

2<sup>nd</sup>

# CALL FOR PROPOSAL GUIDELINES

16 APRIL 2020 - 15 JULY 2020

Powering  
communities  
by  
supporting  
innovative clean  
energy solutions



## PAWARIM KOMUNITI

Papua New Guinea Off-Grid Electrification Program



## 2<sup>ND</sup> CALL FOR PROPOSALS OFF-GRID ELECTRIFICATION GRANTS FACILITY APRIL 16<sup>th</sup>

### Background on Pawarim Komuniti – Off-Grid Electrification Program

Pawarim Komuniti – is the Off-Grid Electrification Program funded by the PNG-Australia Partnership to support access to clean energy in rural and remote communities in Papua New Guinea (PNG). The program is part of Australia’s commitment under the PNG Electrification Partnership to help PNG meet its electrification targets.

Electrification rates in PNG are extremely low. With 80% of people in PNG living in remote towns and communities with limited access to basic services, increasing access to electricity will help improve living standards and allow government services like schools and health centers to deliver reliable services.

Pawarim Komuniti will provide grants that aim to promote innovative and inclusive projects in remote parts of PNG unlikely to be served by the national electricity grid, to support access to clean electricity and improve communities’ wellbeing.

### The Program aims to:

- Provide rural households, community service facilities and businesses with reliable and affordable access to clean energy.
- Support Government, development partners, civil society and private sector with information on successful off-grid electrification projects.

To increase electricity access for rural and remote communities, the Program will support off-grid energy solutions. This specific call for the proposals is focused on mini-grid electrification solutions that provide innovative models for delivery and sustainable approaches to the systems’ operations and maintenance.

### Introduction

The Program is hereby calling for the submission of proposals. Initially, applicants must fill in an Expression of Interest (EOI) form and only successful applicants will be asked to submit a full proposal. The proposal must address implementation of a specific project and should be focused on increasing sustainable access to energy for households and/or business and/or community service facilities in an identified rural area(s) of Papua New Guinea, generating tangible positive impact.

This Call targets the delivery of clean mini-grid energy solutions in off-grid areas through innovative and sustainable business models, designed with and to fit the target community, and promotion of business activities through productive use of energy.

For the purpose of this Call, mini-grids are defined as electric power generation and distribution systems that provide electricity to a remote community in off-grid areas. The mini-grid supplies electric power to households, businesses, public institutions, and anchor clients such as telephone towers and agricultural processing facilities among others. A mini-grid must serve multiple consumers with a capacity from a few kilowatts to less than one megawatt in installed capacity.

Proposals are invited from eligible organisations, and approximately two to five grants are anticipated to be

awarded. Selected applications will receive grant funding in the amount of between PGK 500,000 and PGK 5,000,000, depending on project scale and target results. Requests outside of this range will be ineligible.

To be considered for the grant funding, applicants must demonstrate project feasibility, and good knowledge of the beneficiary communities and preferably partner with a locally based organisation. Partnerships between private sector, non-governmental organisations (NGOs), bank and finance institutions, research institutes, universities, associations and groups are highly encouraged. Applicants are encouraged to form a partnership with relevant organisations that help in addressing the issues relating to mini-grid development and operation sustainability. Single applicants are unlikely to be awarded.

Successful applicants will have to pass internal screening and assessments, though are also selected based on funding availability. Successful applicants will receive funding as well as technical assistance and support, if considered necessary.

## Eligibility

Pawarim Komuniti will accept proposals only from lead applicants (see below) that are legally registered national or international private companies and NGOs or institutions eligible to work in Papua New Guinea. An application, through the EOI form, must be submitted by a lead organisation; and partner entities with a strategic and significant role in the project are indicated in the form and are referred to as co-applicants. Co-applicants (i.e. partners), must be a legally registered specific type of entity, such as private company, bank and finance institution, NGO, research institute, university, association, group, local government, etc. In case of partnership, either the lead applicant or at least one of the co-applicants needs to be legally registered in Papua New Guinea.

**A partnership submitting an application will be structured as follows:**

- Lead applicant (max. 1), i.e. the organisation submitting the EOI form;
- Co-applicants (max. 3), participate in designing and/or implementing the project.

The lead applicant will be the sole organisation responsible for managing the grant received. At least one applicant (among the lead and co-applicants) must possess previous experience in energy and electrification. Applicants with previous experience developing mini-grid projects will have a strong advantage in the selection process.

Applicants may have developed their own set of technologies or adopted mini-grid technologies that are accepted globally. Applicants must ensure and demonstrate that proposed mini-grid technologies meet global quality standards, demonstrate that the offered service levels are relevant to the local context, and ensure sustainable operations.

## Eligible Mini-Grid Solutions

This second Call for proposals will primarily focus on the following.

- Energy sources:
  - Solar photovoltaic, or
  - Hydropower, or
  - Hybrid
- Operating model:
  - Private, or
  - Community, or

- Public private partnership, or
- Any other that have proven successful or with a strong rationale
- Electricity usages:
  - Lighting and other feasible productive electricity applications such as agricultural processing, water pumping and refrigeration, or other (agriculture) business applications.
- Electricity storage (must be sufficient to meet peak demand with reasonably good load factor):
  - A properly sized battery bank for solar photovoltaic, or
  - Adequate discharge (design flow) to meet demand in case of hydropower

Please note however, that this list is not exhaustive.

## Expression of Interest Form

The EOI form is divided into the following sections:

1. Background Information on Applicant(s)
2. Project Concept and Innovation
3. Project Descriptions
4. Sustainable Development Impact
5. Gender Equity and Social Inclusion
6. Business Model and Financial Sustainability

Eligible projects must propose the delivery of off-grid energy solutions to benefit rural communities living in remote areas of Papua New Guinea, unserved by the national utility, marginalised from public services and inhabited by low-income populations. A strong focus on gender equity and social inclusion of vulnerable groups and the youth in the project will also be highly regarded.

The organisations applying for grants, through the EOI form, should demonstrate the following:

- Organizational robustness to execute the project idea.
- A proven track record of relevant past experiences, preferably including grant funding by other donors under similar programs;
- Capacity to track and manage the project resources and operate in harmony with the local government in which they operate and engaging the community members;
- Adequate expertise in the field they are proposing to work in or the ability to acquire or outsource the necessary expertise;
- A clear indication and explanation of how the project will be implemented (identified, surveyed/installed, and tested/commissioned)
- Indication of solar potential or water resource availability to meet the energy demand
- Availability of land for solar installations and water rights issues if associated with local water usages
- A clear indication and explanation of the positive impacts delivered by the project on the local communities - such as on income, employment, education, gender and social inclusion;
- Level of participation and involvement of community members in the project activities;
- A project timeline typically shorter than 24 months;
- An innovative and tailor-made business model to ensure project effectiveness and sustainability of the delivered solutions – applicable tariff rates, financing for the connection by the consumers, and operation and maintenance;
- A certain degree of project financial sustainability and the ability to scale access to energy beyond the life of the project with the level of requested grant financing;
- A realistic budget plan indicating grant funding requested from the Program, applicants' co-funding and preferably other sources of financing such as community participation (in kind and cash) – the latter will

be highly encouraged and considered.

- A clear indication of the number of new connections or beneficiaries that will be added for household lighting and other business usages as stated before.

Eligible applications must also include the attachments as requested in the EOI form.

Please note that although submitting an EOI form is the first step in applying for funding, it does not guarantee an invitation to submit a full grant proposal. Due to funding limitations, not all applicants will be invited to submit a grant proposal. EOIs will be first screened for both applicants' and project's eligibility, and subsequently evaluated both internally and by an independent Technical Assessment Panel. Only successful applicants will be invited to develop a full grant proposal with the support of the Program.

## Full Proposals

Successful EOIs will go on to the full proposal stage. Applicants will receive feedback and be supported through this stage by the Program to increase the potential impact and sustainability of the project and therefore the likelihood to be awarded grant funding.

Full proposals must do the following:

1. Specify the distance of the proposed site(s) from the grid and explain why grid connection is not feasible in this (these) area(s). Funding will not be awarded to proposals targeting urban areas, areas with grid connections or areas expected to be served by the grid in the short to medium term.
2. Describe the partner community/ies or beneficiaries in detail, specifying how they will be engaged and involved in the project, quantifying the foreseen benefits and positive impacts. Focus on reaching un-served and marginalized populations, specifying how the applicant(s) have and will engage with local communities to understand and address their needs.
3. Explain all tangible improvements to the lives of women, vulnerable groups and the youth, including whether and how applicants target women for capacity building/employment and/or ownership/management in and through the project.
4. Project descriptions including capacity in kW, design/layout, technical specifications, area coverage, population, and major social and economic status.
5. Project logical framework; including number and types of consumers, major project activities, gender and social inclusion plan, monitoring plan, assumptions and risks and reporting.
6. Provide detailed project delivery information including staffing, procurement and project execution plan, implementation plan and schedule;
7. Provide a budget that includes a clear financial plan; explain and detail how grant funding will be utilized to cover project related costs throughout the life of the project, and project costs breakdown;
8. Highlight specific innovations in technology and/or business model, applicable tariff rates and tariff collection methods.
9. Detail project financial analysis considering viability with and without grant financing and justifying the requested grant amount;
10. Indicate how many new connections will be added, against a project timeline, milestones and budget;
11. Include a power utilization plan for economic activities, for example water pumping, phone charging, etc. The actual or potential business impact is to be addressed in the proposal;
12. Demonstrate the achievement of/potential for financial sustainability, to either scale the delivery of access to energy beyond the project lifetime or to recover costs from other investments/co-financing;
13. Explain how applicants leverage financing from other sources to increase the scale and sustainability of the project.
14. Elaborate further on the information provided in EOI as deemed necessary and as requested.

Please note that, based on the completeness of the EOI form and level of detail contained in the latter, the request for full proposal will be tailored and communicated directly to the successful applicants. This is expected to be an interactive process, aimed at ensuring solid project proposals ready for implementation, to be awarded with grant funding in order to contribute to the program's objectives.

## Initial Screening and Assessment

Each EOI will be initially screened by the Program Secretariat. The screening areas of focus and the evaluation criteria are listed below; each area and criterion will be assigned a color: green, amber or red. Green has a positive connotation, amber a neutral one and red is unsatisfactory. This exercise will primarily help to inform the Program on the eligibility of both applicant/s and the project and to what degree is the EOI consistent with Program's objectives.

1. Background Information on Applicants
  - Organisation background and activities demonstrate experience in delivering projects and positive impacts in line with the Program's objectives
  - Co-applicants/partners demonstrate a strategic role to achieve project success and a clear link with the target community
  - EOI clearly identifies relevant data and how to collect them
  - Indication of complimentary evidence between (or among) the lead and co-applicants
2. Project Concept and Innovation
  - Proposed project scope is clearly communicated and meets Call for Proposal requirements
  - The Program's grant funding is key to actuate the proposed innovative project
  - Transformational innovations are being introduced by the project
  - The innovations introduced by the project are designed to meet the needs of the target community and operate sustainably after the project lifetime
  - Project related risks are clearly identified and mitigated
3. Project Description
  - The project idea is best suited for the geographical area and the community.
  - There are adequate number of households and other end use applications to justify the project.
  - The project is sized adequately to meet the present and likely future demands.
4. Sustainable Development Impact
  - Coherence with the Program Principles, Objectives and 'Thematic Areas'
  - The project clearly contributes to increased access to energy services while generating other relevant impacts
  - The project proposal demonstrates efficient use of funds to reach as many beneficiaries as possible, while delivering a relevant minimum service level and addressing cross-cutting issues
  - The project aims to stimulate existing market systems
  - Project identifies and mitigates any potential environmental risk while championing clean energy
5. Gender Equity and Social Inclusion (GESI)
  - The project involves and benefits existing local groups and/or associations of women and other vulnerable groups
  - The project outlines a clear and effective GESI strategy
  - Project design and implementation strongly relies on community consultations and involvement

6. Business Model and Financial Sustainability

- Business model is highly convincing, based on solid commercial and institutional arrangements, tariff rates and collection method, and projected to be financially sustainable in the given context
- Applicants demonstrate experience in working with donors to implement similar development projects
- A proposal is considered solid when it includes high level of co-funding, by the applicants and/or other donors, programs, funds, etc
- The lead applicant possesses convincing financial records

Please refer to *Initial Screening Criteria* (downloadable from the website), as it details the considerations used by the program to evaluate and rank each EOI during the initial screening.

The Technical Assessment Panel will then address the same areas listed above and rank the EOIs that pass through the initial screening, based on the evaluation criteria to a greater level of detail.

*The Technical Assessment Panel (TAP)*

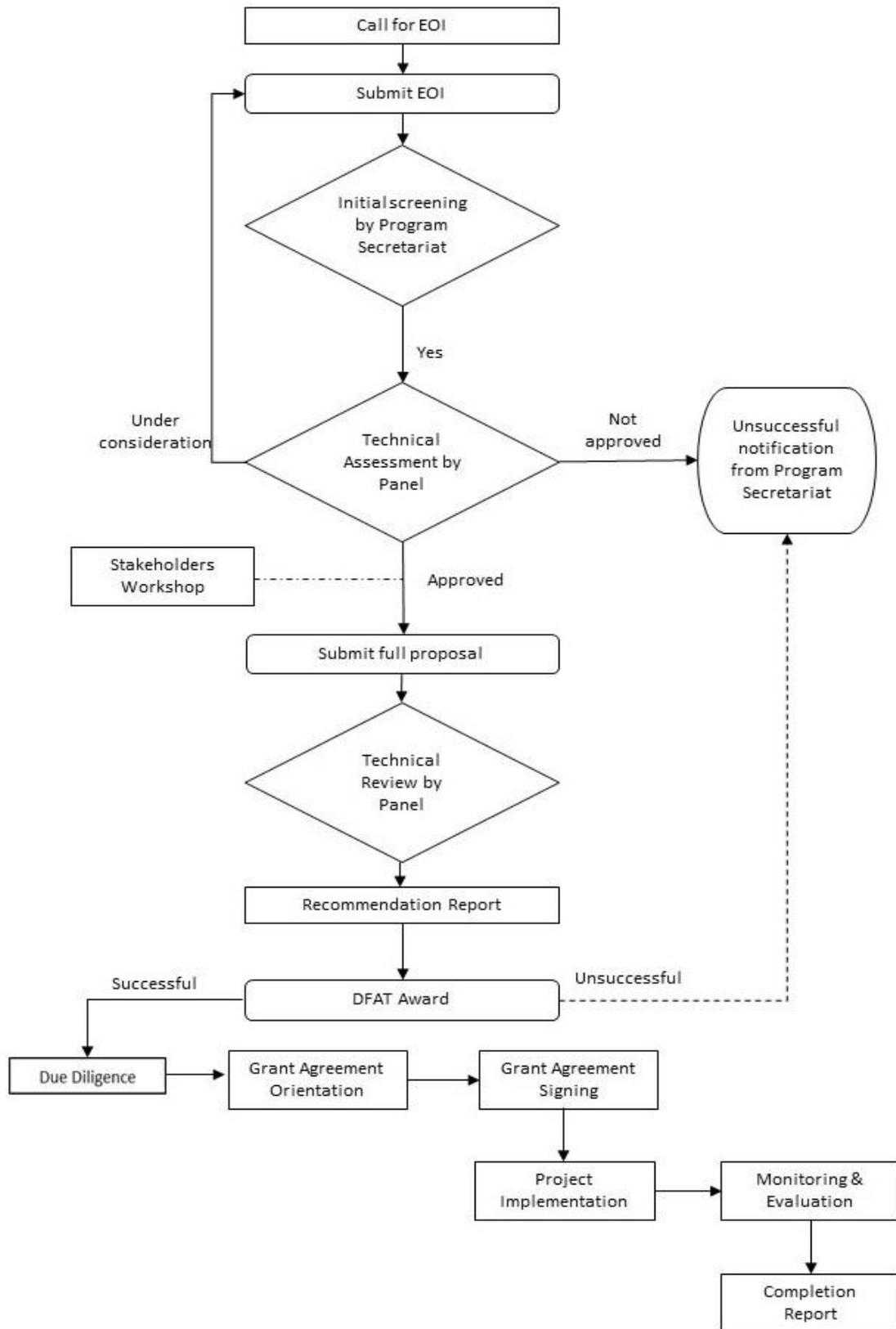
The TAP comprises an external and independent group of rural electrification technical experts, and it evaluates the project proposal's feasibility and carries out peer review based on international projects and case studies. The TAP will provide the Program with recommendations regarding the EOIs.

*The Stakeholders Workshop*

Once the successful EOIs have been ranked, the Program will organise a workshop with relevant stakeholders. The workshop will seek endorsement of selected projects by relevant Government agencies and authorities, to ensure smooth support for their implementation, as well as guarantee equity in site selection. This will also help the Program to develop a diverse portfolio of projects that can inform a wide range of policy and regulatory reform.

Successful applicants will then need to prepare a Full Proposal and will be supported to meet the criteria necessary for the grant award stage.

Application Process



## Application Submission

All applicants are required to use the Expression of Interest template found on the Program's website: [www.pawarimkomuniti.org.pg](http://www.pawarimkomuniti.org.pg). No other template will be accepted. The completed application along with the required documentation should be submitted on or before the **15<sup>th</sup> of July 2020** no later than **5.00 PM** Papua New Guinea Time, to the following email address: [apply@pawarimkomuniti.org.pg](mailto:apply@pawarimkomuniti.org.pg)

Applications will only be accepted at the above email address. The form's template cannot be modified or tampered with and no logos or images are allowed to be inserted. Applications that do not observe the above requirements will not be considered.

General inquiries on the Program and specific questions on the application process can be directed to [info@pawarimkomuniti.org.pg](mailto:info@pawarimkomuniti.org.pg) and will not be accepted at any other email addresses.

## Timeline

Applications will be accepted from **the 16<sup>th</sup> of April 2020 to the 15<sup>th</sup> of July 2020, 5 PM Papua New Guinea Time**. Applications received after the closing date and time will not be accepted.

Applications will be reviewed and evaluated as per the Process flowchart shown on page 7. Applicants will be notified of the outcome 30 to 40 working days after the closure of this call for proposals. Feedback will be given to unsuccessful applicants following that.