



Sustainable Energy Fund for Africa

Eligibility and Conditions for Project Preparation Grant Requests

Eligibility and preliminary evaluation criteria: SEFA provides project preparation grants and technical assistance to bring viable Renewable Energy (RE) and Energy Efficiency (EE) projects to bankability to enable potential financing from the African Development Bank (AfDB), other Development Finance Institutions, commercial banks and other sources of debt or equity financing. The following minimum eligibility criteria will be used in screening project preparation grant funding requests:

- Projects with a total investment commitment in the range of USD 30 - 200 million.
- The underlying project must be implemented in an AfDB Regional Member Country, and the project sponsor must be registered as a legal entity in a Regional Member Country by the time of grant approval
- Project preparation activities from pre-feasibility up to financial closure. Some pre-feasibility work will already have been carried out and preliminary viability established.
- Beneficiaries will be expected to provide at least 30% of the total pre-investment costs.
- Projects should be sponsored by private sector or public sector agencies where the final project is to be an Independent Power Producer (IPP) or Public –Private Partnership (PPP). State-owned utilities are not eligible for direct support.
- Some evidence of Government endorsement (e.g. permits, concessions, Memorandums of Understanding, Power Purchase Agreement, etc.).

Requests are also evaluated with respect to, among others:

- Alignment with SEFA objectives and mandate and with the relevant strategic and policy documents of the Bank.
- Relevance and specificity of the technical assistance components
- Recipient's ownership and commitment, including counterpart contribution and/or co-financing from other sources
- Experience and track-record of sponsor and/or partners.
- Local content and skills transfer
- Equity available for investment or evidence of dialogue with prospective investors and lenders.
- Projects in countries with limited or no experience of renewable energy and/or limited access to climate finance instruments.
- Effectiveness of proposed technology and appropriateness for local context
- Commercial deployment of innovative technology with potential for replication and/or scale up
- Adherence/commitment to highest environmental and social standards (including gender dimensions) through project design.

Typical activities financed under this component include: (i) feasibility studies, (ii) environmental and social impact assessment (ESIA) studies, (iii) engineering studies, (iv) transaction advisors, and (v) any other “soft” activity required for the project to reach financial close. Not more than 10% of a SEFA grant may be utilized for capital expenditures, including equipment and software licenses.

Internal Review and Approval Process: SEFA is structured to respond to requests originated from external project sponsors or AfDB staff. All requests must be championed by AfDB staff (SEFA responsibility).

- (i) All proposals received will be screened and pre-assessed against the basic eligibility criteria by the SEFA Secretariat, housed in the Energy, Environment and Climate Change Department (ONEC) of AfDB. In all cases for requests meeting the basic eligibility criteria and presenting a good pipeline opportunity, SEFA Secretariat will work with other departments to review and identify a champion to lead the internal review and approval of a proposal.
- (ii) The SEFA Secretariat will submit best proposals to the ONEC Management Team in the form a Project Evaluation Note (PEN) for a first assessment of the project and clearance for the pipeline.
- (iii) Following ONEC management clearance, the project sponsors and the Bank Task Manager will prepare a Grant Request that shall be peer reviewed and later presented to a Technical Committee (TC) composed of various representatives from corporate services and technical departments of the Bank. The role of the TC is to review all proposals for technical and financial soundness, as well as compliance with Bank’s rules, policies and strategies.
- (iv) Proposals up to USD 1 million are recommended for approval at the Vice President level. Grants exceeding the equivalent of USD 1 million are transmitted for approval to SEFA Oversight Committee and the AfDB Board of Directors.

The turnaround period is currently estimated between five to nine months but can vary depending on the completion of proposals and in the capacity of the project sponsor to meet the requests for information from the Bank throughout the review and approval process.

Utilization of Resources: It is envisioned that the use of SEFA grant resources for project preparation activities will serve the overall objective of leveraging investments in RE/EE. As such, it is expected that grants under this window will lead to potential investment by the sponsor, the AfDB and/or other financial institutions and investors.

Implementation Responsibility: Activities financed by SEFA are implemented by the Bank or by SEFA beneficiaries. The Bank shall be solely responsible for the administration of the Grant Agreement and for supervision of the projects, programs and activities financed by it.

Procurement Arrangements: The acquisition of consultancy services and the procurement of goods and services shall be carried out in accordance with the Bank's applicable rules and procedures as amended from time to time.¹

Disbursement: Disbursement follows the Bank's appropriate disbursement processes as laid out in the Bank's Disbursement Handbook.²

Application: Application for grant request can be submitted by completing the funding requests questionnaire (Country name – Project name+Technology – Company name) to sefa@afdb.org.

¹ <http://www.afdb.org/en/projects-and-operations/procurement/>

² <http://www.afdb.org/en/documents/document/disbursement-handbook-54419/>