



FAQs – Frequently Asked Questions SDG 7 Results (website version 20 September 2019)

Programme objective and set-up

1. What are the different implementation phases of the facility?

The SDG 7 Results facility will have two tender rounds, one in 2019 and one in 2020. Each round comprises of 3 consecutive phases:

I. Project development

Submit your project idea (concept note) until 4 June 2019 at 15:00 CEST. Our advisor will provide advice regarding your project idea. You can apply for the grant after this mandatory phase.

II. Grant application

Submit your project proposal together with the grant application until 27 September 2019 at 12:00 CEST. We will assess your application in consultation with the Dutch embassy in the country in question and after visiting the project. Applicants from focus countries with activities in focus countries can apply for support for the development of their business plan and proposal writing via the expert pool free of cost.

III. Implementation and follow-up

Your application has been approved and a grant decision has been signed. You can now implement the project with the support of the Netherlands Enterprise Agency.

2. Can my company, as a social enterprise, offer renewable energy products at no costs to the poorest of the poor?

This facility aims to provide access to modern energy services to 2 million poor people through cooperation with the private sector and NGOs. The purpose of the facility is to reduce commercial market constraints by providing a financial incentive to the private sector and NGOs to mitigate temporary risks of market development in developing countries and to reduce associated innovation costs, i.e. additional costs. The end goal is to create sustainable markets. Offering products for free would undermine this goal.

3. **What is the definition of the target market: 'poor people'?**

SDG 7 Results intends to support reaching out to the customer-**strata that are "harder to reach than business as usual operations of the applicant"**. **These are poor people and those living in remote areas.** SDG 7 Results defines the main target customer segment as people with an income level of no more than \$3,20 per capita per day (World Bank poverty index). Applicants will have to make plausible, supported by the business plan, that the main segment of its targeted customers in the proposal is at an income level below \$ 3,20 per capita per day on the basis of verifiable information.

4. What will be the main indicator for the projects under the facility?

Our main indicator is the number of connections made, i.e. the number of households that have gained access to renewable energy services as offered by the project. In parallel, additional indicators, requirements and safeguards are required in relation to Corporate Social Responsibility, quality, warranties and service levels you are providing.

5. Can I submit more than one proposal?

An applicant is eligible to submit a maximum of 2 grant applications in one tender round of the facility. There is no limit to the amount of concept notes an applicant can submit.

6. What is the difference between this tender round of 2019 and the tender round in 2020?

In principle, the two tender rounds will be similar as the main principles of the facility will remain the same. Of course, lessons learnt from this tender round will be integrated into the next tender.

Project set-up

7. When can I start the activities under my project?

Based on your project's concept note and full grant application, the Netherlands Enterprise Agency will assess your project in consultation with embassies and (local) stakeholders. Once your project has been approved and the grant decision has been signed, the activities under the proposal can start. It is expected that projects approved under the first tender round of 2019 will commence at the beginning of 2020. Costs made prior to contracting are not eligible.

8. What is the duration of a project?

In order to be eligible for a subsidy under this subsidy program, the activities under the proposal must be carried out in a maximum of 4 years.

Project financing, eligible costs and business model

9. Applicants are expected to pre-finance their activities. How can I arrange this? What are the possibilities?

Applicants are expected to be financially stable and to demonstrate their ability to pre-finance the project activities. Pre-finance of the project is to be arranged by the applicant, for example through financing from a (local) bank or investor, the **company's own capital or angel investors and institutions**. It is however not required to pre-finance the full project period. During the implementation we will accept intermediate claims (with certain minimum claim size) for verification and payment. Please, read the [financial guidelines](#) (annex 5) for more information.

10. Which costs are eligible?

The following costs are in any case eligible for a grant:

depreciation costs (on investments): e.g. building extra storage space/shops or purchasing extra vehicles to implement the activities;

other costs, such as:

- wages;
- shipping costs (from supplier to point of sale);
- transport costs;
- storage costs;
- cost of quality control;
- travel and subsistence costs.

The following costs are not eligible:

- cost incurred in preparing and submitting the grant application;
- other costs incurred before submitting the application;
- costs resulting from inflation or exchange rate fluctuations;
- value-added tax or other forms of tax;
- **accountants' and audit fees.**

11. Annex 3 is mandatory. Does this reflect the financial analysis of the entire company / applicant or the project only? What information is to be entered here?

The financial analysis of the applicant is to be assessed by the applicants annual figures. The financial sustainability of the project / activity (business case) is to be assessed by the financial format (annex 3). The information in this format includes figures based on the project/activity/business case in the target market. Please check the instructions in this format carefully, especially on business as usual and additional costs.

Representation costs

12. Are costs made by other partners or parties eligible?

We appraise the business plan of the activity. If costs made by other actors in the value chain are necessary to achieve the results, they are in principle, under the restrictions made in article 5 of the policy rules, eligible. In case of aggregators (local (smaller) companies, NGOs, financial institutions), it is important to demonstrate how the costs made by the local companies relate to the overall project costs.

13. Is the facility open to capitalising risk-mitigation instruments? For example, Credit Guarantee Funds or Financing Institutions funding decentralised clean energy entrepreneurs or end-beneficiaries?

SDG 7 Results offers subsidies to NGOs and companies (including financial institutions) to target new and more difficult to reach markets. FIs and NGOs (aggregators) will need to work with local entrepreneurs to reach these markets that would otherwise remain underserved.

Applicants will need to prove that without the subsidy these markets would not be reached.

Eligible countries

14. Are countries that are not on the country list eligible?

The SDG 7 Results facility is only open to activities in the following countries: Bangladesh, Burkina Faso, Chad, Ethiopia, Gambia, India, Kenya, Mali, Mozambique, Niger, Nigeria, Uganda, Rwanda, Senegal, Sudan, Tanzania, South Sudan.

Also see the question under 'Project scoring and ranking'.

15. Can one proposal target several countries?

In case the application includes more countries, the target market has to be both geographically coherent and logically have similar obstacles and conditions.

16. Can partners come from another country than the focus country?

Yes, if partners can demonstrate relevant experience in decentralised renewable energy services in the region they can come from other countries than the project country.

SDG 7 Results facility technologies

17. Is there a preference for a type of technology?

The facility is technology neutral except for the criterion that only decentralised renewable energy technologies are eligible. Under the SDG 7 Results facility technologies should meet the following criteria:

- For access to clean cooking, stoves need to comply with the standards set under tier 2 according to [ESMAP's multi-tier framework for clean cooking](#). For charcoal stoves, an exception is made regarding the attribute exposure where the emissions on CO is acceptable at tier 1. Cooking solutions need to be based on non-fossil fuels only.
- It may be assumed that biogas cookstoves that have been produced industrially and are designed for a biogas mixture will achieve at least tier 4 on CO and PM emissions and efficiency. For this reason we have decided not to require the ISO-IWA 11-2012 test report from an ISO certified testing centre for the grant application for domestic biogas projects.

It is required to provide a factory produced biogas cookstove that meets the common safety standards for gas appliances. In your grant application you will need to indicate the type of biogas cookstove that will be sold together with the biogas digester and the associated tier level. We reserve the right to request test reports for biogas cookstoves from ISO certified testing centres at a later stage during the execution of the project. Testing and performance requirements will however not exceed the requirements for clean cookstoves that use biomass as fuel. A reasonable period will be provided to obtain such a test report.

- For access to electricity, technologies need to comply with the standards set under [ESMAP's multi-tier framework for Measuring Energy Access](#). A minimum of tier 1 is required to be eligible.
- Please check additional information on eligible technologies on our website: <https://english.rvo.nl/sdg-7-results-technologies>.

18. Are only renewable energy technologies allowed?

Technologies based on fossil-fuels are not eligible under the SDG 7 Results facility.

19. Are new innovations eligible or only proven successful models?

Yes, innovations are eligible. However, please note that 1) new products added to the portfolio once the project has started need to be certified prior to acceptance under the activity, and 2) new products should at least have the same service levels as the products from the original proposals.

Market development

20. What are the minimum requirements for market development?

In the full grant application the applicant should make clear how the project is expected to have a positive impact on market development following the [EAMD scorecard](#). The EAMD scorecard methodology provides insights in the state of the market and the barriers yet to overcome. The scorecard serves to support the additionality analysis of the proposal and so to determine the impact of the project on the market.

Condition for participation is that the project is new to both the target market as well as the business as usual operations of the grant applicant and would be too risky to implement **without the grant. The grant should be additional to the companies' activities** and to the target market. The subsidy should not lead to market distortion. At the moment of the application, the applicant should be in the possession of the necessary licenses and permits to operate on the target market.

21. If a company is already operating in the target market, is my project eligible?

This depends on the product and the consumer segment that the current company is servicing. SDG 7 Results main target customer segment are people with an income level of no more than \$3,20 per capita per day (World Bank poverty index) that is currently underserved.

In the project business plan, we will review the expanding of the 'Business as Usual' (BAU) market into a territory or market that is more difficult to reach. The subsidy is aimed at helping project owners to overcome the initial hurdles to for example set up your distribution system in that specific area, or pilot, test and implement a payment system or a consumer financing system for these consumers. If the activity is business as usual, then there is no need for a subsidy.

Project scoring and ranking

22. How does the focus country bonus points work?

The facility is open to activities in 17 countries. Extra points are awarded to projects in one of the priority countries as set by the Dutch Ministry of Foreign Affairs. 20 points will be assigned to the Lower Income Countries (LIC) and 10 points to the Lower Middle-Income Countries (LMIC). The priority countries are:

- LIC that receive 20 bonus points: Burkina Faso, Chad, Ethiopia, Mali, Niger, Senegal, South Sudan and Uganda
- MIC that receive 10 bonus points: Kenya, Nigeria, Sudan

For detailed information on bonus points, please check annex 1 of the policy document of this facility published in the Government Gazette (5 April 2019).

Applicant's experience

23. Is it a must to have at least 3 years of experience in the region and in decentralized renewable energy? And what does it mean?

Yes. NGOs and companies are expected to have at least 3 years of experience in the region of the proposed project and in the sector. A region refers to: a group of countries with a similar culture and economy, for example the East African Community or UEMOA. For example, if you currently employ activities in Kenya you are eligible to start new activities in Uganda given you have the needed documentation to operate a business in the target market. For mini-grid projects it is not necessary to actually have mini grids operational for three years, but applicants have to demonstrate that they have at least 3 years of experience in the mini grid sector. Also, it is necessary to have two audited annual reports available at the time of the application.

24. Are new players to the renewable energy sector welcome?

Applicants can be new to the decentralized renewable energy markets in the eligible countries under the conditions that they have experience in the region with a similar culture and economy. However, applicants should at least have 3 years of demonstrated experience in this sector.

Partnerships

25. Does the Netherlands Enterprise Agency facilitate finding local companies or funding partners?

We do not facilitate connecting applicants with local businesses and partners. In the concept phase however, we can advise on any ideas you might have.

26. Can applicant form partnerships, , e.g. with governments or other organizations?

Only one applicant – being an NGO or a company – can submit a proposal per project. The applicant must submit its application for a subsidy independently, not as a lead party on behalf of a partnership. The applicant will remain the sole actor responsible for obtaining the results under this facility. However, any cooperation needed to make your project success and create a sustainable enabling environment is considered as important.

27. Is there a maximum number of local partners per project?

No.

Payment and verification of results

28. Do you have a verification protocol?

Yes. For each project a customized verification protocol will be developed by the independent verification agent.

29. Will my project be audited?

The subsidy recipient needs to submit an application to determine the final subsidy at the end **of the project. This application will be accompanied with an auditor's report from an independent auditor.** who has audited the actual costs incurred. The aim of the audit is also to verify that the cumulative subsidy does not exceed the cumulative additional costs as presented in the project proposal.

30. Who will bear the costs of the independent verification?

The Netherlands Enterprise Agency will procure an independent verification agent.

31. When will the Netherlands Enterprise Agency pay out the subsidy?

During the implementation period of the project, we can accept multiple claims (of a certain minimum claim size) for verification and payment. Payments are based on a) an official claim from the project applicant, b) the report of the Independent Verification Agent.

32. How is the payment based-for-results arranged?

Under the SDG 7 Results facility, verification is conducted by an independent verification agent (IVA). Its function is to ensure that payments are done only for verified results by certifying that the claimed results have been physically delivered and that pre-agreed standards of service have been achieved.

The grant award decisions will include a verification protocol with the requirements regarding the verification of results.

To uphold the quality of the data collection, grant recipients are obliged to use a digital application made available by us to record the results (at household level). A maximum total of 8 verification requests can be done over the course of the project. Upon completion of the verification, the IVA will submit its Verification Report to us including a recommendation on

whether our payment to the service provider is warranted and the incentive amount that is justified. We subsequently examine and evaluate the Verification Report and disburses payment of the approved incentive amount. Payment should take place within 12 weeks upon receiving the request for verification.

This is a publication of
Netherlands Enterprise Agency
Prinses Beatrixlaan 2
PO Box 93144 | 2509 AC The Hague
T +31 (0) 88 042 42 42
E klantcontact@rvo.nl
www.english.rvo.nl

This publication was commissioned by the ministry of
© Netherlands Enterprise Agency | 23 September 2019

The Netherlands Enterprise Agency is a department of the Dutch ministry of Economic Affairs and Climate Policy that implements government policy for agricultural, sustainability, innovation, and international business and cooperation. The Netherlands Enterprise Agency is the contact point for businesses, educational institutions and government bodies for information and advice, financing, networking and regulatory matters. Netherlands Enterprise Agency is part of the ministry of Economic Affairs and Climate Policy.