grid technologies and applications. In supporting the off-grid energy sector, there is room for more tailored support from the Government of Malawi, in addition to existing support rendered to the enabling environment. A more enabling environment would provide a wider platform for other sector players to complement the government's efforts.

Nearly 22% of the nation's youth are neither in employment, education or training, according to the International Labour Organisation (ILO). Women and people with disabilities are to a great extent excluded from the formal labour market, with Malawi ranking 145/188 on the global Gender Inequality Index (GII). Moreover, while women make up 70% of the agricultural workforce, they have limited access to inputs, including land, extension services, technology, and markets. Only 32% of individual land owners of agricultural land in Malawi are women. In the energy sector, more women than men are lacking access to clean, affordable, reliable, and sustainable energy, either for domestic or productive uses and women are lagging way behind in energy sector employment.

The absence of a sustainable and inclusive market for climate-friendly, off-grid energy technologies for PUE is hindering their proliferation and adoption in (agricultural) value chains, needed to drive the modernisation of Malawi's economy and the development of a more inclusive society. A study conducted by EnDev Malawi, Foster Lewis, University of Strathclyde, Mzuzu University, and Strathmore University in 2020 concluded that the market for PUE technologies and services is still in a nascent stage, while it holds an enormous untapped potential. The study also reports only a limited number of small-scale and mostly donor-driven PUE initiatives in Malawi – with a few programmatic pilots that have delivered promising results. However, due to a range of market barriers there is a persistent lack of commercially viable business models (supply side) and use cases (demand side) to exit the piloting stage and bring PUE technology sales to scale.

On the demand side, limited awareness of PUE options and low technical and business capacity of agricultural MSMEs to adopt climate-friendly PUE technologies are widespread. More than that, the high transport costs and low ability and/or willingness to pay of smallholder farmers mean that, even with greater awareness and appreciation of the potential benefits of these technologies, they may remain inaccessible to a large majority. On the supply side, businesses, which market PUE technologies and services, are scarce, as sister market segments, such as the less risky and complex but still developing market for solar home systems (SHS), are preferred by entrepreneurs. The high value of PUE technologies and appliances (in comparison, for example, to SHS) requires higher investments (e.g. to purchase stock) which means considerable strain on businesses' cash flow. This requires extending affordable financing to PUE entrepreneurs and to the targeted client base, which is currently lacking in the commercial financial markets in Malawi. Similarly, important functions that support PUE market growth are not available, such as targeted policy and technical knowledge.

At the same time, the potential for PUE in Malawi is clearly tangible. Relying mostly on agricultural production as its main source of income, using climate-friendly technologies to increase the efficiency and quality of food production will have a large impact. Such technologies reduce burdensome dependencies (e.g., from rain, from the grid, etc.) and thereby also contribute to increasing resilience towards external shocks such as extreme weather events and price development in global agricultural input markets e.g., due to the war in Ukraine. Furthermore, a growing market for PUE will create new jobs and, through targeted interventions, open new opportunities for women, youth and people with disabilities.

The opportunity to support the slowly emerging PUE market in Malawi to shift from a pioneering and pre-commercial infant phase towards the expansion phase should be pursued. With a clear focus on supporting first movers and early adopters as well as on removing key barriers, the potential of PUE especially in agricultural value chains can be unlocked. On the demand side, increasing the awareness, knowledge, and capacities of potential users of PUE technologies and working towards greater digital and financial inclusion will positively impact willingness and ability to invest. On the supply side, effective, appropriate, and sustainable business models, that incorporate suitable financing conditions for the customer MSME (e.g. Pay-As-You-Go) but also provide enough cash flow to maintain operations, will be key.

Furthermore, there is a need to engage government, financial institutions, universities and other relevant associations and professional organisations serving women, youths, and People with Disabilities (PWDs) stakeholders to improve the regulatory framework, knowledge, access to finance, and other enabling conditions in which PUE stakeholders operate.

3. SCOPE OF WORK

The scope of work involves working with up to 10 established energy service companies to promote, distribute, and sell climate-friendly productive use of energy technologies and services, with an increased participation of women, youth, and people with disabilities.

The PUE technologies will benefit commercial, agricultural, and other micro, small, and medium enterprises in underserved areas to increase their productivity and performance. The RBF will predominantly target PUE technologies and appliances for irrigation, incubation, and cooling among others. Non-agriculture technologies such as lamps for fishing communities, PV-powered sewing machines for tailors, PV-powered hair clippers for barbers, and refrigeration for small convenience shops among others may be included in the overall portfolio.

Through a Results Based Finance (RBF) scheme, UNCDF will provide non-repayable grants against results achieved and verified to facilitate market penetration and deployment of PUE technologies and services in challenging markets. The Results Based Finance (RBF) scheme will be implemented hand in hand with the Business Development Services (BDS) facility to increase the adoption of PUE and Gender and Social Inclusion (GESI) inclusion in partnership with stakeholders and programmes with the same goals of Putting Energy to Work!.

The RBF Scheme will provide two broad categories of incentives to the energy service companies: Sales-based incentives and Milestones-based incentives, defined as follows:

- **Sales-based incentives:** Lump-sum incentive paid per technology (power system and appliance or standalone system) sold to a Productive Use of Energy (PUE) customer. Two types of sales incentives are currently being considered:
 - 1) *Base Incentive (BI)*: 50% of the Free on Board (FOB) price of the technology, payable for each system sold and verified by the GIZ EnDev Malawi team to comply with eligibility requirements.
 - 2) *Gender Equality and Social Inclusion (GESI Incentive (GESIPlus or GESI+))*: 15% of the BI, payable for each system sold to an MSME that complies with GESI requirements. The requirements are that the MSME should be led by at least 20% women and 20% youth.

Milestones-based incentives: Lump-sum incentive paid per milestone achieved by a provider of a PUE technology. Which milestones (MS) will be eligible is yet to be determined as the companies are at different stages of development and offer different products to different markets with unique business and capacity needs. However, GESI-relevant milestones must form an integral part of the milestone concept. The applicant will propose based on their capacity, current business model, and ambition, however, this will have to be

confirmed and adjusted based on the applicant's business proposal, capacity, project development objective, and budget. Examples of GESI milestones include but is not limited to developing and implementing of GESI responsive recruitment and training plan, career planning and promotion campaign, family-friendly workplace policies and offering GESI sensitivity training, GESI responsive marketing and awareness campaigns, and GESI integration in the M&E system. Other milestones will be agreed on and finalised based on the nature of the proposed project to ensure its success.

3.1 Areas of intervention

UNCDF is seeking applications from energy service companies providing decentralized solar-powered technologies and appliances geared towards enhancing the productive use of energy. These solutions should target overcoming supply-side obstacles to expanding access and utilization of Productive Use of Energy (PUE) in Malawi. Interested parties are encouraged to submit their application through a formal application process, wherein innovative ideas and strategies to enhance access to PUE technologies within specific agricultural value chains and small businesses will be considered.

Area of intervention		Challenges/ Problem Statement and Objectives for Solution
1	Results Based Finance for Productive use of energy	<p>Challenges:</p> <ul style="list-style-type: none"> • High upfront costs and affordability challenges due to unstructured distribution infrastructure. • Limited access to available technologies and appliances as most of the suppliers do not have a network of sales points but operate from a central point. • Non-existent manufacturing industry which poses logistical as well as forex challenges that companies face in an attempt to import PUE technologies • Low skills development with PUE supplying companies • Limited awareness of productive use of energy products. <p>Objectives: to increase the adoption of renewable energy powered productive use of energy systems and appliances amongst MSMEs. This will be done by supporting companies to introduce and expand the offer of PUE solutions and scaling up distribution structures and sales to MSME through incentives under the Result Based Finance (RBF) facility.</p> <p>The envisioned outcome arising from the grant that UNCDF will provide to the successful applicants to this RFA is that economic growth will be catalyzed through financing by boosting access to climate-friendly technologies, and empowering MSMEs with energy solutions for enhanced productivity.</p> <p>By integrating Productive use of energy (PUE) in agricultural value chains and small businesses, it should aim to foster job creation and inclusivity, particularly among women, youth, and people with disabilities, thereby fostering sustainable development.</p>

The team at UNCDF would like to receive proposals that will increase the adoption, scale,

commercial viability, and impact of productive use of energy technologies and appliances.

3.1.1 The RBF scheme application and evaluation process

Applicants are invited to submit their business ideas to be considered for the RBF scheme and BDS support via a two-step process namely the application stage and the business proposal stage.

Step 1: Business Proposal

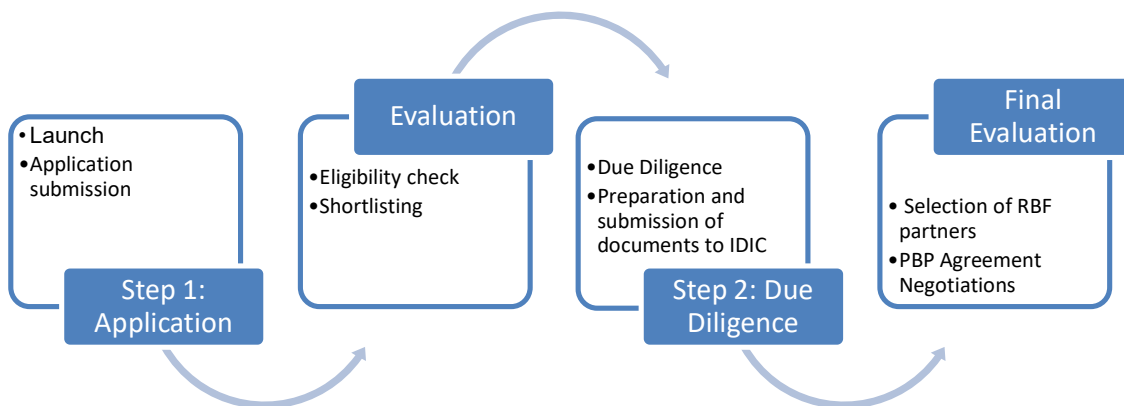
The call for applications will be published on the UNCDF online application platform, website, and social media channels. UNCDF will provide uniform information to applicants on how to access and use the platform, PUE companies will have four weeks to respond to the call for applications. Received applications will be screened for completeness of documentation and assessed based on the eligibility requirements. A technical evaluation committee will evaluate applications that meet the completeness and eligibility screening and select applicants to proceed to the second step of Due Diligence.

Step 2: Due Diligence

During the second step, selected applicants will undergo physical and/or virtual due diligence carried out by UNCDF. The purpose of the due diligence is to validate information provided by each applicant's business proposal; confirm eligibility for the RBF scheme by reviewing corporate documents; and assess the ability of the applicant to execute the proposed project to reach its targeted impact of customers served and jobs created. Due diligence and other transaction documents will be submitted to the Investment and Disbursement Investment Committee (IDIC) for review and approval of the grant.

Details of the eligibility requirements and evaluation criteria are provided under sections 4.1 and 4.2 respectively.

Illustration of the application and evaluation process



3.2 How UNCDF works with Partners

UNCDF takes a tailored approach to engagement with partners, working with each throughout to identify business and customer needs, and helping to design, pilot and scale up the solution along the way.

Some examples of the ways in which UNCDF works with partners include:

- **Product Research:** Sharing market research and knowledge to deepen partners' understanding of customers' behaviours, needs, constraints and aspirations. This also includes providing transaction data analysis and training to the business teams.
- **Product design:** Providing human-centred design expertise to better understand the customer journey - physical and financial – for better product design and use-case development tailored to the needs of low-income customers and their families. The efforts may also involve analysing the transaction data from a customer lens.
- **Provisioning:** Providing technical assistance to help design, pilot, deploy, and scale up solutions for impact. Technical assistance is provided by digital finance experts who are experienced in product design, business model development and go-to-market strategies in some of the most challenging markets in Africa and Asia.
- **Partnerships:** Facilitating strategic partnerships with stakeholders – including cross-border payment hubs, mobile network operators, financial institutions, and non-bank financial institutions – to enable partners to reach last-mile customers, and to grow sustainably. UNCDF is uniquely positioned to be a neutral broker of partnerships and has a record of building strong relationships with private and public organizations across Africa, Asia, and Pacific.
- **Policy and Advocacy:** Convening efforts to support an enabling environment and build policy and advocacy capacity for human-centred products and services to be piloted and potentially scaled.

In the RFA, applicants may identify and suggest areas where the business and technical support from UNCDF and its network of expertise is sought.

3.3 Expected results

By the time the grantees have completed the work that will be funded by UNCDF, it is expected that economic growth has been catalyzed together with these key outcomes for the project:

1. Number of companies supplying PUE technologies and services that have received Results Based Finance (RBF) incentives leading to an increase in the number of MSMEs with access to PUE technologies and services.
2. Number of companies supplying PUE technologies and services that have received Business Development Services.
3. Number and percentage of women and men, youth, and people with disabilities gained employment in the PUE value chain.s

The baseline data for the above will be provided by the project prior to the commencement of the Agreement that will be signed with the successful Applicant.

This project is designed to provide additionality in the following ways:

- **Non-financial value:** Value that the private sector is not currently offering, and which will lead to better outcomes e.g. by catalyzing inclusive job creation, and enhancement of MSME productivity by leveraging PUE technology

- **Impact:** Faster, larger, or better development impacts than the applicant would be able to achieve working alone which for example includes the Gender Equality and Social Inclusion (GESI)

All applications must include methodologies and strategies that will achieve the target indicators in the table below. The targets must be disaggregated for the selected target groups. Applicants who are not able to report on one or multiple indicators or provide disaggregated data should provide a justification.

The targets will be considered in the evaluation of the applications. Prior to signing the Performance-Based Payment Agreement, selected applicants and UNCDF shall follow and commit to the results monitoring framework developed by UNCDF. This may include additional indicators and targets, tailored to the scope of the proposed solution, activities, and expected results. The verification of results through initial desk checks and preliminary phone verifications and field verifications will be done by UNCDF and GIZ-Endev based on the results framework's outputs, activities, agreed milestones, and the deliverables under the performance-based payment agreed. UNCDF reserves the right to further refine this and provide more details at the time of the signing of the Agreement.

No	Indicator	Disaggregation	Definition
1	Number of PUE products sold	Total <ul style="list-style-type: none"> • Youth (15-24 years) • Women • PWD 	This indicator means the number of PUE products (solar-powered pumps, incubators, mills etc.)
2	Number of direct and indirect jobs created.	Total <ul style="list-style-type: none"> • Youth (15-24 years) • Women • PWD 	This indicator counts the number of direct and indirect jobs created from the marketing and sales, design and installation and provision of after-sales services for PUE technologies.
2a	Qualitative Indicator	<ul style="list-style-type: none"> • Youth (15-24 years) • Women • PWD 	This indicator will collect information on the tools utilized to identify, recruit and train potential employees in these groups.
3	Number of MSMEs with access to and using PUE	Total <ul style="list-style-type: none"> • Youth (15-24 years) • Women • PWDs 	The indicator includes all MSMEs connected and using PUE technologies and appliances..
3a	Qualitative Indicator	<ul style="list-style-type: none"> • Youth (15-24 years) • Women • PWD 	This indicator will collect information on the tools utilized to identify, recruit and train potential employees in these groups.

Prior to the signing of the Performance based- Payment Agreement, applicants shall be required to integrate the monitoring framework with additional KPIs.

4. ELIGIBILITY FOR APPLICATION AND EVALUATION CRITERIA

Only applications that meet the eligibility requirements and minimum criteria for the submission will be scored.

4.1 Eligibility requirements

Entity registration

Requirements	Documents to Validate compliance
<p>The lead applicant should be dully registered for-profit private company including social enterprises with a physical presence in Malawi and at least one operating year experience. For-profit arms of not-for-profit organizations can also apply.</p> <p>Other types of entities including last mile distributors, NGO's and CBO's in Malawi can apply as part of the consortium led by an eligible lead applicant.</p> <p>International-based companies can apply if compelling evidence is provided that a partnership with a locally based company is in place to ensure sustainability (appropriate after-sales, maintenance and repair services, functioning guarantee processes, etc). The locally registered company should be the lead applicant in the consortium.</p>	<ul style="list-style-type: none">• Certificate of incorporation /Registration certificate(s).• Trading License/Local government permit• Partnership Agreement if there is a partnership.• Tax registration/payment certificate.
<p>The applicant must have experience in the deployment of off-grid solutions and/or productive use of energy solutions in Malawi.</p>	Company profile
<p>The lead applicant must submit their audited financial statements or management accounts for the previous year</p>	Audited financial statements or management accounts for the previous year

Consortiums

- Applicants can apply only once under this RFA, whether independently or in a consortium.
- Joint applications between market players in Malawi are encouraged if the solution proposed will expand delivery networks and promote rural and/or other last-mile access to distributed solar-powered productive use of energy technologies and appliances. For this purpose, the joint applicants must explain in full details how their consortium will achieve this.
- Applications from consortiums of organizations must show that the partnership was established prior to this call for applications.
- The lead applicant and their financial service provider partner must be registered entities with at least one year of operations, and must have statutory accounts and audited financial statements for at least one operating year.

Project funding

UNCDF will provide grants to the successful applicants who shall be formally engaged through the signing of a Performance-Based Payment

(PBP) Agreement with UNCDF, through this mechanism, the funding to the partners will be paid upon the verified achievement of an agreed and measurable development result. No advance payments will be made.

UNCDF's contributions will range from USD 95,000 to USD 150,000 per project for the selected applicants (up to 10) depending on the investment readiness level and sales outreach potential of the proposed solution for the deployment of productive use of energy. The agreement will be signed in USD however, Payments and disbursements for projects shall only be made in local currency.

4.2 Evaluation criteria

The Evaluation Committee will review and rate the applications according to the below evaluation criteria, based solely on the documents/information that will be submitted by the Applicant.

	Criteria	Documents to be Provided by the Applicant to substantiate compliance	Max Score
1	Technical merit (Methodology) Score if the application and proposal respond to the need to increase uptake of PUE technologies and appliances and the applicant demonstrates an understanding of the market. Additionally, the applicant promotes and distributes high-quality products with sufficient certifications, if applicable, and warranties.	Project budget and workplan and the completed Technical Submission Form	20
2.1	Organizational profile and experience (These also includes "Team" evaluation criteria) Score if the applicant's profile, track record, reputation, experience in similar off-grid and/or PUE projects and in the country, also if the applicant has successfully implemented other projects in Malawi. If the applicant's proposed team structure and experience are suited for the RFA (skills for management, technical know-how, on-the-field footprint, monitoring, and RM capacities.)	Submitted CVs of the team members, similar projects previously, track record from the completed Technical Submission Form	20
2.2	Renewable Energy Industries Association of Malawi (REIAMA) Membership Score if the applicant is already a REIAMA member, scores half	Membership certificate(s) from the	5

	points if membership application is submitted at the time of application.	Member of a national industry association, and/or Renewable Energy Industry Associations	
3	Gender, Youths, and People with Disabilities (PWDs) inclusion Score if the applicant's current and future products, services and activities target and create employment and other opportunities for women, youth, and people with disabilities.	Submitted organization profile and the completed Technical Submission Form GESI section.	15
4	Additionality Score if funding to the applicant will create: <ul style="list-style-type: none"> • Non-financial value: Value that the private sector is not currently offering, and which will lead to better outcomes e.g. by catalyzing inclusive job creation, and enhancement of MSME productivity by leveraging PUE technology • Impact: Faster, larger, or better development impacts than the applicant would be able to achieve working alone which for example includes the Gender Equality and Social Inclusion (GESI) 	Completed Technical Submission Form's section 3 and section 4 narratives.	15
5	Sustainability Score if the applicant's proposal has a sustainable financial perspective and business plan that could sustain the project even after funding ceases.	Submitted audited financial statements' key financial performance indicators, cash flows, debt/loans, etc. and the business model.	15
6	Result Measurement Score if the applicant demonstrates it has in place or has designed a results measurement and data management plan to track the project's development results and expected outcomes to promote inclusive PUE nation wide: <ul style="list-style-type: none"> • Increased access and adoption of PUE technologies and appliances; • Inclusion of women, youths, and PWDs in PUE; and, • Social, financial, and environmental benefits accruing to the use of PUE. 	Completed Technical Submission Form's section 3.3, 3.4 and the project milestones & KPIS	10
TOTAL			100

Only applications that score at least *70 out of 100* will be considered successful and move up to the due-diligence and assessment stage.

4.3 Eligible costs

The general criteria for eligibility of costs under UNCDF funding include the following.

- The costs were incurred by the applicant during the project (after the signature of the Performance-based Agreement and up to the end of the Grant period);
- The costs have been indicated in the estimated overall budget of the action attached to the Performance-based Payment Agreement;
- The costs are identifiable and verifiable, in particular being recorded in the accounting records of the applicant and determined according to the applicable accounting standards of the country where the lead applicant is established;
- The costs comply with the requirements of applicable tax and social legislation;
- The costs are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency;
- The costs are for consultancy services – under studies, technical assistance and other advisory services under the programme carried out by international and national consultants – are eligible as follows. Professional and consultancy services are services rendered by people with a special skill, and who are not officers or employees of the organization applying for the grant. Consulting services must be justified, with information provided on their expertise, primary organizational affiliation, normal daily fee, and number of days of expected service;
- The costs are for consultants' travel costs, including subsistence allowances. These should be shown as travel expenditure. The applicant may be required to justify the daily fee;
- The costs are for workshop venue, food and beverages, and publication materials;
- The costs are for Training (financial education, digital education, soft skills), for the project's final beneficiaries is eligible. If applicable, this will include all related expenditure, such as the cost of the venue, participant travel, and so on. Training for the employees of the institution applying for the grant is also eligible as long as it has been demonstrated that it will link directly to the project output;
- The costs are investment costs directly attributable to the project, relating to research and innovation.

4.3 Ineligible costs

The following costs are ineligible and not acceptable for UNCDF funding:

- Returns on capital and dividends paid by a beneficiary;
- Debt and debt service charges;
- Provisions for losses or debts;
- Interest owed;
- Costs declared by the applicant in the framework of another action receiving a grant financed from another donor;
- Indirect costs, also called overheads.

5. AGREEMENT PARAMETERS

Applicants shall give evidence that their solutions are aligned to the following parameters.

5.1 Applicants

Eligible candidates can apply alone or as lead applicant in a consortium of firms, as long as they comply with the eligibility requirements set forth in section 3.1 in case of a consortium of entities applying to the RfA, the lead applicant shall comply with the eligibility requirements. The lead applicant will be responsible of:

- Submitting the application form on behalf of the consortium.
- Ensuring that each partner is fully aware of the composition of the partnership and of the contents of the Application Form.
- Signing the Performance-based Payment Agreement with UNCDF.
- Fulfilling all obligations set out in the Performance-based Payment Agreement.
- Ensuring the allocation and the fulfilment of the funds amongst the partner in the consortium in compliance with the Performance-based Payment Agreement.
- Ensuring the allocation and the fulfilment of the tasks amongst the partner in the consortium in compliance with the Performance-based Payment Agreement.

5.2 Target segment

The direct target group of the RBF scheme are suppliers and distributors of solar-powered productive use of energy technologies and appliances, who will receive pre-determined incentives for previously agreed results.

Indirectly, the RBF facilitates an increase in the adoption of solar-powered PUE technologies and appliances among Micro Small and Medium Enterprises (MSMEs)¹ - which are the main target group of the project – as the suppliers’ ability to penetrate their target markets is improved. targeting women, youths and PwD-led enterprises.

5.3 Geographical scope

The RBF Scheme and BDS facility will target companies involved in the promotion and deployment of off-grid solar systems and/or productive use of energy technologies in Malawi. From the applications received a decision will be taken on whether there should a regional focus for the RBF.

5.4 Project duration

Projects are expected to have a duration of approximately 12 months. Activities are expected to be terminated no later than June 2025. Final and assessment report will be submitted no later than July 2025.

5.5 Budget

UNCDF will provide a grant to the selected applicants in accordance with the Evaluation Criteria as set forth in section 4.2. The RFA involves working with up to 10 established energy service companies to promote, distribute and sell climate-friendly productive use of energy technologies and services, with an increased participation of women, youth and people with disabilities.

¹ In the context of this project, MSMEs are Malawian micro, small and medium sized enterprises that can improve their productivity or processing capacities with the introduction of RE-powered PUE systems and appliances.

Specific projects will be financed based on business needs. Depending on the maturity of the solutions and the success of the pilot, UNCDF would be able to continue its support for the mobilization of investment capital (loan and guarantee) and further technical assistance.

Applications will need to describe how applicants will deploy the Grant and if any technical assistance or mentorship services are being sought. Additional technical assistance services will be provided by UNCDF through a separate budget line.

Grant Disbursement and Verification

The grant provided by UNCDF will be disbursed based on the achievement and verification of the sales and milestone results. The amount to be disbursement will be determined as below.

Sales-based incentives: Lump-sum incentive paid per technology (power system and appliance or standalone system) sold to a Productive Use of Energy (PUE) customer. Two types of sales incentives are currently being considered:

- 1) Base Incentive (BI):** 50% of the Free on Board (FOB) price of the technology, payable for each system sold and verified by the GIZ EnDev Malawi team to comply with eligibility requirements.
- 2) Gender Equality and Social Inclusion (GESI Incentive (GESI Plus or GESI+):** 15% of the Base Incentive payable for each system sold to an MSME that complies with GESI requirements. The requirements are that the MSME should be led by at least 20% women and 20% youth.

Milestones-based incentives: Lump-sum incentive paid per milestone achieved by a provider of a PUE technology. The milestones will be proposed by the applicants based on their business and capacity needs and must include GESI-relevant milestones.

During the implementation of the RBF scheme, selected applicants will submit reports to UNCDF which will be used for the verification. The verification of both sales and milestone results will be carried out by the project coordinator and Results measurement associate from UNCDF. The process will involve a desk review of the sales and milestone achievement reports submitted to confirm completeness. For the sales results, spot checks will be carried out through phone calls and/or physical visits to a sample of MSMEs. Milestone results will be verified through confirmation of documents submitted as disbursement conditions in the agreement and physical inspection where appropriate.

6. APPLICATION REQUIREMENTS AND APPLICATION PROCESS

6.1 Structure of the Application

The applicant must submit a complete application online. All applications should be supported by the following documents :

- Eligibility Documents (see list below)
- Technical submission form (using UNCDF's template)
- Budget and work plan (using UNCDF's template)
- CV form (using UNCDF's template)

The Eligibility Documents shall consist of the following :

- ☒ Organization Profile, which should not exceed fifteen (15) pages, highlighting the work that are similar to the requirements of the RFA
- ☒ Certificate of Incorporation/Registration of the business, including Articles of Incorporation, or equivalent document if Applicant is not a corporate entity.

- ☒ Tax Registration/Payment Certificate issued by the Internal Revenue Authority in the country of operation evidencing that the Applicant is updated with its tax payment obligations, or Certificate of Tax exemption, if any such privilege is enjoyed by the Applicant
 - ☒ Local Government permit/trading license to locate and operate in the current location of office or factory
 - ☐ Members of the Governing Board and their Designations duly certified by the Corporate Secretary, or its equivalent document, if the Applicant is not a corporate entity
- List of Shareholders and Other Entities Financially Interested in the Firm owning 5% or more of the stocks and other interests, or its equivalent if Applicant is not a corporate entity
- ☒ Trade name registration papers, if applicable
 - ☐ Official Letter of Appointment as local representative, if Applicant is submitting for and on behalf of an entity located outside the country
 - ☐ Quality Certificate (e.g., ISO, Verasol, etc.) and/or other similar certificates, accreditations, awards and citations received by the Applicants in the past, if any
 - ☒ Latest Audited Financial Statement (Income Statement and Balance Sheet) including Auditor's Report and opinion for the past year.or management accounts for the past year.
 - ☒ Partnership Agreement between a locally registered company and an international company in case of a consortium, if applicable.
 - ☐ Environmental Compliance Certificates, Accreditations, Markings/Labels, and other evidence of the Applicant's practices that contribute to the ecological sustainability and reduction of adverse environmental impact (e.g., use of non-toxic substances, recycled raw materials, energy-efficient equipment, reduced carbon emission, etc.), either in its business practices or in the goods it manufactures – if available
 - ☐ Patent Registration Certificates, if any of the technologies submitted in the RFA is patented by the Applicant
 - ☐ List of Bank References (Name of Bank, Location, Contact Person and Contact Details)
 - ☐ All information regarding any past and current litigation during the last five (5) years, in which the Applicant is involved, indicating the parties concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded- if applicable.
 - ☐ Documents proving that the applicant is a Member of a national industry association, and/or Renewable Energy Industry Associations, *if available*

Only applications that follow the Submission Formats and include all the necessary documentation will be considered.

6.2 Application Details

The applicants are expected to observe and be mindful of the below information governing the Application process :

Deadline of Submission of Application	31 May 2020
Time of Latest Submission*	23:59 Malawi Time
Language of the Application and all supporting documents	English
Method for Submission of Application	UNCDF e-investment platform: https://apply.uncdf.org/prog/240418_-_mwi_-_putting_energy_to_work_promoting_productive_use_of_energy_in_malawi

Date and Time of Meeting / Q&A between UNCDF and Prospective Applicants	Date : 18 th April 2024 Time: 09:00 - 12:00
Last day for the transmission of questions/queries	26/04/2024
Email address for submission of Questions	RFAqueries@uncdf.org
Areas of Intervention where an Applicant can apply (Applicant indicate the areas targeted in the application they are submitting)	Area 1.
Validity of the Application	252 calendar days
Currency of the Budget Proposal	USD The agreement signed in USD but disbursements in local currency as per UN ORE exchange rate at the date of disbursement. https://treasury.un.org/operationalrates/OperationalRates.php
Type of Agreement to be Signed with Successful Applicant/s	Performance-Based Payments Agreement (PBP) [https://popp.undp.org/document/1916/download/en]
No. of Applicants that Will be Selected and Awarded an Agreement (depending on the investment readiness level and outreach potential of the solution proposed).	Not more than 10 Applicants
Latest Expected Date of Signing the Agreement with the Successful Applicant/s	30 th August 2024.

Expected Duration of the Agreement	12 months
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* All Potential Applicants are encouraged to visit the RFA site frequently to check on deadline extensions

6.3 Selection Process

- a) Eligibility screening – eligibility will be assessed according to the eligibility requirements as set forth in section 4.1.
- b) Evaluation of eligible applications based on the evaluation criteria set out in section 4.2.
- c) Pre-Grant negotiation and Performance-based Payment Agreement – UNCDF will finalize the scope of the grant and finalize budgets, indicators and targets, workplan and disbursements of the Grant that will be released on achievement of each milestone.
- d) Due diligence: A due diligence of the cleared proposals will be conducted. Additional documentation and evidence may be requested by UNCDF to the applicants.
- e) Notification of applications – all applicants will be notified of the status of their applications.
- f) Final approval of the grant by UNCDF global Impact and Investment Committee (IDIC)

7. ANEXES TO THIS RFA

7.1. Instructions to Applicants

7.2. https://apply.uncdf.org/protected/nr/m6qD5/Instructions_to_RFA_Applicants.pdf

Template Agreement to be signed by UNCDF with the Successful Applicant/s

https://apply.uncdf.org/protected/nr/zsQ2k/LOW_VALUE_PERFORMANCEBASED_

7.3. [PAYMENT_AGREEMENT.docx](#) Technical submission form template (application form)

7.4. Work plan and budget template

7.5. CV template

Note: UNCDF reserves the right at any time prior to the deadline of Application submission, for any reason, such as in response to a clarification requested by applicants, to make changes to this RFA. Applicants are advised to regularly monitor updates on the RFA requirements and ensure compliance before submission.