



**Ministry of Energy
Malawi Electricity Access Project**

**REOI for Shortlisting as Participating Organizations (POs) of Ngwee Ngwee Fund (Off-Grid Market Development Fund) for
Installation of Solar Home Systems under Malawi Electricity Access Project**

Clarification Request Responses

SI	Query	Response
1	Could you clarify the eligibility criteria for private entities when it comes to their link with governments? If the mother company of the applying private entity has a Government as a minority shareholder, would the company still be eligible?	Minority shareholding from Government entities does not count as Government ownership, provided that the minority shareholder does not have control over the board of the company. We encourage the firm to submit the EOI.
2	Could you confirm that apart from the listed attachments listed in the REOI and the indicative format shared during the webinar on the EOI, the programme does not have a specific template that we need to complete in order to share our EOI?	Yes, we confirm that we do not have a specific template. You can submit EOI in your own format which must clearly demonstrate the eligibility mentioned in the REOI. It must be structured properly, and the format presented during the information dissemination meeting can be a guidance for that.
3	Is a full submission, including both a (maximum) 25 page EOI together with attachments, required by 6 December? Or is the 6 December submission a shorter, pre-screening submission requirement?	The deadline will be extended to 12-Dec-22 and it is the full submission deadline including all the attachments.
4	Is the debt funding of \$14 mil concessionary? Is it repayable in local currency?	The terms and conditions of debt window will be made available after the shortlisting prior to the submission of full loan application.

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5	Explain the procedure for the application of the MERA license.	Please see the link for MERA licensing procedures.
6	What are the minimum tier systems that are eligible under the call (Tier 1, Tier 2, etc....)? Will productive-use appliances also be eligible?	For this EOI, only Tier 1 systems (per the definition of the MTF) will be eligible that are Verasol-certified . The project focus is only Solar Home Systems, productive-use appliances are not eligible.
7	Is there a minimum amount of co-funding to be leveraged for the RBF grant?	No. The companies will be required to maintain appropriate level of leverage during the project cycle. The RBF grant is results-based and will only be disbursed after the verification of systems.
8	Can a part of the RBF be provided upfront as advance? Can a company apply only for the loan or the grant?	<p>RBF grant will not be provided as advance.</p> <p>The loan and RBF grant are one package to meet working capital and subsidy requirement. Companies can choose to apply for loan only or loan + grant. It is however not possible to apply for only grant.</p> <p>Please note that the utilization of the RBF grant is in the form of an end-user subsidy. Therefore, the grant amount must be used solely to reduce end-user prices, which shall be agreed upon with the Ngwee Ngwee Fund manager prior to loan disbursement. An Independent Verification Agent will verify after-subsidy system prices in households.</p> <p>The Fund also has created a separate grant window called Market Catalytic Fund which shall promote innovative solutions targeted towards smaller and locally owned companies. In the coming month, a separate EOI will be issued. The Market Catalytic Fund offers RBF without requiring applicants to take out a loan at the same time. Companies that apply for a grant through the Market Catalytic Fund will not be eligible for receiving loan or grant through the main window.</p>
9	Can a company apply and avail both loan and grant before June 2024?	Companies can apply and upon successful evaluation and negotiation enter into loan and grant agreement before June 2024. The project targets to utilize the total of US\$ 20 million World Bank's funding by June 2024. The RBF will be disbursed upon verification of result that includes but not limited to installation, system price verification, location, after-sales service etc.

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10	Is there a word template /form for the EoI submission or interested parties are required to submit in their own format?	Please note the response to query no. 2
11	What are the technical requirements of the solar home system?	Only Tier 1 systems (per the definition of the MTF) are eligible under the project with a minimum of two light points and phone charging. The minimum system capacity is 3W with daily availability of at least 4 hours and evening availability of at least 1 hour. The maximum system capacity is capped at 20W for this round of 200,000 installations. All the systems have to be Verasol-certified .
12	How much is the RBF amount for every set of solar home system? what is the mathematics?	The project has US\$ 4 million RBF to achieve 200,000 connections. The RBF per set will be set to achieve the above target subject to different product types and costs. The information will be made available after the shortlisting and prior to the submission of the full loan and grant application.
13	What is the currency for the payment of RBF grant? USD or MWK? If it is USD, will you consider to pay the USD to an international bank account outside of Malawi? such as a bank account registered in Hong Kong or China.	The information will be made available after the shortlisting and prior to the submission of the full loan and grant application.
14	Is there any website portal we can access the full details and latest updates of the project? so that we can follow up the project development closely.	We are in the process of developing a separate website for the Fund. Meanwhile, you can find the REOI and other useful information on the Fund at the Ministry of Energy's website .
15	Could you share more information on product specifications?	Please note the response to query no. 11
16	It seems unfortunate this program only supports existing larger companies, subsidizing them and leaving smaller companies in the cold unable to compete who have not yet installed 3500 SHS locally in Malawi, nor 100,000 in other countries. It distorts the market and eliminates new entrants who might have new ideas and technologies that can benefit the country.	Ngwee Ngwee Fund has the objective of rapidly scaling up the off-grid solar market in Malawi with companies who have extensive track record in installing SHS systems and providing after-sales service. Please note in the REOI that there is another component of the grant window - the Market Catalyst Fund (MCF) - which shall promote innovative solutions targeted towards smaller and locally owned companies. A separate Request for Proposals will be called soon for the MCF.
17	If Verasol has not verified a new innovative product, such as a solar washing machine, solar mill or solar cooking system, does	Please note that the project focus is only SHS systems in off-grid rural areas as the overall objective is to increase electricity access in Malawi.

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	that mean such innovations are also not allowed to be brought to your country and program? That would seem very disappointing if the promotion is only for more lights and TVs.	
18	Is there a pre-determined incentive per SHS sold and installed? If so, what is the incentive or incentive range in USD per unit sold and installed?	Please note the response to query no. 12
19	Can you provide the terms and conditions of the offered debt? Maturity, interest rate, collateral requirements, etc. What are the ticket sizes? (Minimum and Maximum)	The information will be made available after the shortlisting and prior to the submission of the full loan and grant application.
20	What activities can be financed with the debt? Also stock? We understood that the debt facility will require fresh equity. Is this also the case if debt is only used for stock? If so, what debt-equity ratio are you looking for?	Utilization of debt is primarily for meeting the working capital requirement of companies. A small portion of the debt might be utilized for meeting operating expenses or expansion of network coverage. Companies that enter into loan agreements are expected to maintain an acceptable level of indebtedness (e.g., measured by debt-to-equity ratio). The Fund will evaluate each company's capital structure and propose a required debt-equity ratio accustomed to general market practice.
21	The expected project duration starts in March 2023 and ends by June 2024. In such period we could commit about 10,000-15,000 SHS, which is quite limited given the low electrification rate in Malawi. Will there be a follow-up Ngwee Ngwee Fund?	Ngwee Ngwee fund is designed to be operational beyond 2024. The Fund and MoE are in discussion with the World Bank and other donors to bring in new capital.
22	Is it correct that only tier 1 systems (no bigger system and/or productive use appliances) are allowed.	Please note the response to queries no. 6 and 11
23	For depositing our documentations on REOI of Ngwee Ngwee program, the MERA license is necessary, because the recent license delivery period will be the Quarter 1 of the year 2023, perhaps in February of 2023, we want to know if in our documentation on REOI of Ngwee Ngwee program we can attach the receipt of our application of MERA license? when the MERA License will be delivered and we will provide you with the official MERA license. Is it workable?	The proposed solution is fine with us. You may submit your application receipt of MERA license with the business registration certificate. If the company is shortlisted, you will be required to produce it in the next phase.