



MODERN COOKING
FACILITY FOR AFRICA

FINAL APPLICATION GUIDELINES FIRST MCFA CALL FOR PROPOSALS (MCFA1)

The Democratic Republic of the Congo, Kenya, Mozambique,
Tanzania, Zambia and Zimbabwe

The Modern Cooking Facility for Africa (MCFA) launched its first call for proposals (MCFA1) and published the Pre-Qualification Guidelines on 20 April 2021, inviting interested private companies selling modern cooking solutions, cooking service providers (CSPs), to compete for funding. MCFA1 Pre-Qualification received a positive response, with 44 eligible applications across the six Project Countries. Of these, 30 passed the Pre-Qualification stage and the Applicants of these project proposals have now been invited to take part in the Final Application stage.

These Final Application Guidelines:

- (i) describe the Final Application stage and subsequent processes up to a possible contract signing;
- (ii) present the requirements that invited Applicants need to demonstrate that they meet in their final applications;
- (iii) provide guidance on the supporting documentation and information that needs to be provided by invited Applicants and uploaded online as part of their final application;
- (iv) include links to templates to be filled in and uploaded online by invited Applicants as part of their final application;
- (v) include links to reference templates for certain documents that Applicants who score highest for MCFA1 funding during the Final Application stage will be requested to provide prior to contracting or agree to as part of a possible contract.

Please note that the Final Application stage is open only to Applicants who have successfully passed the Pre-Qualification stage and still fulfil the requirements for that stage. Applicants will therefore be required to confirm this during the Final Application process.

Invited Applicants are requested to submit the final application in two parts. The first part, containing a full technical offer including a detailed description of the proposed business and roll-out plan ('business plan' hereafter), shall be submitted at the latest by **30 November 2022**. The second part, containing the financial Clean Cooking Service (CCS) offer and stove testing results, shall be submitted by **31 January 2023**.

Applicants taking part in the Final Application stage will be duly informed of their progress, and the final results of MCFA1 will be made public once the selected Applicants have been contracted.

MCFA is a **#TEAMEUROPE** funded programme.



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List of abbreviations and definitions

Applicant	A for-profit CSP applying for MCFA1 funding alone or on behalf of a Project Consortium
CCA	Clean Cooking Alliance
Consortium Member	A for-profit or non-profit entity forming part of a Project Consortium
Country Programme	MCFA1 is organised into six Country Programmes, one for each of the six eligible Project Countries
CCS	Clean cooking services provided to an end-customer who has entered into a contract with a CSP for the provision of CCT using eligible fuels
CCT	Clean cooking technology eligible for MCFA1 funding, i.e. Tier 4-5 electric, biogas and bioethanol stoves or Tier 3+ gasifier stoves using sustainable briquettes or pellets
CSP	Cooking Service Provider
EoL	End-of-life
EPC	Electric pressure cooker
Final Application	MCFA1 is divided into two stages: a Pre-Qualification stage and a Final Application stage (only CSPs that successfully pass the Pre-Qualification stage will be invited to take part in the Final Application stage)
IVA	Independent verification agent
LPG	Liquefied petroleum gas
MCFA1	The first MCFA call for proposals targeted at the Democratic Republic of the Congo (DRC), Kenya, Mozambique, Tanzania, Zambia and Zimbabwe
MFI	Microfinance institution

MRV	Monitoring, reporting and verification
MTF	Multi-Tier Framework developed by the World Bank's Energy Sector Management Assistance Programme (ESMAP)
Nefco	Nordic Environment Finance Corporation, MCFA Facility Manager; Nefco has established the MCFA Programme in collaboration with Sida and manages it as a separate funding facility
PAYGO	Pay-as-you-go
Pre-Qualification	MCFA1 is divided into two stages: a Pre-Qualification stage and a Final Application stage (only CSPs that successfully pass the Pre-Qualification stage will be invited to take part in the Final Application stage)
Project Consortium	A group of for-profit or non-profit entities (led and represented by a for-profit CSP Applicant) that have formed or agreed to form a project consortium to apply for MCFA1 funding and eventually implement the proposed project
Project Country	MCFA1 funding can only be used to implement projects in the Democratic Republic of the Congo, Kenya, Mozambique, Tanzania, Zambia or Zimbabwe (eligible Project Countries)
Project Partner	A for-profit or non-profit entity with a material and meaningful interest in the implementation of a proposed project (e.g. product suppliers, financial service partners, capacity building and training organisations)
Sida	Swedish International Development Cooperation Agency
SmartME	MCFA1 is organised as an online, fully paperless application process and processed via an electronic intake system called SmartME
SOP	Standard operating procedure
SSA	Sub-Saharan Africa
SUM	Stove use monitoring
Tier	Categorisation used to distinguish different levels of energy services based primarily on the MTF and further defined in Annex C

wC	Weighted cost per CCS
VfM	Value for Money

1. MCFA1 funding

1.1 MCFA background and objectives

MCFA1 aims to incentivise CSPs to establish or scale up existing innovative sustainable local businesses in the targeted Project Countries and thereby create a local market and accelerate access to modern, higher-tier clean cooking technologies (CCT) for urban and peri-urban consumers in these African countries.

MCFA aims to bridge a critical gap between early-stage support, traditionally offered by challenge funds and (impact) equity, and concessional/commercial debt needed to transition to modern, clean cooking at scale in Sub-Saharan Africa (SSA). MCFA places a strong emphasis on the provision of sustainable clean cooking services that integrate the CCT in question and sustainable fuels.

The MCFA approach combines direct results-based financing with up-front, non-reimbursable catalytic grant financing to CSPs to unlock early structural challenges in the market, build business and investor confidence, and proactively mobilise various types of downstream investment and debt financing. MCFA financing is complemented by selective technical assistance to support CSPs in developing key aspects of their business.

Applicants that take part in MCFA1 are expected to provide their own financing as well as mobilise additional co-financing. The amount of financing available to individual projects through MCFA1 will be determined during the Final Application stage through a reverse auction approach. Project proposals will be ranked and awarded funding based on the overall value for money they are expected to provide in meeting MCFA1 targets.

A thorough market scoping process, including extensive outreach to local energy authorities and potential CSPs, concluded that the MCFA1 approach is highly relevant and warranted and is in line with national policies.

More information on the MCFA programme is available at: www.moderncooking.africa.

1.2 MCFA1 incentives

BOX 1: WHAT COSTS ARE ELIGIBLE UNDER MCFA?

MCFA aims to stimulate the private sector to develop new sustainable business models to accelerate access to affordable clean cooking services at scale in the six Project Countries in Africa. MCFA financial incentives are focused on supporting the sales of higher-tier cookstoves and fuels to urban and peri-urban consumers in the Project Countries. The funding is provided as a form of 'free equity', which can be used by CSPs to start and scale their businesses.

Contracted CSPs may use MCFA1 funding to cover legitimate expenditure and investments related to business establishment and operational activities including, but not limited to:

- business establishment and preparation
- hardware costs
- software costs for, e.g., inventory management, accounting or PAYGO systems
- stove-use monitoring (SUM) technology or related software
- inventory and spares
- clean fuels production and supply chain
- personnel costs
- training and capacity building
- scale-up activities such as expanding physical distribution
- repair and maintenance infrastructure

There are no specific exclusions, but MCFA does not cover sunk costs that have already been incurred e.g. previously deployed stoves or investments and does not allow double counting of results.

Incentives for CCS

MCFA1 can support clean cooking services that are based on CSPs' sales of electric, bioethanol, biogas, bio-LPG and solar (thermal and photovoltaic) stoves that meet Tier 4-5 ratings for thermal efficiency, cooking exposure (PM_{2.5} and CO emissions), and safety based on ISO/TR 19867-3:2018 and/or relevant technology specific standards/benchmarks. MCFA1 can also support clean cooking services that are based on CSPs' sales of gasifier stoves using sustainable briquettes or pellets that meet Tier 3 ratings and above for all of these same metrics.

Technical standards requirements for eligible clean cooking technologies (CCT) are defined in detail in [Annex B](#) (Technical Requirements).

TABLE 1: STOVES AND FUELS ELIGIBLE FOR MCFA1 FUNDING

	ELIGIBLE	NON-ELIGIBLE
STOVE TECHNOLOGIES	Tier 4-5: Electric Bioethanol Biogas Solar thermal / photovoltaic Tier 3+: Gasifier	Tier 1-2: Improved Cookstoves (ICS)
FUELS	Green electricity Grid electricity Bioethanol Sustainable biogas Bio-LPG Sustainable briquettes or pellets	Charcoal Traditional biomass LPG, other fossil fuels New generation capacity based on fossil fuels

Commercial and institutional stoves

The primary aim of MCFA1 is to incentivise CSPs to target the sales of modern, high-energy cooking services at residential customers living in urban and peri-urban areas in the Project Countries. However, sales of energy-efficient commercial cooking services and institutional cooking services to serve critical needs related e.g. to education, food security, sterilisation of medical equipment and clean drinking water can also be supported.

Sales models

Provision of CCS based solely on stove sales without fuel is not eligible for MCFA1 funding. Therefore, Applicants shall identify the proposed sources of eligible fuels in the final application.

Formalised partnerships with suppliers of eligible fuels will be looked upon favourably, especially if data on end-users' fuel purchase can be made available to Nefco for monitoring.

Sales models which integrate 'tool and fuel' are particularly encouraged and are eligible for financing for both 1) the non-reimbursable catalytic grant component and 2) the results-based financing component if delivered through a vertical integration or through a project consortium with a producer of eligible fuel. Project proposals involving the establishment of and related capital expenditure for new or expanded fuel production capacity in Africa will score higher in the evaluation of the business plan.

For 'tool and fuel' sales models to qualify for financing, Applicants will be required to demonstrate their ability to scale up the production of the eligible fuel to serve, as a minimum, the end-customers of the CCS offered. No displacement of eligible fuel sales from existing to new customers will be

allowed. Applicants proposing a ‘tool and fuel’ integrated sales model will be required to keep records of the payments made by their end-customers for use of Applicants’ fuel and report these to Nefco.

To support consumer affordability, CSPs already deploying PAYGO business models will be scored higher in the evaluation and encouraged to incorporate PAYGO overheads into their offers. The inclusion of other consumer finance options, for example microfinance institutions (MFI), is also encouraged. Sales through an MFI can qualify as CCS if the MFI in question is a Consortium Member, failing which, these sales are considered as being wholesale and are not eligible for MCFA1 funding.

When developing their business models, Applicants are strongly encouraged to consider possible effects of market distortion. MCFA strongly discourages the free distribution of stoves and this will be taken into account in the evaluation of the business plan.

Sustainability

To receive MCFA1 funding, CSPs are required to deliver and sell affordable and high-quality clean cooking services (CCS) directly to end-consumers in an enduring and sustainable manner.

In the timeframe of the four-year project implementation period, the CCT will be considered sustainable (i) after a minimum of two years’ provision of the CCT in question, or after the CCT have been fully repaid by the end-customer, whichever is the shortest, or (ii) as long as the end-customer is not in default by the contract end date (i.e. has made at least one payment within the last 90 days).

In order to qualify as CCS, the eligible fuel used in the stoves must be available to the customer at least 80% of the time over two years or until the project implementation ends, whichever is the shortest. This requirement will be verified at the level of the portfolio on a representative sample by an Independent Verification Agent (IVA).

For tool and fuel models, the eligible fuel used in the stoves must be supplied by the Applicant and made available to the customer at least 95% of the time. This requirement will be monitored at the CCS level through the customer payment records kept by the CSP and independently verified by an IVA.

Duty waivers

With regard to duty waivers, Applicants are requested to submit their financial CCS offer based on the assumption that the current duty regime will continue to apply on all imported products and to specify clearly in the final application any exemptions that apply to existing operations they may already have in the Project Country. Should a duty waiver or substantial fiscal advantage be secured after the submission of the final application, MCFA will require the full benefit of the waiver to be passed on to end-consumers for CCS financed through MCFA1.

Alignment with local requirements

When preparing their final applications, Applicants' attention is generally drawn to relevant local requirements and available data.

Technical assistance

During the implementation phase, successful CSPs will be eligible to receive technical assistance funded by MCFA including advice on, for example, product and business model development (e.g. pay-as-you-go (PAYGO) and stove-use monitoring (SUM), basic business fundamentals and formalisation, strategy and human resource management. Details on MCFA1 support available for CSPs to access carbon finance can be found under "Carbon Finance" in Section 2.4.

1.3 Country Programmes

MCFA1 covers six Country Programmes, one for each of the six target countries: the DRC, Kenya, Mozambique, Tanzania, Zambia and Zimbabwe. MCFA1 is inviting interested CSPs to compete for funding totalling up to EUR 30.8 million available under the Country Programmes (see Table 2). Project implementation for all six Country Programmes is limited to 4 years and is expected to start in the second half of 2023 at the latest.

The indicative individual contract ticket size per CSP is expected to be EUR 0.7-2 million, depending on the Country Programme, with the exception of Zambia (see Table 2). Larger ticket sizes may be considered in exceptional cases.

TABLE 2: COUNTRY PROGRAMMES

COUNTRY PROGRAMME	AVAILABLE FUNDING (EUR MILLION)	INDICATIVE INDIVIDUAL CONTRACT SIZE (EUR MILLION)	NUMBER OF EXPECTED CONTRACTS
DRC	3.4	0.7-2.0	2-3
Kenya	3.4	0.7-2.0	2-3
Mozambique	3.4	0.7-2.0	2-3
Tanzania	3.4	0.7-2.0	2-3
Zambia¹	13.8	0.7-3.0	4-6
Zimbabwe	3.4	0.7-2.0	2-3
TOTAL	EUR 30.8 MILLION		

¹ Pending final approval, an additional EUR 8.75 million will be made available by the European Union for the Zambian Country Programme. Allocation of the EU funding is subject to a final decision.

For Zambia only: Applicants selected for funding under the Zambian Country Programme may be required to comply with any relevant EU-specific requirements in addition to Nefco rules and policies with regard to projects financed with EU funds.

1.4 Clean Cooking Service Tier Matrix

During the MCFA1 Final Application stage, Applicants are requested to categorise the different types of CCS they offer to provide to end-customers using the Tier differentiation based primarily on the level of energy service defined in the Multi-Tier Framework (MTF).

The level of clean cooking service of each CCS will be weighted in line with the overall objectives of MCFA1. The weightings reflect the proposed increase in the quality, performance and type of cooking services provided. The number of expected established CCS set out by Applicants in the business plan will be assessed, stress-tested and undergo a detailed due diligence review before contract signing.

For a full description of the CCS Tier matrix and CCS input data, please see [Annex C](#).

BOX 2: REVERSE AUCTION APPROACH

A reverse auction is a type of auction in which the traditional roles of buyer and seller are reversed. This is used in the event that there is only one buyer but many potential sellers.

In an ordinary auction, a number of interested buyers compete to buy goods or services by offering increasing prices to one seller. In contrast, in a reverse auction, the traditional roles of buyer and seller are reversed, because several sellers are competing for business from a single buyer. As a result, prices will typically decrease as sellers underbid each other. In a reverse auction, sellers placing the lowest bids are automatically ranked highest and contracted accordingly.

MCFA1 funding will be awarded to Applicants through a reverse auction, but project proposals with the lowest average weighted cost will not automatically be ranked highest. This is because MCFA1 is seeking not only to reward low prices (affordability) but also to incentivise CSPs to offer high-quality and sustainable clean cooking services to generate concrete and positive environmental, climate, development and health impacts during project implementation and beyond.

During the Final Application stage, project proposals will be evaluated and scored by price and the quality, sustainability and development impacts of the solutions offered, including gender aspects in particular. Accordingly, project proposals found to offer the best overall value for money to MCFA1 will be ranked highest.

2. MCFA1 eligibility criteria and minimum requirements

During the Final Application stage, invited Applicants are requested to confirm in the final application that they still fulfil the MCFA1 Pre-Qualification eligibility and compliance requirements, and to provide possible additional information related to these minimum requirements as detailed in [the Pre-Qualification Guidelines](#), these Final Application Guidelines and annexes hereto.

2.1 Eligible Project Countries

Projects shall be implemented in the DRC, Kenya, Mozambique, Tanzania, Zambia or Zimbabwe. It is not allowed to change the selected Project Country at the Final Application stage.

2.2 Eligible Applicants

Reference is made to Section 3 of the [MCFA1 Pre-Qualification Guidelines](#) related to Applicant eligibility criteria.

Changes in project design, Consortium Members and/or Project Partners which improve the project may be acceptable at Nefco's discretion. Additionally, in the Final Application, Applicants will be required to provide detailed information in the SmartME application system regarding historic financial requirements, and requirements related to professional capacity and market experience. This will include exact figures on the number of cookstoves and/or biodigesters sold to date.

Applicants are kindly reminded that no governmental entity, public agency or donor can function as a Consortium Member or Project Partner.

2.3 Prohibited Practices, Integrity Due Diligence and compliance requirements

Nefco has committed to ensuring that funds are used for their intended purposes and managed with the highest level of integrity. Nefco does not tolerate any form of fraud, corruption, abuse, coercion, collusion, obstruction, money laundering or financing of terrorism ("Prohibited Practices", as defined in Nefco's Policy on Anticorruption and Compliance²).

The highest-scoring Applicants will be required to complete and sign a certificate of compliance before the start of the due diligence review and contract negotiations. For more information, please see Section 4.3 below. A template of the certificate of compliance is available for reference in [Annex A](#).

During due diligence, Nefco will carry out a thorough integrity due diligence (IDD) review of the highest scoring Applicants in accordance with Nefco's Policy on Integrity Due Diligence³ and request

² https://www.nefco.int/wp-content/uploads/2021/11/Policy-on-Anticorruption-and-compliance_2021.pdf

³ <https://www.nefco.int/wp-content/uploads/2021/09/Policy-on-IDD.pdf>

Applicants to provide Nefco with further information relating to the Applicant's and possible key partners' legal status, ownership, organisation, etc.

2.4 Eligible projects

General requirements

During this Final Application stage, Applicants will be required to re-confirm that they have familiarised themselves with and are willing to comply with Nefco's general policies and guidelines, available at <https://www.nefco.int/about-nefco/legal-framework-and-guidelines/>⁴, as relevant to the implementation of the proposed project in the event of a possible contract.

Contracted Applicants should follow applicable national legislation at all times in their operations. Applicants are expected to have obtained or be able to obtain all relevant permits, certifications, licences, endorsements, approvals and similar documents needed to implement the proposed project within a reasonable time frame after contract signing. Applicants are equally expected to comply in their activities with all applicable national legislation, regulations and standards in the Project Country.

Additionality

Invited Applicants will need to demonstrate in their business plan that the proposed project is additional (i.e., that it would not happen without MCFA1 funding). All sources of income must be declared and supported by appropriate documentation.

MCFA1 does not cover sunk costs that CSPs have incurred, e.g. the cost of previously sold cookstoves or related fuels. Costs already incurred, non-project-related costs and items already financed or approved to be financed by other financiers are likewise not eligible.

Parallel financing (i.e. linked to any other on-going activities but not directly to the proposed MCFA1 project) is not eligible as co-financing.⁵ Selected Applicants who have ongoing contracts giving them access to parallel financing in the Project Country will be required to prioritise delivery under the respective programme(s) and demonstrate that they have sufficient remaining capacity to deliver the CCS offered under the MCFA1 beyond their existing commitments. Further, double counting of CCS is not allowed, and CCS established with MCFA1 funding shall be solely reported to MCFA.

⁴ This includes the following policies:

- [NEFCO's Environmental and Sustainability Guidelines](#)
- [NEFCO's Environmental and Sustainability Policy 2022](#)
- [NEFCO's Gender Policy](#)
- [NEFCO's Policy on Anticorruption and Compliance](#)
- [NEFCO's Policy on Prevention of Sexual Exploitation, Sexual Abuse and Sexual Harassment \(SEAH\)](#)
- [NEFCO's Procurement Policy and Procedures](#)

⁵ Funding from other RBF programmes and/or linked to the achievement of a certain number of CCS sales (e.g. Brilho in Mozambique, KOSAP and ABC in Kenya, etc.) qualifies as parallel financing. Other grants (e.g. milestone-based), except those funded (either partly or wholly) by Sweden, may qualify at the discretion of Nefco as co-financing on a case-by-case basis.

Carbon finance

Carbon finance has been an important source of funding for clean cooking companies in recent years, and it is expected that this will continue with the growth of voluntary markets, national carbon markets and credits sales related to the Paris Agreement.⁶ With modern energy technologies, cooking fuels, including biogas, electricity, ethanol and pellets, can be measured. In a significant development, the Gold Standard⁷ is currently introducing an amended methodology for certifying CO_{2e} emission reductions for modern cooking appliances that leverages usage data to improve and simplify emissions measurements and reporting requirements. It allows for a more efficient process for calculating emissions reductions and provides cost savings for monitoring, reporting and verification (MRV) in particular.

Switching to modern cooking solutions will result in other positive SDG impacts, particularly within the areas of health, gender, livelihood and environment, and can be expected to enable CSPs to access carbon finance to make products more affordable. Upfront cost barriers to accessing carbon finance can be overcome through providing technical assistance for CSPs to access or set up their own carbon credit programmes. If needed⁸, MCFA can provide financial support for CSPs to access carbon credits by linking them to carbon markets and helping them to align their MRV/data collection methodologies, e.g., with the Gold Standard, future carbon markets under the Paris Agreement or newer methodologies that leverage usage and fuel sales data (which such schemes may not currently support), while also making use of knowledge and methodologies gained through the Clean Development Mechanism. MCFA can also finance the provision of advisory services to CSPs seeking to establish a Programme of Activities⁹. Should carbon finance be secured during implementation through the technical assistance deployed by MCFA (e.g. establishment of a programme of activities), associated transaction costs may be advanced and recovered by Nefco as appropriate and only when/if carbon revenues materialise.

Applicants who are seeking carbon finance (or may seek it in the future) must include carbon finance as a funding source in the final application. Carbon financing would need to be clearly attributable to the sources of emission reductions and demarcated from other funding sources. In the event that the Applicant has not decided whether carbon finance would be used as one of the funding sources, but an interest exists to explore this option, this interest should be indicated in the final application (including the financial model).

Nefco requires any MCFA1 supported project benefitting from carbon finance to rely only on recognised and transparent carbon finance standards to Nefco's satisfaction. Nefco strongly endorses the principles of aligning carbon credit criteria with the Paris Agreement such as accommodating host country criteria and authorisations and avoidance of double counting/claiming with NDCs.

⁶ Paris Agreement's Article 6 on carbon market mechanisms was approved at COP26 in Glasgow in late 2021.

⁷ https://www.goldstandard.org/sites/default/files/documents/ics_methodology_guidebook_v1.pdf

⁸ Applies to Applicants which do not currently have access to carbon revenue.

⁹ <https://cdm.unfccc.int/ProgrammeOfActivities/index.html>

Applicants who have procured or anticipate procuring carbon finance should include the following carbon market-related information in the final application:

- name of the standards body under which the project or programme is registered;
- name of the registry;
- methodology;
- project start date;
- crediting period;
- additionality requirements;
- monitoring and verification reports;
- volume of issuances;
- key commercial terms of any commercial arrangements associated with carbon finance (e.g., pricing, counterparty, volume being transacted, term)
- any benefit sharing arrangements as well as any other information requested by Nefco.

To the extent carbon finance is not in place at the time of the final application but is procured during the term of MCFA1 funding or any information previously disclosed in the final application has materially changed, the Applicant must submit the information noted above promptly to Nefco.

Nefco also reserves the right to reduce or suspend any undisbursed MCFA1 incentives and/or increase the number of CCS to be deployed under MCFA1 should carbon finance materially change the basis upon which the CSP was deemed eligible for the MCFA1 incentive due to excessive revenues from a financial sustainability point of view as determined by Nefco or where the carbon credits are not of sufficient supply- and demand-side integrity as determined by Nefco.

Technical requirements

MCFA1 will incentivise CCT sales that meet the Tier 4-5 ratings for thermal efficiency, cooking exposure (PM_{2.5} and CO emissions), and safety based on ISO/TR 19867-3:2018 and/or relevant technology specific standards/benchmarks. Eligible Tier 4-5 CCT include biogas, electric, bioethanol and solar (thermal / photovoltaic) stoves. In addition, gasifier stoves that use sustainable briquettes or pellets that meet Tier 3 rating or above for all of these same metrics can also be incentivised.

The stoves supported with MCFA1 funding must also meet any local standards or regulations as applicable in the Project Country. Technical requirements are described in detail in [Annex B](#).

Invited Applicants should pay particular attention to the requirements concerning laboratory testing of stoves with eligible fuels described in detail in [Annex B](#). **Testing results from a vetted/recognised testing centre/laboratory should be submitted in conjunction with the second part of the final application together with the financial CCS offer (see details in Table 8 of Annex B)**. Costs incurred to demonstrate compliance with these requirements (e.g. testing the stoves, the fuels and/or other relevant systems) shall be covered by the Applicant and are not refundable.

Co-financing requirements

Applicants will be required to demonstrate commensurate levels of their own financing as well as co-financing from other parties and to specify this in their final application. Prior to contracting, CSPs will be required in the business plan and financial model attached thereto to demonstrate a viable capital structure and credible financial model, as well as a solid fundraising plan, **satisfactorily showing expected co-financing equal to or greater than the funding requested from MCFA1** (minimum requirement).

Applicants are requested to indicate in their final applications both committed co-financing as well as future co-financing needs. **Committed co-financing should amount to a minimum of 50% of the total MCFA1 funding** by the time of the first payment, whereas future co-financing needs will become milestone deliverables in the work plan (see the Draft Project and Services Description (to be included as Annex 1 to the MCFA1 contract template) available in [Annex A](#)).

Nefco will require detailed reporting on co-financing during implementation. Carbon finance can qualify as co-funding as long as additionality of activities can be proven as appropriate. For details, please refer to the section on Carbon finance above. Retained earnings may be accepted as co-financing at Nefco's discretion if assumptions used to derive these are deemed conservative and credible.

Consumer protection

Applicants are required to offer a 3-year warranty and after-sales service on CCT supported by MCFA1 and are requested to add and clearly identify additional costs deriving from MCFA1 warranty requirements in their funding request.

In addition, during the due diligence review, Applicants will be required to complete a self-assessment tool on their consumer protection practices. Identified areas for improvement may give rise to technical assistance support and be included as payment milestones. Contracted CSPs may further be required to submit a revised completed self-assessment tool from time to time during implementation. A draft template for the self-assessment on consumer protection is available in [Annex A](#).

Payments

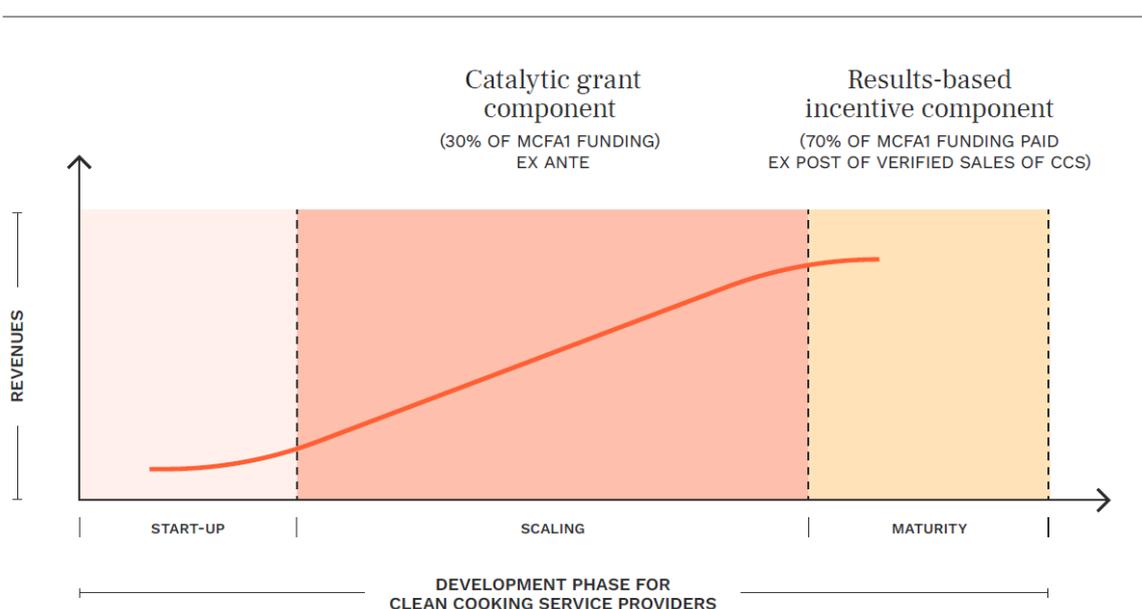
MCFA1 funding is provided as results-based financing with payments made in return for contracted CSPs timely meeting the agreed milestones for the implementation of (i) business and development aspects of the project and (ii) selling and sustaining the number of CCS offered at the contracted weighted cost (wC) to end customers in the Project Countries.

Applicants selected for contract negotiations will be asked to suggest their preferred time and content of the business development milestones and CCS delivery milestones, respectively, so as to ensure effective business development, project implementation progress and a good cash flow. This will form the basis for the contract negotiation. All milestones will need to be justifiable and acceptable to Nefco.

MCFA1 funding can be paid flexibly, including up to 30% upfront as a non-reimbursable catalytic grant component. Payments of the catalytic grant component to cover business development activities can be made against the contracted Applicants meeting such milestones during the first 12-18 months of implementation. These can be related to (i) the establishment of Applicant’s business in a new market; (ii) roll out and scale up activities in an MCFA1 market in which the Applicant is already operating and/or (iii) the launch of a new eligible product or implementation of a PAYGO and/or tool and fuel business model in that market.

The results-based financing component of MCFA1 (a minimum of 70% of total MCFA1 funding) can only be provided in return for contracted Applicants selling and sustaining an agreed number of CCS to end-customers, primarily in urban and peri-urban areas of the Project Countries. These will be defined as CCS delivery milestones in a possible contract. For more information on this, please see Annex 1 (Draft Project and Services Description) of the MCFA1 contract template available in [Annex A](#).

FIGURE 1: MCFA PAYMENT PROCESS



Monitoring, reporting and verification

MCFA1 uses the SmartME system also for reporting, monitoring and verification purposes. MCFA1 funding will be released upon CSPs’ provision of progress reports and supporting documentation demonstrating that the agreed project and CCS milestones have been met.

Contracted Applicants should generally be willing to provide MCFA with detailed information throughout the course of the contract, including but not limited to information on stove sales and customers’ payment status for MCFA1-financed CCS (e.g. through PAYGO systems), stove use (for stoves with SUM capability), fuel production, sales and consumption as well as on co-financing, development, environmental, gender and job creation impacts. CSPs will also be willing to provide more granular data on established CCS.

Contracted CSPs must further generally be willing to provide detailed information on business performance, market developments and related risks through progress reports and regular engagement with the MCFA team as described in Annex 1 (Draft Project and Services Description), Appendix C, available in [Annex A](#).

Applicants will also be required, in the event of a contract, to have digital customer-relationship management (CRM) and accounting records that can be (independently) audited to verify the delivery of clean cooking services and project costs.

CSPs receiving MCFA1 funding for sales of CCS with SUM functionality or operating a PAYGO business model should also be willing to provide data to an automated monitoring system. Applicants will therefore be required, in the event of a contract, to integrate automated data transfer with this monitoring system where appropriate. The integration interface should be able to support the automated transfer of a range of data points related to customer information, cooking service specifications, geography/location, payments and transactions, usage and fuel sales (in the event of the 'fuel and tool model'), etc. Note that Applicants must possess the internal software systems to automate the transfer of CCS data. Contracted Applicants will further be required to enter into a data-sharing agreement. Data collection and sharing requirements can typically be met using various modern sales/CRM systems/loan or PAYGO management platforms. Contracted Applicants will be eligible for technical support to cover reasonable, verifiable expenses incurred in establishing IT links necessary for the transfer of information to an automated monitoring system.

MCFA will commission periodic verifications by an IVA on payment requests submitted to Nefco. Compliance with requirements related to the CCS sustainability will also be monitored and regularly verified by an IVA.

End-of-life management and repair

MCFA recognises the environmental challenges facing CSPs when dealing with the end of life (EoL) of products, especially as regards ensuring the proper collection and handling of waste. Effective national policies, regulation and the physical infrastructure to manage waste are lacking in many countries.

Contracted CSPs will be required to establish a sufficient repair and maintenance network in the relevant Project Country to ensure after-sales services and the replacement of parts and stoves. Investment costs associated with after-sales, repair and maintenance are eligible under MCFA.

CSPs should, at a minimum, adhere to national environmental laws regarding waste management. For requirements related to the handling of waste and e-waste, please see [Annex F](#) (E-Waste Management Requirements).

Environment and sustainability

Invited Applicants offering CCS based on biomass, bioethanol, bio-LPG and/or biogas are required to demonstrate, for example through robust biomass resource assessments and collection plans, that any proposed biomass, bioethanol, bio-LPG and/or biogas solutions are not likely to lead to

deforestation or other forms of ecological degradation and do not have material negative impacts on food security, protected/sensitive areas or biodiversity.

All Applicants shall anticipate and appraise any foreseeable negative impacts and risks that their activities may have on the environment and climate, and the social factors (including human rights) to identify, avoid and/or minimise these adverse impacts and risks to an acceptable level or, if unavoidable, to offset and compensate for these impacts and risks. Reference is made to the section on “End of life management and repair” above and the Sustainability Questionnaire available in [Annex A](#).

The highest-scoring Applicants will be required to complete the sustainability questionnaire before the start of the due diligence review and contract negotiations. The sustainability questionnaire is available for reference in [Annex A](#).

Security requirements

Contracted CSPs are fully responsible for implementing the proposed project at their own risk.

MCFA1 expects all contracted CSPs to minimise security risks at all times. Hence, Applicants are requested to carefully consider security risk as part of their proposal, both in the design and in the pricing of their proposed project. Security considerations should be considered in the business plans submitted by Applicants both from an operational and cost perspective. Applicants will also be required to document these in a Security Plan, commensurate with the level of assessed risk and to be submitted as part of the bid and finalised latest during due diligence. For minimum security requirements, please see [Annex D](#).

Gender inclusion

Requirements related to gender inclusion are described in detail in [Annex E](#) (Gender Equality and Empowerment of Women and Girls). Invited Applicants are required to offer equal opportunities to men and women, both through their own employment practices and those of any Consortium Members as well as through the activities proposed to be financed by MCFA1. Applicants will be required to ensure that Consortium Members fulfil these requirements and should note that this will be a condition precedent for payments.

At the company level, invited Applicants will be required to be able to provide a company-wide acceptable gender policy and an acceptable Sexual Exploitation, Abuse and Harassment (SEAH) policy. This applies also to Consortium Members. Where a Consortium Member does not fulfil these requirements at signing, Applicants must ensure that Consortium Members develop an acceptable gender and SEAH policy prior to the first payment at the latest, and Applicants will be asked to provide proof of full compliance with this commitment (e.g. through the Consortium Agreement) as a condition precedent for the first payment.

Additionally, invited Applicants will be requested to demonstrate their existing gender mainstreaming across the organisational governance structure, including existing gender-balanced representation at all hierarchical levels and equality of pay based on the use of specific gender pay gap indicators, as

detailed in [Annex E](#). Invited Applicants will also be required to demonstrate, prior to contract signing or the first payment at the latest, that they are committed to closing any potential gender gap and to meeting MCFA1 requirements.

At the project level, invited Applicants are required to describe the inclusion of gender considerations in the design of their proposed projects, including a marketing/awareness-raising strategy, articulating the Applicants' strategy to maximise inclusiveness and, in turn, the gender outcomes of the proposed project.

3. Final Application process

3.1 General

The Final Application stage consists of the following elements:

- (i) a completeness check – a pre-screening carried out to confirm that Applicants still comply with MCFA1 Pre-Qualification requirements, eligibility and compliance requirements, and that they have provided all the final application documentation and information requested;
- (ii) an evaluation of the business plan;
- (iii) calculation of the weighted cost (wC) per CCS; and
- (iv) calculation of the overall expected value for money (VfM) to reach the MCFA1 targets.

To this effect, Applicants are kindly asked to fill in and upload relatively comprehensive documentation and information. These shall be submitted in two parts:

Part 1:

- a completed business plan (following the template provided in [Annex A](#));
- a financial model (in the form of an Excel file with visible formulae)

Part 2:

- detailed information about the CCS offered, including tiers, types, capacity, amounts and requested MCFA1 incentives (following the Financial CCS Offer Excel Tool provided in [Annex A](#))
- testing results from a vetted/recognised testing centre/laboratory (please see details in [Annex B](#)).

The Final Application stage is focused on assessing the quality of the Applicants' proposed projects and business plans and on calculating the wC per CCS, resulting in an overall evaluation and scoring of the proposed project. MCFA1 funding will be awarded to CSPs using a reverse auction approach, where project proposals will be scored and ranked based on their expected overall VfM to reach MCFA1 targets.

In their Financial CCS Offer, Applicants are requested to categorise the different types of CCS they offer to provide to end-customers using the Tier differentiation described in [Annex C](#). To ensure that the CCS offered meet the applicable Tier ratings for thermal efficiency, cooking exposure (PM_{2.5} and CO emissions), and safety based on ISO/TR 19867-3:2018, the financial CCS offer shall be submitted together with laboratory testing results. **The testing process may take between 3-4 months and Applicants are encouraged to start the testing process without delay.**

For more guidance and information, please see the Annexes to these MCFA1 Final Application Guidelines. Applicants are in particular encouraged to carefully familiarise themselves with the requirements for the laboratory testing of stoves in [Annex B](#) and the CCS Tier matrix included in [Annex C](#). Templates listed in [Annex A](#) are available also in the support section of SmartME (Frequently asked questions). The full MCFA1 contract table will be made available to Applicants at a later stage.

3.2 Submissions and Timing

The Final Application stage of MCFA1 is organised as an online, fully paperless application process via the SmartME application intake system. The MCFA1 SmartME application intake system will be opened for Applicants to submit their final applications on 20 September 2022.

Applicants invited to take part in the Final Application stage are requested to submit their final applications and upload documents via the MCFA1 SmartME intake system only, using the registered email accounts they obtained at the Pre-Qualification stage. The final application will be submitted via the SmartME system in two separate parts as follows:

Part 1 of the final application (business plan and financial model) must be submitted via the SmartME intake system using the business plan template provided (the form to be completed in SmartME is available in pdf format in [Annex A](#)).

Part 2 (Financial CCS Offer and laboratory testing results) must be submitted via SmartME intake system using the dedicated form available in the support section.

The deadline for submitting the first part of the Final Application (business plan and financial model) is **30 November 2022 by 12:00 Helsinki time (UTC+3)**.

The deadline for submitting the second part of the Final Application (financial CCS offer and laboratory testing results) is **31 January 2023 by 12:00 Helsinki time (UTC+3)**.

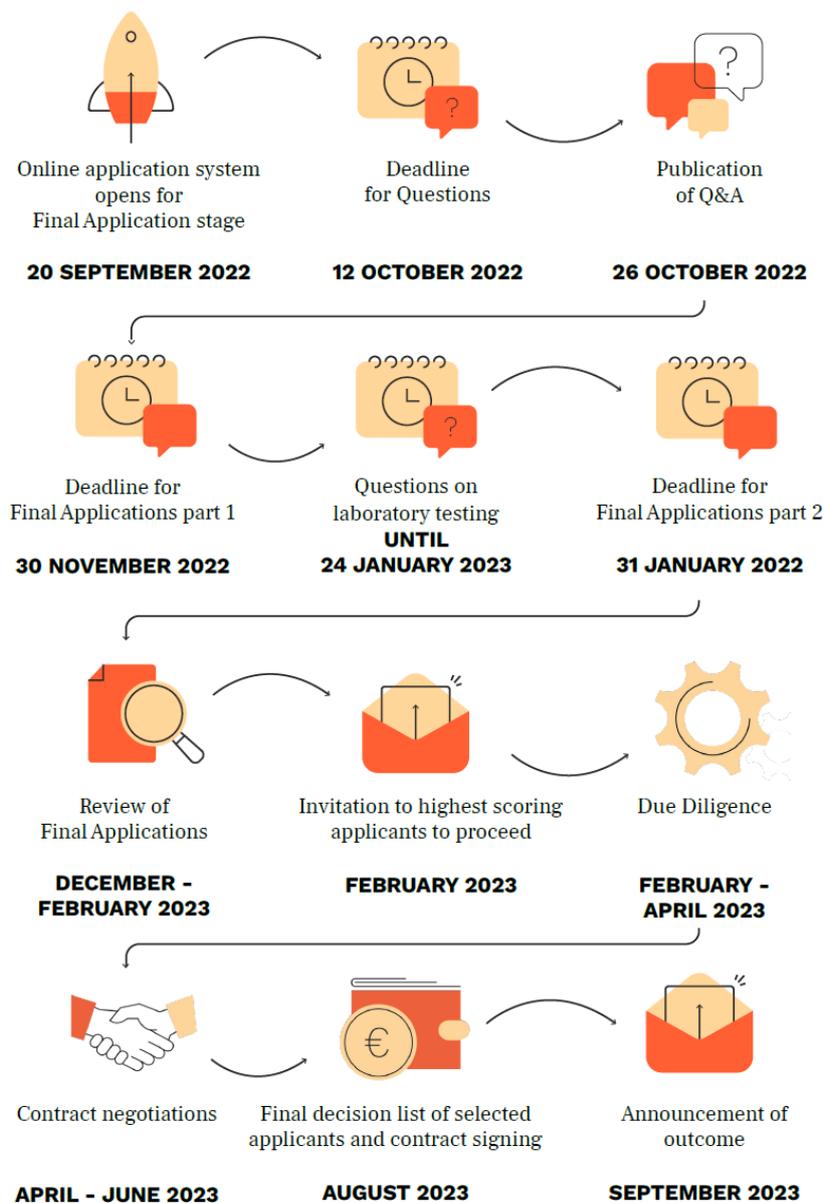
Submitted final applications will be considered to be in their final form and may not be amended once submitted. Applicants shall bear all their own costs incurred in the preparation and submission of the Application.

Applicants are kindly requested to make sure that all information they provide in their Final application as well as in the annexes thereto is consistent and that the final application is submitted by the deadline set.

It is the Applicants' responsibility to ensure that all documentation is submitted and uploaded in SmartME on time and to account for Internet connection speed. It is strongly recommended to start in good time to allow sufficient time to complete and submit the application well ahead of the submission deadline. The SmartME intake system will not accept submissions/uploads received after the submission deadline.

All contracts between CSPs and Nefco for MCA1 funding are expected to be signed by the end of H1 2023. Contracted CSPs are expected to be able to commence operations at the latest by August 2023. Applicants taking part in the Final Application stage will be duly informed of their progress, and the final results of MCA1 will be made public once the selected Applicants have been contracted.

FIGURE 2: FINAL APPLICATION STAGE TIMELINE



Kindly note that all deadlines are still subject to possible change.

3.3 Required documentation

Comprehensive supporting documentation should be uploaded in the SmartME intake system as detailed in Table 3 below.

Applicants are required to submit all documentation in English and denominate all financial information in EUR. If some documentation is not available in English, it may be provided in local official languages. In this case, Applicants are required to provide an unofficial English translation. Notarised translations of key documents may be required at the due diligence stage. Nefco reserves the right to reject applications on this basis.

TABLE 3: KEY DOCUMENTS TO BE UPLOADED DURING THE FIRST PART OF THE FINAL APPLICATION STAGE

MATTER	DOCUMENTATION
1. Commitment Letter	A signed Commitment Letter
2. Company overview	Company profile and list of completed/ongoing projects
3. Product and quality specifications	Technical specifications of proposed solutions/product(s) Information on supply of fuels Biomass resource assessment If applicable, Global LEAP Awards Winner/Finalist certificate
4. Financial status	Most recent audit reports and financial statements (for the last 3 years) of Applicant (or parent ¹⁰ , if relevant) An explanation must be included (if relevant) where the current ratio or equity ratio requirements are not met by the Applicant to justify that the required level of financial stability can be established via the parent company. Updated information can be provided in SmartME.
5. Financial model	A minimum four-year financial model (<u>Excel file with visible formulae</u> , including actuals for 2021, forecast for 2022, four years' projections 2023-2026 and a clear assumptions sheet) for the duration of the proposed project, including the requested MCFA1 funding. <ul style="list-style-type: none"> • Investment and operating cash flows • Profit and loss statements • Balance sheet • Budget
6. Ownership	Capitalisation table including full legal names, percentage ownership and citizenship/jurisdiction of each owner
7. Organisational chart	An organisational chart (for the Applicant and for all Consortium Members and Project Partners as applicable)

¹⁰ A parent company is defined as a company having a controlling interest in another company giving it the right to control the subsidiary's operations.

- | | |
|-------------------------|--|
| 8. Consortium agreement | A draft consortium agreement (if applicable), which outlines the rationale for the Project Consortium, the roles and responsibilities of each Consortium Member, how the Project Consortium will work and acknowledges the role of the Applicant as Nefco's contracting partner with full responsibility for the project |
|-------------------------|--|

TABLE 4: KEY DOCUMENTS TO BE UPLOADED DURING PART 2 OF THE FINAL APPLICATION STAGE

MATTER	DOCUMENTATION
1. Product quality	Results from laboratory testing (please see Annex B for details)
2. Financial CCS Offer	a) A completed financial CCS offer using the Financial CCS Offer Excel Tool available in Annex A and a pdf copy of the same document, duly signed by an authorised representative of the Applicant constituting the price offer used in ranking. b) An annual CCS schedule and annual funding request forming the basis for the milestones

3.4 Questions and answers

Applicants are invited to submit any questions concerning the Final Application stage process via SmartME intake system's support section only and in order to receive an answer **on the latest 12 October 2022 by 12:00 Helsinki time (UTC+3)**.

Questions and answers will be made available to all Applicants invited to take part in the Final Application stage in an anonymised form. Questions will not be otherwise edited.

In addition, Applicants have the possibility to receive technical support related to completing the Financial CCS Offer Excel Tool and the laboratory testing process. Questions related to these can be submitted until **24 January 2022** via the SmartME intake system's support section. Nefco will publish answers to these questions on an on-going basis in an anonymised form in SmartME's support section, frequently asked questions.

4. Evaluation and selection of projects

4.1 Business plan evaluation

Evaluation and scoring of the business plans will be undertaken by an independent, external evaluation committee appointed by Nefco.

TABLE 5: EVALUATION CRITERIA FOR THE BUSINESS PLAN

SPECIFICATION	POINTS
Technical feasibility	15
Fuel supply, availability, sustainability and convenience of purchase	10
Commercial feasibility and market comprehension	20
Financing and additionality	15
Implementation and operation capacity	15
HR, Management capacity and gender representativeness	10
Development, climate and environmental impact potential	15
Total	100

TABLE 6: SCORE SCALING

(to be calculated proportionally in line with the maximum points for each scoring category/criterion)

SCORE	CRITERIA
0	The Applicant fails to address the criterion or cannot be assessed due to missing or incomplete information (unless the result of an 'obvious clerical error')
1	Poor: the criterion is inadequately addressed or there are serious inherent weaknesses
2	Fair: the Applicant broadly addresses the criterion but there are significant weaknesses
3	Good: the Applicant addresses the criterion well but with a number of shortcomings
4	Very good: the Applicant addresses the criterion very well but with a small number of shortcomings
5	Excellent: the Applicant successfully addresses all relevant aspects of the criterion; any shortcomings are minor

4.2 Value for Money

MCFA1 funding will be awarded to Applicants who demonstrate in their applications the best overall value for money. The wC and the quality of the business plan will be compounded to create a single comparison score (CS), where the price component is given a weight of 30% and the quality of the business plan, a weight of 70%, as follows:

$$CS = wC_{low}/wC*0.3*100 + BP*0.7$$

where

CS is the comparison score

wC is the weighted cost per cooking service

wC_{low} is the lowest of all evaluated weighted costs per energy service

BP is the score obtained at the final application stage and reflecting the quality of the business plan

Invited Applicants will be ranked according to their final CS score.

Proposals with business plan scores below 60 points (out of 100) will be eliminated from comparison score (CS) calculation. The higher the CS score, the higher the VfM offered to MCFA1. The evaluation methodology is described in more detail in [Annex C](#).

The CS score will be calculated by Nefco only for proposals for which the Applicant has submitted their Financial CCS Offer together with laboratory testing results (part 2 of the final application) in accordance with the requirements described in [Annex C](#). In case the laboratory testing results do not confirm the tier categorisation of the CCS offered by the Applicant, for the purposes of calculating the correct wC, Nefco reserves the right to a) change the tier in the CCS offer to correspond to the tier confirmed by the laboratory testing results or b) reject the Financial CCS Offer in the event the CCS offered do not meet the MCFA1 eligibility criteria for CCT.

Nefco reserves the right to reject applications due to an abnormally low or high wC.

Final applications will be ranked based on the evaluation results (CS score) for each Country Programme and subsequently shortlisted.

The highest-ranking Applicants with project proposals representing up to the total EUR amount available for each Country Programme will be invited to undergo a due diligence review. If the review is successful, they will be invited to contract negotiations with the aim to sign a contract, starting with the highest-ranking applications.

Some lower-ranking applications may remain on a reserve list, but Applicants will be notified if this is the case. A due diligence review of compliance and eligibility of lower-ranked Applicants may also be initiated for reserve list Applicants.

4.3 Proof of compliance and due diligence

Once the applications have been evaluated, scored and ranked applying the described reverse auction approach, a thorough due diligence review of the highest-scoring project proposals under each Country Programme will be carried out. During the due diligence review, Nefco will require comprehensive proof of the Applicant's compliance with all MCFA1 eligibility criteria and

requirements set as described in the Pre-Qualification Guidelines and in these Final Application Guidelines. Applicant's will be required to provide additional supporting documentation ahead of or during the due diligence review.

The due diligence will include a thorough review of all technical, social, environmental, financial, institutional and legal aspects that are deemed relevant for a successful transaction. Applicants should be aware that during the due diligence review, the onus is on them to demonstrate that they do indeed meet the MCFA1 eligibility criteria and set requirements, have credible plans and will have access to the resources needed to deliver the number, types and Tier of CCS offered.

During the due diligence review, the highest-scoring Applicants should also demonstrate that they are in good standing in the relevant country of registration/domicile and in compliance with all relevant tax, policy and regulatory frameworks in that country and in the Project Country.

Based on the findings of the due diligence review, Nefco reserves the right not to proceed to contract negotiations, insofar as Applicants cannot adequately demonstrate the above and that the proposed project complies with all MCFA1 technical, social, environmental, financial, institutional and legal requirements.

In exceptional cases, proof can be provided after contract signing but only in the form of a condition precedent which Applicants would need to meet before the first payment.

Applicants are in particular requested to keep in mind that the wC cannot be negotiated or changed by Applicants during the due diligence process. Only computational or mathematical errors may be corrected. Changes due to external factors beyond CSPs' control (e.g. changes in duties or taxes) may be considered. These may lead to a re-ranking of final applications.

5. Contracting

Nefco will sign a possible contract for MCFA1 funding only with the entity locally registered in the Project Country. A draft template of the MCFA grant and results-based financing agreement will be made available to Applicants at a later stage and will be used as the basis for contract negotiations. Only minor deviations from key parameters set out in the template can be expected during contract negotiations.

Nefco will seek to allocate all available funding within any given Country Programme to the highest-scoring CSPs, starting from the top. If insufficient funds remain to contract all offered CCS once the highest-scoring CSPs have been contracted, Nefco may offer to contract a lesser volume of CCS than offered, but at the same incentive level (i.e. weighted cost) per CCS. Subject to availability of funding, options to contract additional CCS may also be included in contract.

Nefco reserves the right not to start negotiations with any of the invited Applicants. All contracts are subject to a successful due diligence review and individual prior no-objection from the donor(s).

6. Reservations

Nefco reserves the right to request additional information from invited Applicants at any stage of the application process.

Nefco further reserves the right to adjust and/or further supplement the Final Application requirements, as well as any other guidance related to MCFA1, provided here or elsewhere. In case of changes, Applicants will be informed in a timely manner before the expiry of application deadlines.

The Final Application Guidelines do not constitute an offer and access to MCFA1 funding is always subject to funding made available by donors to Nefco.

7. Personal data and confidentiality

For the purposes of the application and evaluation process, Nefco will collect and process certain personal data. This processing is based on Nefco's legitimate interest to assess the financial strengths and eligibility of the project proposals. Nefco's full Privacy Policy can be found [here](#). In the Privacy Policy you can read about how Nefco processes personal data and your rights as a data subject. Nefco's Data Protection Officer can be reached at dataprotection@nefco.int. External evaluators taking part in the evaluation process will also have access to the data provided to Nefco as part of the application.

When registering with the SmartME intake system for the first time, Applicants were provided with a privacy notice from Adalia (the provider of the SmartME intake system) which provided information on the personal data processed by Adalia when creating an account for the Applicant. In addition, Applicants were requested to read and agree to Adalia's User Agreement. When re-entering the SmartME system and submitting the application under the Final Application stage, the same Terms and Conditions will apply.

8. Misconduct, inquiries and complaints

If you wish to make a complaint, please go to the following link: <https://www.nefco.int/contact-us/complaints-review/>

Or email us at: complaints@nefco.int

If you wish to report corruption or misconduct in activities related to Nefco, you should report this via Nefco's Ethics and Compliance function. The report is confidential and can be submitted anonymously at: <https://www.nefco.int/contact-us/report-corruption-and-misconduct/>

Or email us at: corruption@nefco.int

ANNEX A: Templates

The following documents are to be completed and submitted as part of the final application:

The Commitment Letter Template is available as a Word document in SmartME's support section following this [link](#).

A pdf copy of the business plan form is available in SmartME's support section following this [link](#). The business plan must however be completed and submitted via SmartME (Part 1 of the final application).

The Financial CCS Offer Excel Tool is available as an Excel file in SmartME's support section following this [link](#). The Financial CCS offer must be submitted via SmartME's support section together with laboratory testing results (Part 2 of the final application).

The following templates are provided for Applicants' information:

The Certificate of Compliance Template is available as a pdf in SmartME's support section following this [link](#).

A draft of the Project and Services Description to be attached as Annex 1 to the MCFA1 Contract Template is available in SmartME's support section following this [link](#). The full MCFA1 Contract Template will be made available to Applicants at a later stage.

Nefco's Sustainability Tool is available in SmartME's support section following this [link](#).

The draft consumer protection self-assessment tool is available in SmartME's support section following this [link](#).

ANNEX B: Technical Requirements

Applicants are invited to familiarise themselves with the technical requirements described below. These requirements will also apply to any new CCT and/or fuels proposed, including during project implementation.

MCFA1 generally has a strong preference for technologies which maximise energy efficiency and the lifetime of products/systems used to deliver the CCS. Applicants must offer a minimum three-year warranty on the CCT, as well as a toll-free end-customer care line to receive and respond to customer service requests.

To ensure quality and reliability, Applicants are required to employ technologically modern equipment/hardware and software subcomponents in respect of any ancillary equipment or systems in compliance with relevant technical standards (e.g. ISO/IEC, IEC IEEE or equivalent).

Eligible CCT/CCS

MCFA1 will incentivise CCT sales that meet the Tier 4-5 ratings for thermal efficiency, cooking emissions (PM_{2.5} and CO), and safety based on ISO/TR 19867-3:2018 and/or relevant technology-specific standards/benchmarks. Eligible Tier 4-5 CCT include biogas, bio-LPG, electric, bioethanol and solar (thermal / photovoltaic) stoves. In addition, gasifier stoves that use sustainable briquettes or pellets that meet Tier 3 ratings or above for all of these same metrics can also be incentivised.

The stoves and fuels supported with MCFA1 funding must also meet all applicable local standards or regulations as applicable in the Project Country and must adhere to international best practices.

Non-eligible CCT/CCS include:

- Tier 1 and 2 stoves
- stoves using charcoal, traditional biomass, fossil-fuel based ethanol or LPG
- any technical solution relying on lead batteries (CCT or new off-grid storage capacity)
- CCS based on the installation of new off-grid electricity generation capacity using exclusively non-renewable fuels (e.g. new proposals for diesel-based mini-grids).

TABLE 7: CCT ELIGIBILITY REQUIREMENTS AND TIER MATRIX¹¹

		TIER 1	TIER 2	TIER 3	TIER 4	TIER 5		
Eligible CCT type		Not eligible		Gasifier	Biogas, bioethanol, electric, solar thermal/photovoltaic, gasifier			
MTF attributes								
Cooking emissions	ISO voluntary performance targets PM _{2.5} (mg/MJ _d) CO (g/MJ _d)					≤ 218 ≤ 7.2	≤ 62 ≤ 4.4	≤ 5 ¹² ≤ 3.0
Cookstove efficiency	ISO voluntary performance targets					≥ 30%	≥ 40%	≥ 50%
Convenience	Fuel acquisition and preparation time (hours per week)					< 3	< 1.5	< 0.5
	Stove preparation time (minutes per meal)					< 10	< 5	< 2
Safety	ISO voluntary performance targets (in points)					≥ 77	≥ 86	≥ 95
Fuel availability				<u>Primary fuel available 80% of the year</u>	<u>Available 80% of the year</u>	<u>Readily available throughout the year (i.e. minimum of 95%)</u>		

Applicable standards, benchmarks and testing protocols

MCFA1 supports CCT that adhere to widely accepted international quality and performance standards. To qualify for MCFA1, during the Final Application stage, Applicants will be required to provide documentary evidence from a recognised testing centre/laboratory **chosen from a shortlist of vetted/recognised testing centres/laboratories** to demonstrate that their product(s) meet(s) the performance metrics for thermal efficiency, cooking emissions (PM_{2.5} and CO emissions), and safety based on ISO/TR 19867-3:2018 and/or other applicable standards or benchmarks (see Table 8 below for details).

For ISO/TR 19867-3:2018, testing centres/laboratories shall have proven capacity in conducting tests according to ISO 19867-1:2018 protocols and it is therefore requested that Applicants choose a testing centre/laboratory that has participated in the 2022 round-robin led by the Clean Cooking Alliance (CCA). The shortlist is technology dependent, please refer precisely to Table 8 and the relevant shortlists. **Testing results from a vetted/recognised testing centre/laboratory should be submitted in conjunction with the second part of the final application together with the financial CCS offer.**

¹¹ <https://mtfenergyaccess.esmap.org/methodology/cooking>

¹² To test the emission levels (PM_{2.5}) of Tier 5, testing labs require sophisticated equipment (filters and scales). Applicants who intend to test a Tier 5 stove and/or a bio-LPG or bio-ethanol stove are required to choose a testing lab that has the capacity to do so. Please refer to the **restricted shortlist** of labs that have participated in the CCA-led 2022 round-robin. As this framework has not yet been piloted, the requirement on PM_{2.5} for Tier 5 stoves may be relaxed for the purpose of the evaluation on a case-by-case basis to accommodate technical challenges at the level of the testing labs (e.g. delays in receiving results of PM 2.5 measurements).

Additionally, **gasifiers will have to be tested together with a sample of the proposed fuel they are intended to be used with.** If different fuel sources apply for a given application or across several applications, Applicants will be required to test gasifiers with a fuel sample from each source. For the purposes of the evaluation, Applicants are required to submit a minimum of one test result for each proposed stove type with a fuel sample from the Project Country. Tests with all applicable fuel sources should be finalised at the latest during any due diligence review.

TABLE 8: APPLICABLE STANDARDS/BENCHMARKS

MTF ATTRIBUTE	GASIFIER: PELLETS/ BRIQUETTES	BIO- GAS	BIO-LPG	BIO- ETHANOL	SOLAR THERMAL	ELECTRIC GENERAL & SOLAR PV	ELECTRIC PRESSURE COOKERS (EPC)	INSTITU- TIONAL STOVES
Cooking emissions	ISO/TR 19867-3:2018				N/A	N/A	Global Leap Benchmark	ISO TR 19867-3:2018¹³ and/or applicable widely accepted standards
Cooking efficiency						Applicable widely accepted standards ¹⁴		
Safety	ISO/TR 19867-3:2018	ISO 23550:2018 and ISO 23551 (all parts), ISO/TS 21364-1:2021 Biogas only: ISO 23590:2020 Other widely accepted standards as relevant	Applicable widely accepted standards	ISO TR 19867-3:2018	IEC 60335-2-6			
VETTED/ ACCREDITED TESTING CENTRES/LABORATORIES								
	See Table 9 ¹²	For emissions (ISO/TR 19867-3:2018): restricted shortlist of laboratories in Table 9			Efficiency tested by recognised testing labs ¹⁵	Kijani Testing Lab in Kenya through VeraSol	Please refer to the specific technology	
		For safety: Gas, ethanol, solar and electric cooking appliances shall be certified for safety by recognised testing labs to meet minimum requirements of widely accepted safety standards ¹⁶						

¹³ ISO TR 19867-3:2018 typically applies to stoves with a capacity of less than 150L. A standard for institutional stoves is currently under development (ISO/CD 5714) and will be enforced during MCFA's implementation.

¹⁴ Applicable standards for electric and institutional stoves will depend on the technology and best practices. Applicants will be required at the Final Application stage to demonstrate that their proposed products meet state-of-the-art requirements/standards for the specific intended use.

¹⁵ Examples of testing labs for e-cooking: Colorado State University (US), Kijani Testing (Kenya), and test labs with ISO 17025 accreditation to specific standards related to e-cooking, including:

- Indian standard for pressure cookers on performance (IS 2347)
- UK standards for pressure cookers for domestic use (BS EN 12778:2002)
- Household and electrical appliance general safety requirements (IEC 60335-1)
- Safety standard for rice cookers and EPCs (IEC 60335-2-15)
- Safety standard for induction stoves (IEC 60335-2-6)
- Performance standard for induction stoves (IEC 60350-2)

¹⁶ Some examples of widely recognised certifications and standards are available here: <https://www.appliancesconnection.com/certification-marks.html>

TABLE 9: SHORTLIST OF TESTING CENTRES/LABORATORIES THAT HAVE PARTICIPATED IN THE CCA-LED 2022 ROUND-ROBIN

COUNTRY	TESTING CENTRE/LABORATORY ¹⁷	RESTRICTED SHORTLIST
Ghana	Council for Scientific and Industrial Research (CSIR-IIR)	YES (tier 4/5)
Kenya	Kenya Industrial Research and Development Institute (KIRDI) Stove Testing Centre	Tier 4 ONLY
Senegal	Centre for Study and Research on Renewable Energy (CERER)	NO
Uganda	Centre for Research in Energy and Energy Conservation (CREEC)	YES (tier 4/5)
USA	Aprovecho Research Center	YES (tier 4/5)
USA	Berkeley Air Monitoring Group / Colorado States University (CSA)	YES (tier 4/5)

During the implementation of MCFA1, the shortlist of laboratories may be expanded to include additional laboratories tested through CCA’s round-robin programme.

PAYGO-enabled systems, smart meters, SUM technology and other Internet of Things (IoT) devices

Applicants proposing to use PAYGO-enabled systems, smart meters, SUM technology and other IoT devices used for monitoring stove usage and/or enabling repayments in instalments will need to demonstrate that these systems have a sufficient track record for assessing their reliability in real-world conditions. Applicants will also need to prove that these systems cannot be easily bypassed or tampered with (e.g. cabling in the case of an external smart energy meter).

In their application, Applicants are requested to justify the rationale for the inclusion of SUM systems (e.g. temperature sensors), for example in the context of generating evidence of emission reductions for accessing carbon finance. Applicants shall also detail technical specifications/functionalities of the proposed SUM technology (e.g. type of data captured, frequency, etc.) and explain how these, as well as the proposed number of CCS equipped with SUM, relate to the chosen carbon credit methodology. Nefco reserves the right to exclude proposed SUM systems from a potential MCFA1 funding contract if they are not deemed fit for purpose.

Fuels

For projects proposed under the ‘tool and fuel model’, Applicants are requested to demonstrate that the production and the entire fuel supply chain comply with the relevant statutory regulations and technical standards applicable in the Project Country, as well as with international best practices, e.g. composition (e.g. water content, contaminants, impurities, etc.), sustainable resource management, sustainable downstream fuel supply chain (e.g. for empty bio-LPG cylinders or bio-ethanol bottles,

¹⁷ For contact details, please see: <https://cleancooking.org/regional-testing-and-knowledge-centers/>

bags for pellets, etc.), health and safety, and quality (e.g. IEC TS 62257 for additional electricity generation capacity). In particular:

- Applicants selected for contract negotiations will be requested to provide detailed technical design documentation for all aspects of the fuel supply chain and the proposed solution will be checked during the due diligence review according to best practices and applicable standards and regulations.
- Additionally, Applicants selected for contract negotiations will be required to demonstrate that any proposed biomass, bioethanol, bio-LPG and/or biogas solutions are not likely to lead to deforestation or other forms of ecological degradation and do not have material negative impacts on food security, protected areas or biodiversity.

For projects proposed under the 'simple identification model', Applicants selected for contract negotiations may be requested during the due diligence review to submit part or all of aforementioned documents, depending on the formalisation of their partnership with the identified fuel supplier(s) and business-plan specificities.

Electric Pressure Cookers (EPC)

EPCs included in the 'Global LEAP Awards Buyer's Guides'¹⁸, i.e. already named winner or finalist in a previous round of Global LEAP awards competitions, or eligible for financing under a Global LEAP RBF, are automatically eligible for MCFA1 funding. Applicants offering EPCs that were not included in the previous Global LEAP award competitions are required to submit evidence that the proposed products are at least equivalent to performance and quality benchmarks of Global LEAP Awards Finalists for each product category **in conjunction to the second part of the final application together with the CCS offer**. To verify this, the following procedure applies:

- During the Final Application stage: Provision of two randomly-selected product samples: 1) to an independent third-party testing centre/laboratory which has an active partnership with VeraSol for EPCs¹⁹ for testing using the relevant Global LEAP test methods²⁰. Costs related to determining that these requirements are met should be covered by Applicants and will not be compensated under MCFA1²¹.
- During the due diligence review: Provision of the test result in a standard test report template enabling Nefco to liaise with VeraSol at the due diligence review to compare the quality and performance of the offered product compared with the similar size/form factor category in the Global LEAP award database. The reasonable costs of VeraSol's assessment will be covered through MCFA1. After VeraSol's evaluation, all product data reviewed by VeraSol will be shared publicly on its dedicated database. The same process will apply during project implementation.

¹⁸ List of products available here: <https://storage.googleapis.com/e4a-website-assets/2020-Global-LEAP-EPC-Buyers-Guide.pdf>

¹⁹ Kijani testing lab in Kenya. Please confirm with VeraSol (info@verasol.org) before contacting the lab.

²⁰ <https://efficiencyforaccess.org/publications/type/test-methods/>

²¹ Any costs incurred before award will not be compensated by MCFA1. The costs incurred after award will not give rise to additional payment from MCFA1 but can be considered as eligible costs.

ANNEX C: Clean Cooking Service Tier Matrix and CCS Input Data

During the MCFA1 Final Application stage, Applicants are requested to categorise the different types of CCS they offer to provide to end-customers using the Tier differentiation based primarily on the level of energy service defined in the MTF.

The level of clean cooking service of each CCS will be weighted in line with the overall objectives of MCFA1. The weightings reflect the proposed increase in the quality, performance and type of cooking services provided. More specifically:

- a minimum base weight for a one-ring/burner stove is defined for each Tier.
- within a Tier (Tier_i), the base weight increases with thermal efficiency to reward improved performance and is capped by the minimum base weight of the higher Tier category (Tier_{i+1}).
- a higher base weight applies to solar-based CCT (both, thermal and photovoltaic).

In addition, premiums may apply on top of the base weight if a CCT delivers enhanced cooking services:

- larger stove capacity, such as an increased number of rings/burners, and/or firepower suitable for cooking pots/vessels typically used by commercial and/or institutional customers, is rewarded through specific capacity premiums.
- EPCs, for which particularly stringent quality requirements apply (see [Annex B](#)), will also benefit from a capacity premium.
- CCT deployed with SUM systems and/or PAYGO-enabled CCT will be incentivised by additive premiums.

Finally, CCS deployed as part of a ‘tool and fuel’ business model will be particularly incentivised. In order to treat all investments in the fuel production and value chain equitably, Applicants are requested to identify the amount of capital expenditure into the fuel value chain (“fuel CAPEX”) which will be invested for the proposed project.

The applicable weights and premiums are described below. Applications submitted will be evaluated based on their ability to maximise the value for money (VfM) offered to MCFA1.

$$w_{CCT_i} = \underbrace{\text{Minimum}\left(\frac{\eta}{0.3}, \text{Min } w_{Tier_{i+1}}\right)}_{\text{Base weight}} * (1 + p_{Cap}) + p_{PAYGO} + p_{SUM}$$

Where:

- | | |
|------------------------------|--|
| CCT _i | is a specific clean cooking technology/stove within Tier _i |
| w _{CCT_i} | is the final weight applied to CCT _i |
| η | is the thermal efficiency of CCT _i or defined as η =1.8 for solar CCT |

$Min w_{Tier_{i+1}}$ is the minimum weight for Tier_{i+1}
 p_{Cap} is the premium applicable for a larger CCT capacity
 p_{PAYGO} is the premium applicable for PAYGO-enabled CCT
 p_{SUM} is the premium applicable to CCT equipped with SUM

TABLE 10: CLEAN COOKING SERVICE TIER MATRIX

MTF TIER ²²		1-2	3	4	5
Cooking emissions (\leq)	PM _{2.5} (mg/MJ _d)	Not eligible	218	62	5 ¹²
	CO (g/MJ _d)		7.2	4.4	3
Safety (\geq)	points		77	86	95
Thermal efficiency (\geq)			30%	40%	50%
Minimum weight		NA	1	1.33	1.67

TABLE 11. INCENTIVE FRAMEWORK

CHARACTERISTIC		PREMIUM
Capacity	2 rings/burners EPC if capacity <7l 4-rings/burners if MTF tier <5	50%
	4 rings/burners if Tier=5 EPC if capacity \geq 7l	80%
	Institutional/commercial stoves from a capacity of 20l	$\frac{Capacity^*}{10} - 1$ *rounded down to the nearest 10l
SUM ²³		+0.7
PAYGO		+0.7

²² Lowest tier applies, i.e. in order to qualify as a certain Tier, a given CCT shall meet or exceed requirements for that Tier in all dimensions of the MTF.

²³ Will not apply to CCS offered by Applicants that have indicated already accessing carbon revenues.

Weighted cost per CCS

The weights are combined to determine the average weighted cost of the basket of CCS offered through the Applicant's proposal, as per the formula below:

$$wC = \frac{\sum_i Cost_{cct_i}}{Total\ funding\ request} * \underbrace{\frac{\sum_i \frac{Cost_{cct_i} * CCS_i}{w_{cct_i}}}{\sum_i CCS_i}}_{wC\ stoves} + \frac{\sum_j CAPEX_{fuel_j}}{Total\ funding\ request} * \underbrace{\frac{\sum_j CAPEX_{fuel_j}}{7.5 * \sum_j CCS_j}}_{wC\ fuel}$$

where:

wC	is the weighted cost per CCS
i	represents the different types of CCT proposed
j	represents the different fuels proposed
CCS_i	is the targeted number of CCS offered for CCT _i
$Cost_i$	is the incentive per CCS requested by the Applicant for CCT _i
w_{cct_i}	is the weight associated with CCT _i (as defined above)
$CAPEX_{fuel_j}$	is the value of CAPEX investment for fuel _j
CCS_j	is the number of CCS deployed under the tool and fuel model with fuel _j

CCS input data

Two concrete examples below, one under a 'simple identification model' and one under a 'tool and fuel' model, aim to illustrate how Applicants should use the Financial CCS Offer Excel Tool provided in [Annex A](#) to input their target number of CCS and how the data will be used to calculate the wC per CCS, based on the above formulae. Additionally, Applicants are requested to carefully read the user instructions in the 'Read first' tab of the Excel tool before completing it.

Example 1

Applicant 1 does not yet benefit from carbon finance and offers to deploy the following CCS under a simple identification model of pellets/briquettes suppliers within the contractual period:

- 25,000 Model 1 gasifiers: Tier 3, with a thermal efficiency of 40% and a single burner/standard capacity. Half of the proposed CCS are PAYGO-enabled.
- 2,000 Model 2 gasifiers: Tier 4, with a thermal efficiency of 44% and a capacity of 130L. 10% of the proposed CCS are equipped with SUM.
- 5,000 EPCs: Tier 5 with a thermal efficiency of 70% and a capacity of 8L. All proposed CCS are PAYGO- and SUM-enabled.

Applicant 1 applies for the following MCFA1 funding for the different types of CCS:

- €25 for each Model 1 gasifier
- €200 for each Model 2 gasifier
- €40 for EPCs

After entering “no” in cell E3, data needs to be inserted in the wC calculation tool as follows*:

Stove name	MCFA tier	Fuel type	Fuel distribution model	Thermal efficiency (%)	Incentive request per unit (€)	Capacity	Total # CCS	# PAYGO enabled CCS	# SUM enabled CCS
Gasifier 1	3	Pellets/briquettes	Simple identification	40%	25	1 burner/ring	25,000	12,500	
Gasifier 2	4	Pellets/briquettes	Simple identification	44%	200	130 L	2,000		200
EPC 8L	5	Electricity	Simple identification	70%	40	EPC (≥7L)	5,000	5,000	5,000

*The column "Tool and fuel only - Incentive request for fuel CAPEX (€)" must be left blank.

The tool automatically calculates applicable premiums:

Stove name	Base weight*	Capacity premium*	PAYGO premium*	SUM premium*	Total weight stove*	wC stove*
Gasifier 1	=min(0.4/0.3,1.33) =1.33	0	=0.7*50%=0.35	0	=1.33 + 0.35 =1.68	=25/1.68 =14.88
Gasifier 2	=min(0.44/0.3,1.67) =1.47	=130/10-1 =12	0	=0.7*10%=0.07	=1.47*(1+12)+0.07= 19.14	=200/19.14 =10.45
EPC 8L	=0.7/0.3=2.33	0.80	=0.7*100% =0.70	=0.7*100% =0.70	=2.33*(1+0.8)+0.7+0.7 =5.60	=40/5.6 =7.14

* Figures are displayed here to 2 decimal places but the tool does not round them.

Summary	Do you already access carbon revenues?	no
	Total funding request (€)	=25*25,000+200*2,000+40*5,000 = 1,225,000
	wC stoves	=(14.88*25,000+10.45*2,000+7.14*5,000) /(25,000+2,000+5,000) = 13.40
	wC total	13.40

Example 2

Applicant 2 already benefits from carbon finance and offers to deploy the following CCS under a ‘tool and fuel’ model within the contractual period:

- 15,000 Model 1 ethanol stoves: Tier 4, with a thermal efficiency of 49% and two burners. Half of the proposed CCS are PAYGO-enabled. 10% of the proposed CCS are equipped with SUM.
- 2,000 Model 2 ethanol stoves: Tier 4, with a thermal efficiency of 49% and 4 burners. 10% of the proposed CCS are equipped with SUM.

Applicant 2 applies for the following MCFA1 funding for the different types of CCS:

- €10 for each Model 1 ethanol stove
- €25 for each Model 2 ethanol stove
- €2.75 million as fuel CAPEX incentive for investments in the bio-ethanol value chain

After entering “yes” in cell E3, data needs to be inserted in the wC calculation tool as follows:

Stove name	MCFA tier	Fuel type	Fuel distribution model	Tool and fuel only Incentive request for fuel CAPEX (€)	Thermal efficiency (%)	Incentive request per unit (€)	Capacity	Total # CCS	# PAYGO enabled CCS	# SUM enabled CCS
Ethanol stove 1	4	Bio-ethanol	Tool and fuel	1,650,000*	49%	10	2 burners/rings	15,000	7,500	
Ethanol stove 2	4	Bio-ethanol	Tool and fuel	1,100,000*	49%	15	4 burners/rings	10,000		1,000

*The fuel CAPEX incentive must be distributed equally between all stoves deployed under the “tool and fuel” model and using the fuel for which the investment is proposed (here bio-ethanol).

The tool automatically calculates applicable premiums:

# SUM enabled CCS	Base weight*	Capacity premium*	PAYGO premium*	SUM premium*	Total weight stove*	wC stove*
Ethanol stove 1	= $\min(0.49/0.3, 1.67) = 1.63$	0.50	= $0.7 * 50\% = 0.35$	0	= $1.63 * (1 + 0.5) + 0.35 = 2.80$	= $10 / 2.80 = 3.57$
Ethanol stove 2	1.63	0.50**	0	0***	= $1.63 * (1 + 0.5) = 2.45$	= $15 / 2.45 = 6.12$

* Figures are displayed here to 2 decimal places but the tool doesn’t round them.

** As the stove performs under Tier 5, the applicable premium for a 4-ring/burner stove is 0.5.

*** Applicant 2 already accesses carbon revenues, hence $p_{SUM} = 0$

Tool and fuel	Bio-ethanol	Summary	Do you already access carbon revenues?	yes
Incentive request for fuel CAPEX (€)	2,750,000		Total funding request (€)*	=10*15,000+15*10,000+2,750,000 =3,050,000
# Tool and fuel CCS	=15,000 +10,000 =25,000		wC stoves	= $(3.57*15,000+6.12*10,000) / (15,000+10,000) = 4.59$
wC fuel	=2,750,000 /25,000/7.5 =14.67		wC total	= $4.59*(10*15,000+15*10,000) / 3,050,000+14.67*2,750,000 /3,050,000$ =13.68

*The indicative maximum contract size is exceeded. Should Applicant 2 be selected for due diligence, Nefco reserves the right to exceptionally award the full amount or only award part of the funding request at the same overall price (wC Total).

Reservation

Nefco reserves the right to adjust and/or further supplement the above-described specification parameters.

ANNEX D: Minimum Security Requirements

Duty of Care

Contracted CSPs are fully responsible for implementing the proposed project at their own risk. Neither Nefco, nor Sweden (incl. Sida and the respective Swedish Embassies) nor the EU can accept any duty of care or liability arising out of project implementation or the funding thereof. Hence, CSPs will contractually be requested to fully and adequately manage their operational risk and ensure duty of care over their staff, associated network of partners and collaborators during the implementation of the proposed project. CSPs must also ensure that all their employees adhere strictly to the recommendations of the Embassies of their country of citizenship in the Project Country.

Nefco expects all contracted CSPs to minimise security risks at all times. Hence, Applicants are requested to carefully consider security risk as part of their proposal, both, in the design and the pricing of their proposed project. Security considerations should be considered in the business plans submitted by Applicants both from an operational and cost perspective. Applicants will also be required to document these in a Security Plan commensurate with the level of risk assessed and to be submitted as part of the bid and finalised during due diligence at the latest.

Applicants are requested to include security costs as part of their funding request per CCS.

Security plan

The Security Plan should be tailored to the local context and to the level of risk assessed in each case. No specific format for the plan is required, but at a minimum the plan should include:

- 1) Threat and risk assessment protocols, including methodology and frequency of updates
 - a. risk management protocols
 - b. general security guidelines & protocols for staff
 - c. clear designation of responsibility
 - d. staff sensitisation and training
 - e. updates
- 2) Emergency response procedures
 - a. medical evacuation
 - b. incident management
- 3) Journey management protocols
 - a. operating procedures, including the potential involvement of national authorities as well as the regulation of driver's hours and accommodation selection
 - b. vehicle standards
 - c. driver standards
- 4) Communication plan
 - a. phone tree
 - b. types of communication and alternatives

In order to adequately mitigate the security risks, contracted CSPs will be required to carry out and regularly update a security risk assessment analysing the context and threats to their operations from a safety and security perspective, in order to recommend mitigations that both enable safe project delivery and that meet the businesses' Duty of Care requirements.

Reservation

Nefco reserves the right to adjust and further supplement the requirements described above as well as any other provided guidance related to MCFA1.

ANNEX E: Gender Equality and Empowerment of Women and Girls

Introduction

Empowering women and promoting gender equality are crucial to accelerating sustainable development. Ending all forms of discrimination against women and girls is not only a basic human right, but has also a multiplier effect across all other development areas.

The MCFA programme aims at actively promoting, incentivising and transferring best practices regarding gender equality in MCFA target countries. Hence, MCFA1 requires Applicants/Project Consortia to offer equal opportunities for men and women through both their own employment practices as well as the proposed projects and to follow a gender-sensitive procurement approach, where Applicants/Project Consortia who integrate gender equality as a core value into their proposals are specifically rewarded.

MCFA is promoting gender inclusion at all stages of the programme. The call for proposals stage has a clear focus on gender aspects in the evaluation of the business plan, with 12 points evaluating the performance of the Applicant and the proposed project on specific gender aspects²⁴. In turn, gender commitments made in the proposal will be transformed into contractual undertakings through the Project and Service Description (Annex 1 to the MCFA1 Contract Template). During implementation, gender aspects will further be thoroughly monitored and enforced in an active dialog with contracted CSPs.

At the Final Application stage, three main aspects will be considered:

- 1) whether the proposed project is designed in an inclusive manner and appropriately addresses the needs of both women and men as well as girls and boys;
- 2) whether the Applicant can demonstrate its commitment to gender equality at a company level; and
- 3) whether the Applicant and its Consortium Members are willing to commit to ambitious targets to close possible gender gap at the company/Project Consortia level.

Gender inclusion at project level

Applicants are requested to demonstrate how the design of the proposed project will actively address gender aspects. As part of the project implementation, contracted CSPs will be required to provide a detailed gender action plan²⁵ at the proposed project level.

²⁴ During the Final Application stage, the current performance of the Applicant in terms of gender equality will be assessed as part of the evaluation criteria "Implementation and operation capacity" and "HR, management capacity and gender representativeness". Project-level gender design will be assessed as part of "Development, climate and environmental impact potential". Points will be awarded based on the assessed quality of these parameters.

²⁵ For gender aspects that are relevant to the implementation of the business plan and proposed project.

At the project-level gender inclusion in the design and eventually the project-level action plan should address, but not be limited to:

- an impact statement describing the expected long-term gender impact of the proposed project;
- specific and measurable gender goals for action during project implementation, supported by measurable indicators and targets;
- specify the activities to achieve these gender goals within a defined time frame and for Consortia, the distribution of roles and responsibilities between the Consortium Members;
- include a description of planned concrete measures to support women as promoters of change, e.g. work with women's savings groups, associations of women entrepreneurs, etc.;
- specify planned capacity strengthening activities targeted at increasing women's participation in the project implementation;
- measures on women's inclusion at all levels of project implementation, including a gender-based marketing strategy with aspects specifically targeting women as beneficiaries in rural and peri-urban areas, as well as mechanisms to promote gender equality and empowerment in marketing and advertising materials;
- description of how the offered CCS will meet the needs of women and men, particularly for women in relation to reproductive work²⁶ and for men (with a particular focus on rural areas); and
- potential of the project and contracted CCS for women's productive use of energy. Applicants should in particular detail how they will: 1) support the development of or investment in technologies that create productive use opportunities for women; and 2) proactively target women-headed businesses and microenterprises.

Gender equality and SEAH at company level

To be contracted, CSPs and Project Consortium Members will be required to have in place both an acceptable gender policy and an acceptable policy on Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) that comply with Nefco's corresponding policy requirements.

Applicants will be requested to provide these policies (on their own behalf and on behalf of Consortium Members) during the due diligence and they need to be found acceptable to Nefco at the latest before the first payment of MCFA financing.

Requirements to contracted CSPs' gender equality policy

For the gender equality policy to be acceptable, it should clearly communicate the company's/Project Consortium Members' commitment to gender equality and outline related priorities and practices. The policy should in particular cover areas such as: workplace diversity and inclusion, access to equal opportunities, including equal remuneration for work of equal or comparable value, parental leave, a

²⁶ Any unpaid work such as cooking, cleaning, washing, care giving and other daily activities

process for correcting inequalities, where discovered and allocation of accountability for gender equality. The policy should also include approaches to promote gender equality towards the company's external stakeholders, including customers.

Requirements to contracted CSPs' SEAH policy

For the SEAH policy to be acceptable, it should be based on a zero tolerance of SEAH violations by its staff and representatives, in the workplace as well as in other settings, and include clear and effective enforcement mechanisms. It should in particular set out express obligations for a CSP's staff and its representatives, subcontractors and other suppliers to take all reasonable measures to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in SEAH.

Company-level gender action plan

CSPs are requested to demonstrate their own existing commitments as a company to gender equality in the workplace and if contracted through the provision of a solid company gender action plan.

The information provided to demonstrate the company's existing gender equality efforts and eventually the company gender action plan should include, but not be limited to:

- an overview of the current performance of the company on gender representation and equality of pay, using the five indicators listed below;
- definition of yearly targets based on the five indicators below to promote/improve gender equality in the workplace during project implementation; and
- specify activities carried out to achieve these goals within a defined time frame.

When assessing the company's existing and future gender commitments, a higher score will be given to Applicants that are actively promoting gender equality and that can demonstrate this through an existing gender-balanced representation at all hierarchical levels as well as equality of pay. Therefore, the Applicant are required to provide information on the following, both current and planned:

- number of Governing Board Members, disaggregated by gender (absolute and relative);
- number of Executive Managers, disaggregated by gender (absolute and relative);
- number of employees in other roles by gender (absolute and relative);
- gender pay gap quartiles (see Box 3 for more details); and
- mean gender pay gap in hourly pay (see Box 3 for more details).

MCFA1 expects Applicants and their Consortium Members to strive to close their potential gender gaps during the project implementation. At minimum, when the proposed project has been completed, all contracted companies and Consortium Members involved in the implementation of the proposed project should aim to:

- achieve at least 35% of female representation in the workforce; and
- halve their existing gender pay gap, so that it is no more than 35%.

BOX 3: HOW TO CALCULATE EQUAL PAY INDICATORS

The calculation methodology used by MCFA is based on the [UK's Gender pay gap reporting framework](#), but has been simplified. In the Final Application stage, CSPs will be required to provide aggregated data on two indicators: 1) Gender pay gap quartiles; and 2) Mean gender pay gap in hourly pay, as described below.

During the implementation of MCFA, contracted CSPs will be requested to report equal pay indicators in a way which adheres more strictly to the full UK Gender pay gap reporting framework.

To calculate the two following indicators, Applicants need to secure a listing of the amount paid to all directly contracted employees (not commission-based agents) as wage/salary in September 2022 (excluding potential pay of overtime but including potential bonuses) as well as their contractual working hours (in October) and gender.

Gender pay gap quartiles

1. For each employee, calculate the hourly pay by dividing the amount paid to each employee by the contractual working hours in October.
2. Rank the employees from highest to lowest paid (based on the hourly pay).
3. Divide the list into 4 groups with an equal number of employees in each group (lower pay quartile, lower middle pay quartile, upper middle pay quartile and upper pay quartile).
4. Calculate the respective proportions of women and men (in %) in each pay quartile.

Mean gender pay gap in hourly pay

5. Calculate the mean hourly pay rate for women: (sum of hourly pay rates of all female full-pay relevant employees) / (number of female full-pay employees).
6. Calculate the mean hourly pay rate for men: (sum of hourly pay rates of all male full-pay relevant employees) / (number of male full-pay employees).
7. Calculate the mean gender pay gap in hourly pay as a percentage of men's pay (in %): (mean hourly pay rate for men – mean hourly pay rate for women) / (mean hourly pay rate for men).

ANNEX F: E-Waste Management Requirements

MCFA recognises the environmental challenges facing CSPs when dealing with the end-of-life (EoL) of products, especially as regards ensuring proper collection and handling of waste and e-waste in particular. Effective national policies, regulations and the physical infrastructure to manage e-waste are lacking in many countries.

In the context of MCFA, waste is defined as EoL products from the provision of cooking services. The materials and components used in the provision of these services vary significantly depending on the technology. Metal is predominantly used on the stove top, and other materials can be used in the rest of the system, including plastic knobs, cement and bricks for biodigesters, and for some PAYGO-enabled gasifiers, solar panels, batteries, control units with circuit-board-mounted electronic controls, cables and fans²⁷.

General requirements

Where applicable, CSPs should, at a minimum, comply with national environmental laws regarding waste management. In addition, compliance is required with regional requirements related to the implementation of the Basel²⁸, Stockholm²⁹ and Bamako³⁰ Conventions and alignment to relevant international good practice as defined by the IFC Performance Standards³¹, World Bank Group EHS Guidelines³² and GOGLA e-waste toolkit³³, as applicable.

Waste management policies (particularly e-waste policies where applicable)³⁴, operational management plans and standard operating procedures (SOPs) should outline how the company plans to take care of its waste, as well as the storage and handling of the products once they reach their EoL.

1. Prior to first payment, Applicants will be required to provide an acceptable policy for their waste handling.
2. During the first 12 months of implementation, Applicants will be required to provide an acceptable operational plan for their e-waste handling, which demonstrates that they can meet the MCFA minimum requirements. The e-waste management plan should be tailored to the local context and include procedures, for e-waste handling, transportation, storage and

²⁷ It is not expected that all these waste fractions can be processed in sub-Saharan Africa.

²⁸ <http://www.basel.int/TheConvention/Overview/tabid/1271/Default.aspx>

²⁹ <http://www.pops.int/TheConvention/Overview/tabid/3351/Default.aspx>

³⁰ <https://www.unenvironment.org/explore-topics/environmental-rights-and-governance/what-we-do/meeting-international-environmental>

³¹ IFC, Performance Standard 3 https://www.ifc.org/wps/wcm/connect/1f9c590b-a09f-42e9-968c-c050d0f00fc9/PS3_English_2012.pdf?MOD=AJPERES&CVID=jiVQIwF

³² World Bank Group, General EHS Guidelines, Section on Waste Management

<https://www.ifc.org/wps/wcm/connect/456bbb17-b961-45b3-b0a7-c1bd1c7163e0/1-6%2BWaste%2BManagement.pdf?MOD=AJPERES&CVID=ls4XT4R>

³³ GOGLA <https://www.gogla.org/circularity>

³⁴ In this context, a waste policy is the guidelines/set of principles which guide CSP in its course of action, whereas a plan is a roadmap or defined set of future actions needed to achieve a specified goal.

upcycling/repair/recycling/safe disposal. No specific format for the plan is required, but at a minimum the plan should include:

- purpose and Scope
- compliance with relevant national legislation (list policies/legislation applicable)
- roles, responsibilities and authorities in the company
- document Amendment Record / Document control
- definitions
- practices for Waste Management implemented in the company
- competence, Training and Awareness
- storage arrangements
- access to licensed recycling or disposal facilities
- plan for contracting with the licensed recycling or disposal facility
- risk Management
- financial plan and/or incentive structure (if appropriate)

Any EoL SOPs concerning lithium batteries and used fuel containers (e.g. bio-LPG cylinders and bio-ethanol bottles) should also cover safety precautions for handling and transportation/shipment to address health & safety risks.

Contracted CSPs may be required to develop a recycling partnership plan or similar within an agreed time after signing of a possible contract with the MCFA.