



**GREEN
CLIMATE
FUND**

Meeting of the Board
9 – 13 November 2020
Virtual meeting
Provisional Agenda Item 11

GCF/B.27/02/Add.08

21 October 2020

Consideration of funding proposals – Addendum VIII

Funding proposal package for FP148

Summary

This addendum contains the following five parts:

- a) A funding proposal summary titled “Participation in Energy Access Relief Facility (“EARF”)” submitted by Acumen Fund, Inc. (Acumen);
- b) No-objection letters issued by the national designated authorities or focal point(s);
- c) Independent Technical Advisory Panel’s assessment;
- d) Response from the accredited entity to the independent Technical Advisory Panel’s assessment; and
- e) Gender documentation of the funding proposal.

These documents are presented as submitted by the accredited entity and the national designated authority(ies) or focal point(s), respectively. Pursuant to the Comprehensive Information Disclosure Policy of the Fund, the funding proposal titled titled “Participation in Energy Access Relief Facility (“EARF”)” submitted by Acumen Fund, Inc. (Acumen) is being circulated on a limited distribution basis only to Board Members and Alternate Board Members to ensure confidentiality of certain proprietary, legally privileged or commercially sensitive information of the entity.

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Funding Proposal

Project/Programme title:	Participation in Energy Access Relief Facility ("EARF")
Country(ies):	Uganda, Nigeria, Democratic Republic of Congo, Kenya, Senegal, Mozambique, Sierra Leone, Rwanda, Zambia,
Accredited Entity:	Acumen Fund, Inc.
Date of first submission:	2020/07/07
Date of current submission	2020/27/09
Version number	V.6.3



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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

“FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]”

A. PROJECT/PROGRAMME SUMMARY			
A.1. Project or programme	Programme	A.2. Public or private sector	Private
A.3. Request for Proposals (RFP)	<p>If the funding proposal is being submitted in response to a specific GCF Request for Proposals, indicate which RFP it is targeted for. Please note that there is a separate template for the Simplified Approval Process and REDD+.</p> <p>Not applicable</p>		
A.4. Result area(s)	<p>Check the applicable GCF result area(s) that the <i>overall</i> proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of <u>GCF budget</u> devoted to it. The total of the percentages when summed should be 100%.</p>		
	<p><u>Mitigation:</u> Reduced emissions from:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Energy access and power generation: <input type="checkbox"/> Low-emission transport: <input type="checkbox"/> Buildings, cities, industries and appliances: <input type="checkbox"/> Forestry and land use: <p><u>Adaptation:</u> Increased resilience of:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Most vulnerable people, communities and regions: <input type="checkbox"/> Health and well-being, and food and water security: <input type="checkbox"/> Infrastructure and built environment: <input type="checkbox"/> Ecosystem and ecosystem services: 	<p><u>GCF contribution:</u></p> <p>100%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p> <p>0%</p>	
A.5. Expected mitigation impact	1.33 million tCO ₂ eq ¹ (see Annex 22a for detail on methodology) ²	A.6. Expected adaptation impact	Not applicable
			Not applicable

¹ This GHG mitigation impact is expected to be achieved over a programme lifetime of 6 years, which includes the approximately 3-year lifespan of off-grid solar units sold in Year 3 of the fund.

² Projected impact on emissions mitigation, companies funded, MW of renewables installed, and beneficiaries, here and throughout the FP, are based upon an assumption that US \$30 million of GCF funds is disbursed in loans to energy access companies. Actual disbursements, and therefore impact, may be somewhat lower.

A.7. Total financing (GCF + co-finance)	<u>30,000,000 USD</u> – 60,000,000 USD	A.9. Project size	Medium (up to USD 250M). Acumen was ‘Micro’ accredited at a time when the accreditation amount was based upon outflows to individual recipients, not on project totals. Individual loans or investments in this programme will not exceed USD 10M, falling within the “micro” scope of accreditation.												
A.8. Total GCF funding requested	<u>30,000,000 USD</u> <i>For multi-country proposals, please fill out annex 17.</i>														
A.10. Financial instrument(s) requested for the GCF funding	<p><i>Mark all that apply and provide total amounts. The sum of all total amounts should be consistent with A.8.</i></p> <table border="0"> <tr> <td><input type="checkbox"/> Grant</td> <td>Enter number</td> <td><input checked="" type="checkbox"/> Equity</td> <td>\$30,000,000</td> </tr> <tr> <td><input type="checkbox"/> Loan</td> <td>Enter number</td> <td><input type="checkbox"/> Results-based payment</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Guarantee</td> <td><u>Enter number</u></td> <td></td> <td><u>Enter number</u></td> </tr> </table>			<input type="checkbox"/> Grant	Enter number	<input checked="" type="checkbox"/> Equity	\$30,000,000	<input type="checkbox"/> Loan	Enter number	<input type="checkbox"/> Results-based payment		<input type="checkbox"/> Guarantee	<u>Enter number</u>		<u>Enter number</u>
<input type="checkbox"/> Grant	Enter number	<input checked="" type="checkbox"/> Equity	\$30,000,000												
<input type="checkbox"/> Loan	Enter number	<input type="checkbox"/> Results-based payment													
<input type="checkbox"/> Guarantee	<u>Enter number</u>		<u>Enter number</u>												



<p>A.11. Implementation period</p>	<p>Loan Funding Implementation Period: multiple years in total.</p> <p>Year 1: Legal Facility set-up for GCF participation through Climate CV.</p> <p>EARF will commit Loans to eligible borrowers</p> <p>M&E and ESG monitoring and evaluation per the requirements of GCF</p> <p>Year 2: EARF operation of loans.</p> <p>M&E and ESG monitoring and evaluation per the requirements of GCF</p> <p>Year 3: EARF operation of loans.</p> <p>M&E and ESG monitoring and evaluation per the requirements of GCF</p> <p>Year 4: EARF operation of loans.</p> <p>EARF will start transferring back loan repayments to GCF (via the participation by Climate CV).</p> <p>M&E and ESG monitoring and evaluation per the requirements of GCF</p>	<p>A.12. Total lifespan</p>	<p><u>4 years – 6 years</u></p>
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<p>A.13. Expected date of AE internal approval</p>	<p><i>This is the date that the Accredited Entity obtained/will obtain its own approval to implement the project/ programme, if available.</i></p> <p>8/24/2020</p>	<p>A.14. ESS category</p>	<p><i>Refer to the AE's safeguard policy and GCF ESS Standards to assess your FP category.</i></p> <p>I-3</p>
<p>A.15. Has this FP been submitted as a CN before?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>A.16. Has Readiness or PPF support been used to prepare this FP?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.17. Is this FP included in the entity work programme?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	<p>A.18. Is this FP included in the country programme?</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>A.19. Complementarity and coherence</p>	<p><i>Does the project/programme complement other climate finance funding (e.g. GEF, AF, CIF, etc.)? If yes, please elaborate in section B.1.</i></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>		
<p>A.20. Executing Entity information</p>	<p><i>If not the Accredited Entity, please indicate the full legal name of the Executing Entity(ies) and provide its country of registration and ownership type. Note that there can be more than one Executing Entity. Also indicate if an Executing Entity is the National Designated Authority. Refer to the definition of Executing Entity in the Accreditation Master Agreement.</i></p> <p>Facility Manager Social Investment Managers & Advisors, LLC (SIMA): SIMA is a Delaware, USA-registered Limited Liability Company. SIMA is also a registered U.S. Securities and Exchange Commission Investment Adviser (registration # 801-119020). Note that SIMA will be serving in a dual capacity, as both Facility Manager of the EARF and General Partner of Climate CV.</p> <p>Loan Provider Energy Access Relief Fund B.V. (EARF): EARF will be set up as a Dutch private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands.</p> <p>Intermediary for GCF Participation Climate CV Climate CV will be set up as a Dutch limited partnership (commanditaire vennootschap). SIMA will be the General Partner.</p>		
<p>A.21. Executive summary (max. 750 words, approximately 1.5 pages)</p>			

Provide an executive summary of the project/programme including:

1. *Climate change problem*
2. *Proposed interventions*
3. *Climate impacts/benefits*

Climate Change Problem

1. Sub-Saharan Africa faces unique and acute challenges in the global fight to mitigate and adapt to climate change. On one front, the impacts of climate change are predicted to be more severe: according to the Intergovernmental Panel on Climate Change (IPCC), temperature increases in Sub-Saharan Africa are expected to be higher than the global mean temperature increase, impacting health, agriculture and food security. At the same time, 548 million people in Sub-Saharan Africa do not have access to electricity and must rely on kerosene and diesel generators for lighting, while another 900 million (85% of the population) lack access to clean cooking fuels and technologies, causing rapid deforestation and dangerous levels of indoor air pollution. Countries in Sub-Saharan Africa must reduce emissions from the energy sector and help vulnerable people and health systems to adapt to climate change, while still expanding access to everyone. It is here that energy access companies are playing a major role, but now find their continued existence in peril, due to the effects of the COVID-19 pandemic.
2. Energy access firms have made remarkable progress in mitigating climate change, with the majority of their impact in Sub-Saharan Africa. 74 million metric tonnes of CO₂e emissions have been avoided due to the technology of off-grid solar³, the equivalent of taking 19 coal-fired power plants offline for a year. The moment a household switches to solar from a kerosene lamp, that lamp ceases emitting black carbon, curtailing its climate-warming potential. As the energy access sector matures and scales, it is shifting the development pathway of Africa and Asia towards a renewable future: replacing gas generators with powerful solar home systems, firewood stoves with electric pressure cookers, and diesel water pumps with solar-powered irrigation.
3. But that progress is now in peril due to COVID-19. Dramatically reduced sales and collections, coupled with disrupted supply chains, limited cash reserves, and tightening funding sources, are crippling companies' ability to fund operations. A recent survey found that 82% of energy access companies are struggling with limited reserves. Half of surveyed companies are contemplating lay-offs for sections of their workforce, and over half of solar companies view inventory management as a severe problem. Lay-offs could create financial stress for staff and their families. At the same time, the loss of the sector's human capital threatens a downward spiral, where service deterioration causes even more customers to stop paying, and inventory stock-outs hamper a potential recovery.
4. If we do not act now to support companies through this period of relief and recovery, we may see clean energy companies falter in their growth or fail altogether. Products could go unserved, forcing a widespread return to fossil fuels among existing renewable adopters. Even more troubling, we may lose future adoption of renewables as gaps appear in the clean energy ecosystem, just as the off-grid industry was beginning to hit significant scale. Off-grid consumers may have fewer clean energy options, imperiling long term and sustainable progress against energy access and black carbon mitigation.

Proposed Intervention

5. The Energy Access Relief Facility ("EARF") is a concessional debt fund that is intended to provide energy access companies with vital liquidity during this crisis, in the form of low-interest, unsecured junior loans. GCF will not be a noteholder in EARF, but will channel its investment into an Intermediary, Climate CV, which will participate in EARF loans to eligible companies operating in

NOL countries. These loans are meant to enable companies to remain solvent, maintain staff and supply lines, and be positioned to drive the post-COVID-19 recovery. Loan covenants will require firms to demonstrate pre-crisis viability, document their need for concessionary funding, retain a significant portion of their local staff, and report regularly on the progress of their recovery (see Schedule 1 of the Term Sheet on 'Key terms of the Loans' for indicative covenants).

- The concessional loans are intended to be priced at a low enough interest rate depending on company size, to avoid over-indebting companies, while ensuring that only companies which actually need the money will apply. The proposed EARF is expected to lend to borrowers operating in NOL and non-NOL countries. Climate CV is expected to be funded by a subscription for partnership interests, to be managed by the same manager as EARF, and to participate in EARF loans to borrowers operating in NOL countries. The legal structure of this facility will be described in full in an eventual final term sheet.

Climate Impact/Benefits

- The AE has secured Letters of No Objection from 9 countries (Kenya, Nigeria, Sierra Leone, DR Congo, Mozambique, Zambia, Senegal, Uganda and Rwanda). In these 9 countries, 308 companies have expressed a need for relief funding, with indicative requests totaling ~\$79.56 million, ranging from \$8,000 to \$3 million in size. Together, we estimate that these firms serve over 85 million customers and employ over 20,000 staff.

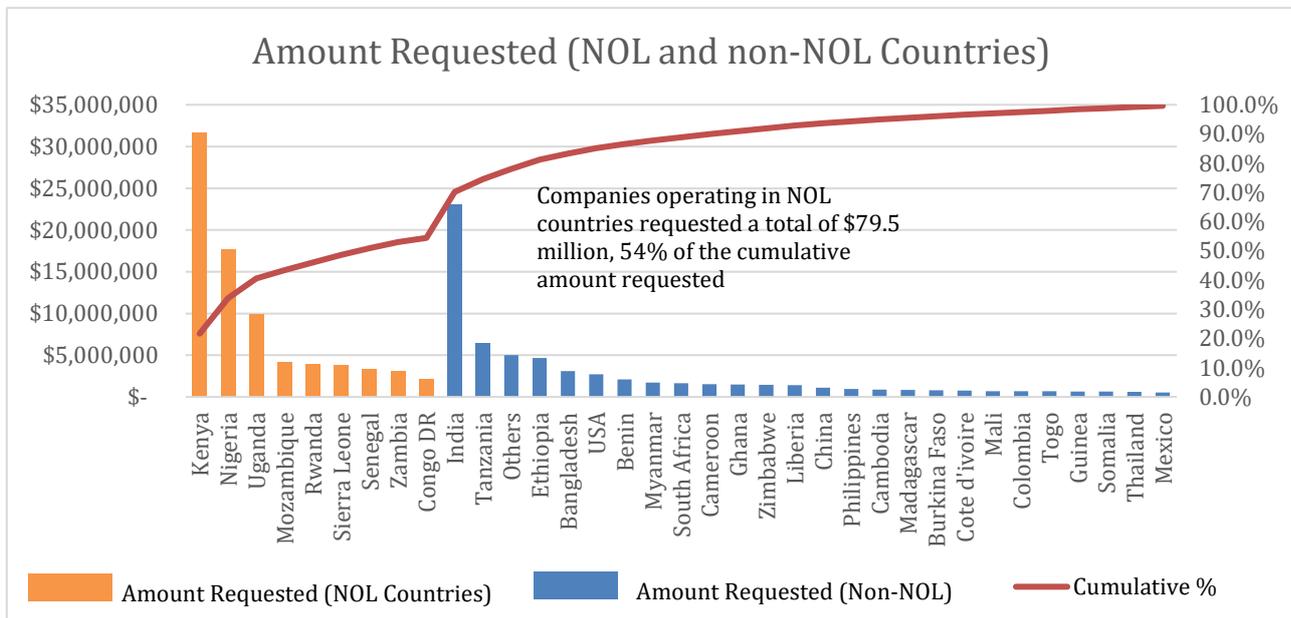


Figure 1: Amount of liquidity financing requested by energy access companies

- The EARF could enable these energy access pioneers to continue operations, which would ensure service continuity for their customers, continued employment for their staff, and an ability to recover sales growth post-crisis. Without relief, current operations may cease or slow, resulting in foregone renewable sales. 16.3 million people may be prevented from accessing renewable household energy, producing incremental emissions of 1.33 million tons of carbon compared to a pre-COVID-19 baseline.

³ <https://www.gogla.org/resources/global-off-grid-solar-market-report-h2-2019-sales-and-impact-data>

9. In addition to these direct benefits, energy access companies are also proving to be valuable partners in the fight against COVID-19. Microgrid operators are powering health facilities in Sub-Saharan Africa and beyond. Clean cookstove companies are distributing and financing products that reduce household air pollution and can help mitigate respiratory comorbidities. And solar home system companies are keeping kerosene out of homes and darkness at bay while millions are under shelter-in-place orders.
10. Over the last ten years, climate finance institutions such as GCF have catalyzed remarkable progress. Access to modern, renewable energy has surged in places where even basic access was sparse. Yet that progress is now threatened, at a time when the sector was just beginning to expand beyond its nascency. The EARF, through the efforts of committed and unshrinking partners like GCF, can help companies to weather the storm, keep customers out of the dark, and leap forward, unbroken, into the recovery.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

Climate change problem: Describe the climate change problem the proposal is expected to address. Describe the mitigation needs (GHG emissions profile) and/or adaptation needs (climate hazards and associated risks based on impacts, exposure, and vulnerabilities) that the proposed interventions are expected to address. Also describe the most likely scenario (prevailing conditions or other alternative) that would remain or continue in the absence of the proposed interventions. Include baseline information. The methodologies used to derive such information, including the mitigation and adaptation needs, should be included in the feasibility study.

Context: In describing the mitigation and/or adaptation needs, briefly describe the target region/area of the proposed interventions including information on the demographics, economy, topography, etc.

Related projects/interventions: Also describe any recent or ongoing projects/interventions that are related to the proposal from other domestic or international sources of funding, such as the Global Environment Facility, Adaptation Fund, Climate Investment Funds, etc., and how they will be complemented by this project/programme (e.g. scaling up, replication, etc.). Please identify current gaps and barriers regarding recent or ongoing projects and elaborate further how this project/programme complements or addresses these.

Climate change problem

1. Over the past decades, the ruinous consequences of climate change have become increasingly evident at a global level. However, its impact has been unequally distributed across different regions. In particular, Sub-Saharan Africa has experienced more frequent and intense climate extremes. These negative impacts will continue to increase if immediate action is not taken. According to the Intergovernmental Panel on Climate Change (IPCC), temperature increases in Sub-Saharan Africa are expected to be higher than the global mean temperature increase, impacting health, agriculture and food security.⁴ With the aim of joining international efforts to reduce climate change, all African countries signed the 2015 Paris Agreement and committed to contributing to the global effort to mitigate greenhouse gas (GHG) emissions that have a direct impact on global warming. The goal is to maintain global temperature increases to 'well below 2°C' and to pursue efforts to limit warming to '1.5°C above pre-industrial levels'. This treaty also called for increased financial support from developed countries to support climate action efforts of developing countries.⁵

⁴ Ibid.

⁵ IPCC. "Impacts of 1.5C of Global Warming on Natural and Human Systems". Chapter 3. 2018. https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Chapter3_Low_Res.pdf

2. To attenuate the grim consequences of global warming in this region, it is essential to mitigate GHG emissions coming from fossil fuels. In Sub-Saharan Africa, around 53% of the population - 548 million people- still lack access to electricity⁶ and are forced to resort to carbon-emitting energy alternatives such as kerosene lanterns, biomass stoves, and fossil fuel generators, all of which produce high economic and environmental costs. Off-grid solar solutions, by contrast, offer the fastest and most cost-effective way to reach millions of people who are not connected to the grid with clean and reliable energy.
3. The energy access sector, made up of companies that manufacture, distribute, finance, and/or install solar home systems, microgrids, clean cookstoves, and/or solar-powered productive appliances, is crucial to achieve the targets set by Sustainable Development Goal 7, that aims to ensure affordable, reliable and modern energy for all. By February 2020 the energy access sector had sold more than 180 million off-grid solar units worldwide, providing lighting and other energy services to 420 million people.⁷ The off-grid solar home system sector has rapidly grown into a US\$1.75 billion annual market that supports 370,000 jobs⁸ and is projected to reach 388 million people with basic electricity access by 2030.⁹
4. The growth of the sector has played a major role in reducing the emission of GHG over the last ten years:
 - a. 74 million metric tonnes of CO₂e emissions have been avoided due to off-grid solar replacing kerosene lamps (which emit black carbon) with solar lamps or lanterns, or the equivalent of 19 coal-fired power plants going offline for a year. At least 44% of kerosene lanterns replaced have been in Sub-Saharan Africa.¹⁰
 - b. An estimated 270,000 metric tonnes of black carbon are still emitted from kerosene lamps worldwide each year. It is close to 240 million metric tonnes of CO₂. That equates to about 4.5 percent of the United States' CO₂ emissions and 12 percent of India's.¹¹ Eliminating these emissions would be equivalent to a five gigaton CO₂e reduction over the next 20 years. Research shows that households that acquire off-grid solar products stop using kerosene.
 - c. Off-grid solar and green microgrids are reducing the use of diesel and petrol generators which are often highly inefficient in the country contexts in which the off-grid sector operates. For example, the collective dependency on and capacity of Nigeria's small

⁶ IEA, IRENA, UNSD, World Bank, WHO. 2020. Tracking SDG 7: The Energy Progress Report. . https://trackingsdg7.esmap.org/data/files/download-documents/tracking_sdg_7_2020-full_report_-_web_0.pdf

⁷ Lighting Global. "Off-grid solar Market Trends Report 2020". March 2020. https://www.lightingglobal.org/wp-content/uploads/2020/03/VIVID%20OCA_2020_Off_Grid_Solar_Market_Trends_Report_Summary_High%20res.pdf

⁸ GOGLA, A Growth Engine for Jobs. June 2019. https://www.gogla.org/sites/default/files/resource_docs/gogla_off_grid_solar_a_growth_engine_for_jobs_web_opt.pdf

⁹ Ibid.

¹⁰GOGLA. "Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data". July-December, 2019. https://www.gogla.org/sites/default/files/resource_docs/global_off_grid_solar_market_report_h22019.pdf

¹¹ The Brookings Institution. "Black Carbon and Kerosene Lighting: Opportunity for Rapid Action on Climate Change and Clean Energy for Development". 2013. https://www.gogla.org/sites/default/files/recource_docs/04_climate_change_clean_energy_development_hu_tman.pdf

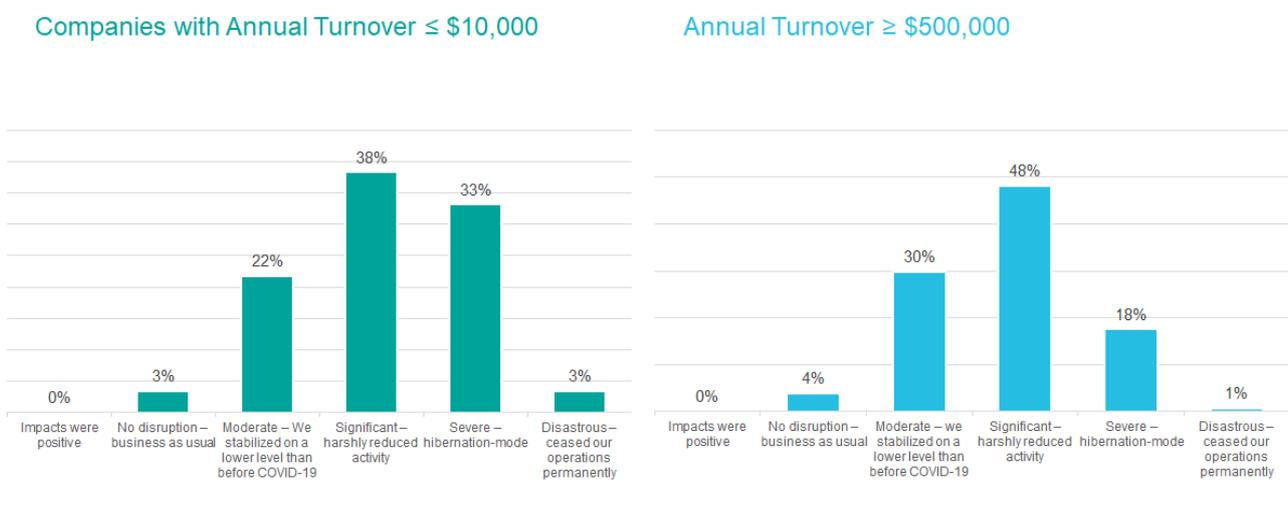
gasoline generators is eight times more than Nigeria’s entire national grid.¹² This is the case both in terms of residential and business use of off-grid solar, as well as in solar water pumping (SWP). Not only do these generators have a high economic cost due to their expensive consumption of diesel, but they have a high environmental cost because of the GHG emissions of these appliances.

5. The energy access sector is not only reducing CO2 emissions in the atmosphere, but contributing to the improvement of health and education, creating jobs and income opportunities, and helping consumers save money.

Energy access at risk

6. Today, much of this momentum of GHG emissions mitigation is at risk due to the economic and financial impacts of C-19:
 - Sales growth has slowed and revenues are down, both due to customers’ inability to pay, stemming from job losses related to shelter-in-place restrictions caused by the virus.¹³
 - Funding to the sector has pulled back, a result of the increased macroeconomic risk and competing public health and economic support priorities for development finance institutions.
7. A drop-off in revenues and an inability to raise new funds forces companies to rely on their cash reserves. But in a nascent, growing sector, few companies have long financial runways. According to a market survey of 621 energy access companies from 44 countries, conducted in July 2020 by EnDev, 85% cannot survive more than 5 months if current conditions prevail. From this total, 27% have had a severe disruption, forcing them to significantly curtail operations. 43% of companies cannot survive past 1-2 months. 44% of companies report that sales have more than halved, 53% of companies that offer consumer finance have seen repayment rates drop by more than a quarter.¹⁴

Figure 2: Analysis of COVID-19 impact by company size (i.e. Annual Turnover)



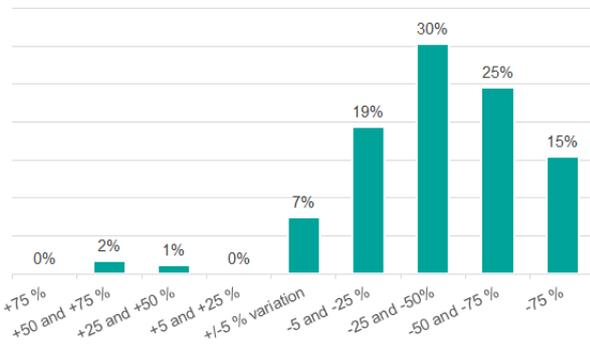
¹² A2EI and Dalberg. “[Putting an End to Nigeria’s Generator Crisis: The Path Forward.](#)” June 2019.

¹³ https://endev.info/images/c/c4/EnDev_Energy_Access_Industry_Barometer_FINAL.pdf

¹⁴ EnDev. “[Energising Development: Covid-19 Impacts on Markets and EnDev Response Options](#)”. June 2020. https://endev.info/images/1/1e/EnDev_COVID-19_implications_and_response_options.pdf

Figure 3: Analysis by company size (i.e. Annual Turnover) of Sales volume (March – May 2020) compared to last year

Companies with Annual Turnover ≤ \$10,000



Annual Turnover ≥ \$500,000

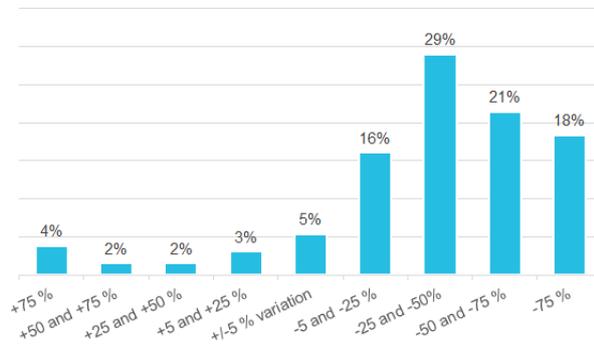
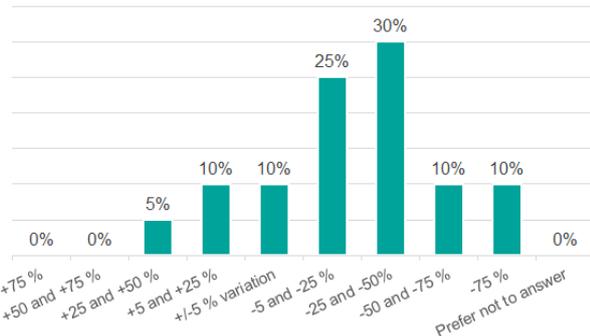
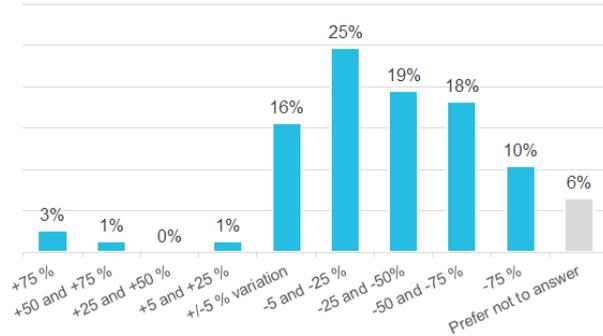


Figure 4: Analysis of collection rate (for PAYGo/credit and microgrid operators) by company size (i.e. Annual Turnover)

Companies with Annual Turnover ≤ \$10,000



Annual Turnover ≥ \$500,000



Without sufficient revenue or cash reserves, half of the companies in the EnDev survey have had to lay off staff; a quarter of firms have laid off more than 30% of their workers, 65% of respondents have seen a ‘severe impact on their cashflows’ and working capital, and 51% of companies believe they will face severe inventory issues in the next 3 months. A worst-case scenario is becoming clear, where illiquidity and lay-offs produce a drop in service quality and after-sales support, followed by inventory stock-outs and possible insolvencies. All of this could combine to devastate the growth projections of the energy access sector, setting the climate progress it has made back by years. Existing customers may be forced to revert to traditional pollutive fuels, while millions more potential customers may be stuck in the dark, burning kerosene and firewood, for the foreseeable future.

A Response

The Energy Access Relief Facility (“EARF”) seeks to help the sector safeguard its progress towards GHG emissions mitigation, reduce the economic impact of C-19, and rapidly recover from the current crisis by

providing access to emergency relief funding. The goal is to preserve the emissions reductions the sector has already gained and position the companies to expand emissions reductions to new customers beyond the crisis. In addition to diminishing regression of progress towards GHG emissions mitigation, the EARF is also intended to provide much needed liquidity to off-grid energy companies that may otherwise have to contemplate reducing their workforces or shutting off the systems of customers who are temporarily unable to pay.

Energy access helps to create new jobs and increased incomes. Recent research in East Africa shows that 34% of households report an increase in economic activity because of solar home systems (SHS).¹⁵ For vulnerable, low-income customers, distributed solar power infrastructure provides crucial tools of resilience in times of crisis since they offer productive uses of energy and household services, information services that they can access through radio, TV, Internet and phone access and cashless transactions and social connectivity through mobile charging. Without the support of EARF to energy access companies, we risk seeing customers slip back into poverty and lose income.

Benefits around health and well-being will also be lost. Almost all off-grid solar customers report improvements in their quality of life, with the majority also reporting health and safety benefits. 89% and 86% of customers in East and West Africa respectively report improved health since purchasing their SHS while 91% and 98% report feeling safer.¹⁶ This is particularly true where solar products and clean cookstoves have replaced the use of kerosene and biomass, respectively - key drivers of household air pollution, which kills 3.8 million per year and disproportionately affects girls and women.

Indicative Need for Financing

As of July 8, 2020, 509 energy access companies, that report serving over 100 million customers,¹⁷ have requested emergency relief funding through an indicative poll. That demand totals over ~\$146M (assuming relief funding is sized to local staff headcount at a (low) average of \$4k/year per person¹⁸) and has likely only increased since July.

Table 1, seen below, breaks down the indicative funding requests by loan size. The table shows the share of requests that are within certain amounts. It demonstrates clearly that the majority of requests *by number* were made by small companies; 73% of requests were for \$200,000 or less. It also shows that the majority of requests *by value* were for larger companies; the 20% of companies asking for loans greater than \$200,000 represent 82% of the overall value requested.

¹⁵ GOGLA. "Powering opportunity in East Africa". September 2019.

https://www.gogla.org/sites/default/files/resource_docs/powering_opportunity_in_east_africa.pdf

¹⁶ GOGLA. Op. Cit. September 2019.

¹⁷ *This is an estimated number of customers and does not account for the same person perhaps being a customer to multiple companies. For those companies with operations in multiple countries, we have divided the 'number of customers across all operations' by the 'number of other countries of operation'.*

¹⁸ *This is based on all in-country staff across all countries of operations. On some particular occasions the Acumen staff have used their discretion to divide 'Approx number of in-country staff (across all countries of operation)' by the 'number of other countries of operation', when this has occurred it has been highlighted in the 'Calculation Notes' column.*

Table 1: EARF Financing Requests, Disaggregated by Loan Size

Requests by volume	
Share of requests less than or equal to \$50k	34%
Share of requests more than \$50k and less than or equal to \$100k	22%
Share of requests more than \$100k less than or equal to \$200k	17%
Share of requests more than \$200k	20%
Requests by value	
Total funding request for loans > \$200k	\$119,960,674
Percentage of total requested for loans > \$200k	82.1%
Number of loans requested > \$200k	136
Average loan size for loans > \$200k	\$882,064
Total funding request for loans ≤ \$200k	\$26,139,885
Percentage of total requested for loans ≤ \$200k	17.9%
Number of loans requested ≤ \$200k	373
Avg loan size for loans ≤ \$200k	\$70,080

The above indicative requests were not screened for eligibility nor are they limited to companies operating in NOL countries targeted by this funding proposal, and offer a preliminary sense of the scale of the need for capital in the sector. In regards to the specific scope of this partnership with GCF*:

- **Kenya:** 95 companies have expressed interest for funding from the EARF, for a total amount of \$31,650,280, with company asks ranging from \$8,000 to \$3,000,000. If successful, capital provided by the EARF could possibly maintain service for over 30M customers and could potentially preserve approximately 6,000 jobs in Kenya.
- **Nigeria:** 82 companies expressed interest in funding for a total amount of \$17,644,234.8, with company asks ranging from \$4,992 to \$3,000,000. If successful, capital provided by the EARF could possibly maintain service for over 29M customers and could potentially preserve more than 4,000 jobs in Nigeria.
- **Uganda:** 59 companies expressed interest in funding for a total amount of \$9,929,820, with company asks ranging from \$4,800 to \$1.1M. If successful, capital provided by the EARF could

possibly maintain service for over 18M customers and could potentially preserve 3,085 jobs in Uganda.

- **DRC:** 9 companies expressed interest in funding for a total amount of \$2,160,000, with company asks ranging from \$20,000 to \$1.1M. If successful, capital provided by the EARF could possibly maintain service for over 1 million customers and could potentially preserve approximately 1,000 jobs in DRC.
- **Sierra Leone:** 15 companies expressed interest in funding for a total amount of \$ 3,793,424, with company asks ranging from \$12,000 to \$1M. If successful, capital provided by the EARF could possibly maintain service for over 800,000 customers and could potentially preserve approximately 1,600 jobs in Sierra Leone.
- **Senegal:** 11 companies expressed interest in funding for a total amount of \$ 3,336,000, with company asks ranging from \$20,000 to \$1.9M. If successful, capital provided by the EARF could possibly maintain service for over 1M customers and could potentially preserve approximately 850 jobs in Senegal.
- **Mozambique:** 4 companies expressed interest in funding for a total amount of \$4,130,000, with company asks ranging from \$30,000 to \$3M. If successful, capital provided by the EARF could possibly maintain service for over 530,000 customers and could potentially preserve approximately 1,500 jobs in Mozambique.
- **Rwanda:** 18 companies expressed interest in funding for a total amount of \$ 3,865,200, with company asks ranging from \$8,000 to \$1M. If successful, capital provided by the EARF could possibly maintain service for over 1.5M customers and could potentially preserve approximately 1,650 jobs in Rwanda.
- **Zambia:** 15 companies expressed interest in funding for a total amount of \$ 3,025,200, with company asks ranging from \$40,000 to \$600,000. If successful, capital provided by the EARF could possibly maintain service for over 2.4M customers and could potentially preserve approximately 1,060 jobs in Zambia.

**The actual deployment by the EARF may vary, when updated requests are made and the requests are vetted for eligibility and documentation; we use this information to make assumptions indicatively about the potential scope and impact of funding. In addition, these expressions of interest are merely indicative; additional companies that did not fill out an expression of interest could still apply funding in the future and other companies may no longer require or be eligible for funding.*

Country	Count of Companies*	Staff Per Country	Customers per Country	Amount Requested	% of Total Requested	% of NOL Amount Requested
Kenya	95	5,921	30,105,900	\$ 31,650,280	21.66%	39.795%
Nigeria	82	4,030	29,175,072	\$ 17,644,235	12.08%	22.184%
Uganda	59	3,085	18,368,599	\$ 9,929,820	6.80%	12.485%
Mozambique	4	1,525	533,167	\$ 4,130,000	2.83%	5.193%
Rwanda	18	1,666	1,571,885	\$ 3,865,200	2.65%	4.860%
Sierra Leone	15	1,592	803,649	\$ 3,793,424	2.60%	4.770%
Senegal	11	854	1,047,735	\$ 3,336,000	2.28%	4.194%
Zambia	15	1,064	2,458,673	\$ 3,025,200	2.07%	3.804%
Congo DR	9	997	1,027,480	\$ 2,160,000	1.48%	2.716%
NOL Total	308	20,734	85,092,159	\$ 79,534,158.80	54%	100%
Non NOL Total	272	18,203	152,001,389	\$ 66,566,400.00	46%	
Totals	580	38,937	237,093,548	\$ 146,100,558.80	100%	

* For this analysis, we have counted every local affiliate of multi-national companies as a distinct company, hence the discrepancy with the FP.

The loans requested here are equivalent to the staffing costs of each company for a period of 12 months, buying them vital time to recoup, recover, and regain their growth momentum. Without this capital, many of these companies will not make it through the pandemic. If we lose just 20% of the companies due to financial collapse, we face a threat of leaving millions of people without off-grid access if these companies working on the front line of energy access and climate change do not survive.

As a result, the target for the overall EARF fund is to raise sufficient funding to offer immediate short-term financial support to off-grid energy companies and protect a significant share of the progress already made towards fighting climate change. Should demand in NOL countries meet or exceed the indicative requests, borrowers meet eligibility requirements, and to the extent it is in the best interests of the EARF to fund loans to NOL countries, if fundraising is successful, it is possible that US \$60 million could be allocated to providing loans to companies operating in NOL countries, including GCF's investment of US \$30 million.

Related Projects and Interventions

Although the EARF will have a crucial role to protect the sustainability of the off-grid energy sector, a range of additional financial support mechanisms will still be required to protect the essential services that the sector delivers to low-income communities over the next weeks, months and years. In particular, micro-loan and grant support mechanisms will be needed to help Micro and Small Enterprises (MSMEs) for which the relief fund is not the right solution. These smaller and locally-owned companies also play a crucial role in expanding energy access to underserved regions and countries. In consequence, industry associations such as GOGLA, the Clean Cooking Alliance and AMDA, among others, continue to work with other sector stakeholders to raise a fully-grant funded facility of US\$ 35 million for very small companies to access grants.¹⁹ The EARF hopes to work collaboratively with this initiative, since they serve complementary objectives of supporting companies, though using different financial instruments to support companies at different stages of maturity. Companies that are selected are expected to be screened against a set of eligibility criteria.

B.2. Theory of change (max. 1000 words, approximately 2 pages plus diagram)

Describe the theory of change and provide information on how it serves to shift the development pathway towards a low-emission and/or climate resilient direction. Provide the diagram of the theory of change (approximately 1 page).

The theory of change should include any barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc., as relevant) that need to be addressed. Use a results chain of inputs, activities, outputs, outcomes, and impact statements, and identify the how and why of causal relations to deliver the project's expected results.

Theory of Change

The EARF, with participation from Climate CV, an intermediary to be capitalized by GCF, is intended to provide previously viable energy access companies in Sub-Saharan Africa with emergency liquidity to help them to weather the crisis caused by the pandemic, stay in business, and be positioned to drive the post-COVID-19 recovery. The previously mentioned EnDev survey stated that due to the Covid-19 impact, 82% of energy access companies in this region were struggling with limited reserves and 29% had already ceased operations, including mid-sized and larger firms. Therefore, it is assumed that if these companies receive concessional financial relief in the form of unsecured loans, grants or other financing mechanisms, they will be able to continue selling their off-grid solar energy products to 2.97M low income and rural homes and businesses and 16.3 million additional people will have access to renewable energy. This expansion of clean energies over fossil fuels to access electricity is expected to bring a continued reduction in GHG emissions of 1.33 million metric tonnes of carbon dioxide equivalent (tCO₂e) during the programme lifetime of 6 years. Furthermore, financing energy access companies could reduce C-19's impact on downshifting the momentum towards GHG emissions reduction instead of allowing C-

¹⁹ <https://www.energyaccessrelief.org/#response-link>

19 to stall or even worse, reverse momentum. Lastly, as a co-benefit, indicative financing requests suggest that companies could retain at least 10,000 qualified jobs in a sector that is crucial for climate change adaptation in Sub-Saharan Africa.

Without the EARF, it is expected that if the current crisis caused by C-19 continues, many energy access companies risk shutting down due to loss of revenue and ability to serve customers, forcing customers to switch back to using diesel, petrol or kerosene to light their homes and power their businesses. This could lead to an increase in GHG emissions, damage the long-term potential of the sector to drive sustainable growth, and create immediate negative health impacts for current off-grid customers. Additionally, thousands of clean energy jobs would be lost due to the financial stress of these companies.

The EARF Theory of Change



Barriers addressed

The EARF aims to address two main barriers: (1) lack of liquidity of off-grid solar companies due to a reduction of the purchasing power of their customers in the context of C-19, and (2) lack of investors or debt lenders willing to take risk and offer relief support to the energy access sector under these unprecedented circumstances.

Access to investment capital to stabilize businesses continues to shrink in the midst of C-19. Most investors are retreating to focus efforts exclusively on existing portfolios, without making new investments. Debt lenders are hesitant to issue new loans, and those being issued are denominated in hard currency and priced at approximately 9-12% interest. Investors surveyed by GOGLA predicted less

funding available for new investments, slower operations for existing funds, reduced revenues, transaction delays, and reduced risk appetites if the situation does not improve.

The relief and recovery loans disbursed by the EARF are meant to be priced at a rate low enough for companies that need them to survive and preserve jobs while not being overburdened by repayments. However, the fact that the financing is still returnable capital and comes at a cost ought to provide a disincentive for companies to apply for loans that they do not need.

Some have asked if these loans will compete with current energy access debt funds on the market. These current facilities have shorter tenors and higher interest rates, which are appropriate under normal market conditions. For companies that are showing strong resiliency in light of the pandemic, these companies can and should continue accessing debt to fuel growth, expansion, inventory, and working capital, when appropriate. EARF funds, on the other hand, are short term liquidity loans that are expressly designed not to compete with those facilities. The tenor on EARF loans is expected generally to be 4 years or less to accommodate recovery and the interest rate is intentionally low to help relieve repayment pressures given customer sales and repayments are depressed. The Energy Access Action Network has already reached out to debt investors to the sector, many of whom have rescheduled their loans to companies during the crisis (see Annex 7). By offering liquidity as a stop gap to energy access companies with demonstrated liquidity needs, other market priced facilities are more likely to continue to have companies to lend to in the recovery.

We are not aware of any government relief programs that exist in the key operating markets this fund is attempting to support. Therefore, the EARF is aiming to continue supporting the work that this growing sector has achieved regarding climate change mitigation, ensuring that GHG emissions continue to be reduced despite the pandemic. Moreover, the EARF aims to preserve local clean jobs that if lost could also have a negative long-term impact on the achievements these companies have reached regarding climate action. During lockdown scenarios, jobs are threatened to be terminated, and this fund will preserve 80% of those jobs for successful applicants.

Meanwhile, the demand for solar products and services, which may be deemed 'essential services' in some African markets under new COVID regulations, has increased. Many people have moved from urban areas back to rural areas where their families are located, driving up demand for basic electricity. In Uganda, for example, 15 million children are currently out of school due to the government lockdown²⁰, which is also driving demand for electricity as they are in households. Further, with utilities facing uncertain financial futures, off-grid solar has been viewed by customers as a good source of redundancy in case the lights go out. As a result, it is crucial that off-grid solar companies continue to operate and serve these new customers so that they do not resort to other carbon-intensive alternatives.

The project is high risk and various factors could contribute to its success or failure, and we make no assurances that the theory of change may be achieved.

B.3. Project/programme description (max. 2000 words, approximately 4 pages)

²⁰ UNICEF. "In education, now is the time to 'build back better'". May 26, 2020.
<https://www.unicef.org/uganda/press-releases/education-now-time-build-back-better>

Define the project/programme. Describe the proposed set of components, outputs and activities that lead to the expected Fund-level impact and outcome results. Components should reflect the project/programme level outcomes.

This should be consistent with the financing by component in section C.2, the results and performance indicators provided in section E.5, and the implementation timetable in annex 5.

Energy Access Relief Facility

The COVID Energy Access Relief Facility (EARF) is a sector-wide response to the global COVID-19 pandemic and its resultant economic downturn. The EARF's goal is to provide liquidity to energy access companies that are attempting to endure and recover from the health and economic crises that have afflicted rich and poor countries alike. To achieve that goal, the EARF intends to issue concessional loans, to energy access companies that are both:

- ❖ Combating climate change, either through enabling low-income households to mitigate emissions by switching to cleaner energy sources, or by helping low-income households adapt to new demands on their fuel consumption, agricultural practices, and/or productivity.
- ❖ Demonstrating a clear need for liquidity support caused by the COVID-19 crisis

This financing is intended to provide companies with the necessary liquidity to continue their operations and retain their staff, the flexibility needed to continue operations, and the ability to maintain their supply chain and inventory so they can grow post-crisis. Over 500 companies have now expressed interest in benefiting from the fund, demonstrating significant indicative need.

Eligible companies are expected to apply through the EARF website and meet the fund's eligibility criteria. Please see Schedule 1 of the Term Sheet on 'Key terms of the Loans' for finalized eligibility criteria.

Any company can apply that meets these criteria and is operating in the member countries of the International Bank for Reconstruction and Development (IBRD) in Africa and Asia. As of July 8, 2020, the majority of indicative requests (~74%) came from African companies. The focus of EARF will be on Sub-Saharan Africa and Asia, with GCF participation limited to 9 countries in Africa to the extent they have provided letters of no objection. There may be additional regional carve-outs from other contributing entities in the EARF that have geographic restrictions on the use of proceeds.

EARF Structure and Support

The EARF is born from the collaboration of major donors and investors in the energy access sector, which formed the **COVID Energy Access Action Network** and its **Steering Committee** to catalyze action in the face of the obvious threat to company operations posed by the pandemic. The EARF is expected to be a Dutch B.V., owned by a Dutch foundation. It will be governed by a Board of Directors, Advisory Board consisting of EARF investors who opt to be a member (including Acumen as an observer), the Facility Manager (SIMA), and an Investment Committee to make lending decisions.

GCF's investment is expected to be provided through an Intermediary, Climate CV, which will be a Dutch limited partnership (commanditaire vennootschap). GCF will be a Limited Partner (LP) in Climate CV, which will enter into a Master Participation Agreement with the EARF. Climate CV participations will only be on loans to countries where NOLs have been obtained. This structure has been created to facilitate the ringfencing of GCF proceeds for providing loans to borrowers operating in countries in which NOLs have been obtained, as the EARF may have a larger geographic target. Acumen will be the accredited entity, and will also invest directly into the EARF. SIMA will act as the General Partner (GP) in Climate CV. The final structure will be set out in the eventual Term Sheet.

Final investment decisions and the decision to act on overdue payments will be made by an Investment Committee (the IC).

SIMA, the Facility Manager, is an experienced and reputable fund manager that currently manages one of the largest funds in the off-grid sector and has deployed more than USD 95 million into energy access, largely in sub-Saharan Africa. SIMA will be responsible for the full facility management:

Fund management

- Structuring and launch of the fund
- Regulatory and all other aspects of fund entity
- Manage liquidity of the fund
- Repayments to investors
- Fund liquidation

Investor relations

- Investor outreach and fundraising (with support from Advisory Committee)
- Investor onboarding
- Investor reporting (semi-annually)

Investment process

- Receive applications / sourcing
- Check against eligibility criteria
- Screening applications
- KYC data collection
- IC decision preparation / Investment proposal
- Secondary review / portfolio construction
- Consolidation IC decisions
- Execute instructions received from IC
- Draft loan agreements
- KYC validation
- Loan disbursement
- Send payment notifications
- Collect interest and repayments

Monitoring & risk management

- Monitor cash flows from investee companies
- Credit and impact monitoring of investee companies (KPIs, covenants)
- Escalation to IC
- Valuation of positions / provisions (quarterly)

Restructuring & workouts

- Negotiate restructuring

At scale, the EARF is expected to fund a significant number of companies in NOL countries. Indicative downstream loan terms for the loans can be found in Schedule 1 (“downstream loan terms”) of the Term Sheet.

EARF will distribute returned capital and certain profits to noteholders, after EARF expenses, fees and reserves. EARF will distribute returned capital and certain profits to Climate CV with respect to its participation in loans to borrowers operating in NOL countries, less certain fees and expenses, and Climate CV will then distribute returned capital and certain profits to its LP (GCF) after fees, expenses and reserves.

The structure of the EARF and Climate CV and terms of funding to and by such entities is subject all respects to the definitive agreements and disclosure for the EARF and Climate CV. The final structure and terms will be set out in the eventual Term Sheet.

For a brief background on certain stakeholders in the EARF:

- ❖ **Acumen** is a pioneer non-profit impact investment fund with almost 20 years’ experience in small and medium-sized enterprises that serve low-income communities in developing countries across South Asia, Sub-Saharan Africa, and Latin America. Acumen invests “Patient Capital” in early-stage companies across

critical sectors such as agriculture, education, energy, financial inclusion, and affordable healthcare. Acumen has significant experience of creating innovative investment funds in partnership with the GCF i.e. Kawisafi Ventures which is an investment fund focused on creating energy access in East Africa and ARAF which is the climate resilience focused agriculture investment fund in East and West Africa. Acumen is the accredited entity, and will be responsible for assisting in the monitoring and evaluation phases of the EARF, including in administering the GCF investment.

- ❖ **Social Investment Managers and Advisors, LLC (SIMA)** is a new generation of fund manager with a focus on innovative investment structuring in emerging market impact investments. SIMA invests in companies that align their business and social goals for improving the lives of low-income customers. SIMA's principals have invested over USD. 2.3 billion in impact investments in more than 50 countries and 18 funds, covering more than 200 relationships. SIMA has a team of 20 people spanning across US, Kenya, Pakistan and India. Currently, SIMA has two active funds in the sector. As part of Fund I, SIMA has disbursed funds across the off-grid solar value chain including manufacturers, distributors, financiers and vertically integrated companies. SIMA's investments have helped provide direct employment to 36,500 full time and commission-based employees (43% of which are women), and sold 12.65 mm pico and larger solar home systems. SIMA also has a track record of field building which includes structuring tripartite financing for locally-owned off-grid solar distributors where manufacturers also put "skin in the game", pioneering Islamic financing in the sector, and creating the off-grid solar sector's first Code of Conduct which has now developed into the industry standard. SIMA is the EARF Facility Manager and will manage the operations of the fund, investor relations, the investment process and monitoring, including workouts, and manage the fund administration (in partnership with a dedicated Fund Admin provider).

SIMA, the Facility Manager, was chosen through a clear and transparent process by the Steering Committee of the investor coalition.

EARF Components, Activities, Target Deliverables, Outputs, and Outcomes at Scale

Component #1: Disburse concessional loans to energy access companies who are helping to mitigate climate change and have a demonstrated need for liquidity support.

Impact 1 – 1.33 million metric tonnes of carbon dioxide equivalent (tCO₂e) are reduced or avoided through safeguarded sales of renewable energy and emission-reducing products over the lifetime of the programme.

Impact 2 - 11,700 local green jobs (of which at least 3,150 are held by women) are maintained and continue to enable climate mitigation and energy access activities in rural markets.

Impact 3 – 16.3 million beneficiaries spanning households, businesses and vital national and community infrastructure benefit from clean energy access and the myriad co-benefits it brings.

Impact 4 - 24.5 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support

- **Output 1.1** Energy companies have sufficient liquidity to retain staff and maintain growth, providing access to clean energy technology to new households
 - **Outcomes**
 - **Outcome 1.1.1** – 60% of companies receiving EARF funds report that they have reached pre-crisis sales levels as a result of EARF funding
 - **Outcome 1.1.2** – 18% increase in cumulative # of households reached across EARF portfolio, compared to baseline
 - **Outcome 1.1.3** – 16,340,2435 individuals accessing clean energy through sales or service from a EARF beneficiary company
 - **Activities**

- Activity 1.1.1 Establishment of the EARF. Acumen and other senior investors, as well as EE, to fund and secure a first close of EARF
 - ◆ Sub-activities
 - Landscaping
 - Fundraising and closing
 - Reporting
 - ◆ Deliverable(s)
 - Analyzed and segmented data on need for concessional financing, disaggregated by country and company type.
 - Indicative term sheet with EARF investors.
 - EARF achieves first closing.
- Activity 1.1.2 Establishment, Management and Termination of Climate CV. A separate financing vehicle for GCF, Climate CV, is set up, managed and terminated by SIMA
 - ◆ Sub-activities
 - Climate CV establishment
 - Climate CV management
 - Climate CV termination
 - Reporting
 - ◆ Deliverables
 - Climate CV is formed, GCF subscription completed and participation agreement with EARF finalized
 - Legal documents related to Climate CV establishment
 - Annual reports
 - Performance reports
 - Evaluation reports
- Activity 1.1.3 Management of the sub-participation. Applicant eligibility is checked and verified by SIMA before submitting to EARF's Investment Committee, loans are disbursed, borrowers are monitored, interest and principal is collected, companies are engaged for evaluation and influence.
 - ◆ Sub-Activities
 - Screening
 - Approval and Disbursement
 - Collections
 - Monitoring of the loans and impacts
 - Reporting
 - Influence
 - ◆ Deliverables
 - Applications processed for eligibility
 - Applications processed for submission to IC.
 - Annual reports.
 - Semi-annual reports.
 - Midpoint and end of project evaluation
 - Interest income and capital returned to investors
 - Delinquencies and/or defaults resolved expeditiously and as advantageously as possible.
 - Fully-disbursed fund.
 - Portfolio of companies who have received concessional finance.
 - 100% of companies receive information on public health needs, flexible work policies, and customer support options

- Mid-line and end-line reports on actions taken by companies to support staff, customers, and/or communities

Component #2: Monitor the financial and operational status of companies that have received concessional finance, quantifying the impact that EARF funds have had on staffing levels, sales, and climate change mitigation. Facilitate knowledge exchange between companies to encourage the adoption of best practices or catalyze sector-wide responses to systemic business issues.*

Impact 5 - A cumulative 500 sector experts (including company, investor, and donor staff) receive EARF-specific insights into best practices, coping mechanisms, and guidance for future crises.

Impact 6 - Demonstration of coordinated sector-wide effort to swiftly respond to crisis, proving ability to collaborate across governments, organizations, and capital providers to solve global problems together (i.e. useful proof point for climate change action in the future).

- ❖ **Output 2.1** Lessons learned throughout the crisis and the relief process, from both the EARF partners and funded companies, are disseminated to the benefit of the wider energy access sector.
 - **Outcomes**
 - **Outcome 2.1.1** - 500 sector experts influenced by insights and knowledge outputs related to EARF
 - **Outcome 2.1.2** - 80% of recipient companies have gained market or business insights from an EARF-led convening
 - **Outcome 2.1.3** - 40 energy access companies which are NOT receiving EARF funding who gain material insight into business continuity practices or other improved operational strategies
 - **Activities**
 - There are no activities directly related to the GCF's investment as part of this output.
- ❖ **Output 2.2** Energy access sector demonstrates clear ability to organize and collaborate in order to overcome sector-wide threats such as the COVID-19 pandemic
 - **Outcomes**
 - **Outcome 2.2.1** - 120 organizations represented in EARF-related strategy sessions and/or working groups
 - **Activities**
 - There are no activities directly related to the GCF's investment as part of this output.

Following the initial disbursements, the EARF intends to reserve an adequate liquidity level.

Referring to the feasibility study, describe why this set of interventions was selected instead of alternative solutions and how the project/programme can help unlock the needed support in a sustainable manner. Also identify trade-offs of the selected interventions, if applicable.

Acumen and other interested parties explored a number of alternative solutions, particularly grant financing and commercially-priced debt. However it was determined that neither approach could hope to attract sufficient amounts of capital to meet demand without imposing unsustainable levels of debt service upon early-stage energy companies.

For Enhanced Direct Access (EDA) proposals and projects/programmes with financial intermediation (loans or on-granting), describe the selection criteria of the sub-project and types.

* Component 2 may be integrated into Component 1.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

Provide a description of the project/programme implementation structure, outlining legal, contractual, institutional and financial arrangements from and between the GCF, the Accredited Entity (AE) and/or the Executing Entity(ies) (EE) or any third parties (if applicable) and beneficiaries.

- *Provide information on governance arrangements (supervisory boards, consultative groups among others) set to oversee and guide project implementation. Provide a composition of the decision-making body and oversight function, particularly for Enhanced Direct Access (EDA) proposals.*
- *Provide information on the financial flows and implementation arrangements (legal and contractual) between the AE and the EE, between the EE or any third party and beneficiaries. For EEs that will administer GCF funds, indicate if a Capacity Assessment has been carried out. Where applicable, summarize the results of the assessment.*
- *Describe the experience and track record of the AE and EEs with respect to the activities (sector and country/region) that they are expected to undertake in the proposed project/programme.*

Provide a diagram(s) or organogram(s) that maps such arrangements including the governance structure, legal arrangements, and the flow and reflow of funds between entities.

The following section contains indicative descriptions of the EARF and Climate CV, including their legal structures, corporate governance, activities, and contractual relationships. The descriptions in this section are subject to and qualified in their entirety by the final Term Sheet and prospectus of EARF, Master Participation Agreement between EARF and Climate CV, and governing documents of EARF and Climate CV.

EARF Structure

- The EARF is intended to mobilize capital to achieve maximum liquidity support while maintaining a focus on capital preservation.
- Although the total facility may reach its target or higher, the relevant size for this proposal is expected to be US\$60 million, inclusive of the US\$30 million in funding from GCF, which is intended for investment and project management costs.
 - Approximately US\$30 million of funding in the EARF facility is intended to be allocated towards loans to companies operating in NOL countries, which the GCF facility is meant to participate in equally. Hence the overall size of the programme for the NOL countries is intended to be approximately US\$60 million, with an estimated mitigation impact at that scale of 1.33m tCO_{2e} avoided.
 - The funding totals in this section are indicative and reflect funding still under discussion. As such, the cofinanced amount is subject to change.
- The **EARF facility** will be formed as a Dutch private limited company, or BV. Its sole shareholder will be a Dutch foundation to ensure the fund meets its social objectives.

GCF Structure:

- **GCF will subscribe for limited partnership interests in a Dutch limited partnership (commanditaire vennootschap), referred to herein as Climate CV. Climate CV will enter into a master participation agreement with EARF to participate in loans to eligible borrowers operating in countries where Acumen has obtained a NOL.** Participated loans will be held in name of EARF as lender.
- There is a possibility that EARF will commit and disburse loans to companies in NOL countries, before GCF's investment closes. In such cases, EARF may sell a participation to Climate CV (i.e., the intermediary entity) over such pre-existing loans. In case that GCF Proceeds will be used to retroactively finance pre-existing loans, such loans will be evaluated to ensure their compliance with all the GCF requirements (i.e. eligibility criteria, key commercial terms, as well as applicable ESS and AML/CFT requirements). SIMA will confirm and represent that the loans are compliant with the above requirements.

Aspirational US\$100 million Scenario:

The EARF has a broader geographic restriction than the countries in which we have obtained NOLs. As such, while the EARF partners have aspirations to bring total project funding up to a target US\$100 million, for purposes of this proposal, indicative cofinancing is limited to funding that has the same geographic use of proceeds restrictions as the GCF funding, i.e., up to \$30M. With a commitment from GCF, the EARF is hopeful that it may be able to unlock additional investment.

Climate CV Legal Structure and Governance

The Climate CV, a Dutch-based entity (*commanditaire vennootschap*), will be set up to ringfence GCF's capital for NOL countries. SIMA will be the General Partner (*commanditaire vennoot*) who will manage and operate the entity, and GCF will be the Limited Partner (*stille vennoot*). SIMA as GP will have fiduciary obligations to the Climate CV. Decision-making parameters and purpose will be enshrined in the operating/partnership agreement of Climate CV, which will be a binding document. Only the General partner is liable towards third parties (please note that the Limited partner cannot represent the CV, otherwise it might become liable to third parties). EARF will be the lender of record for the loans in which Climate CV participates. Climate CV will flow money to EARF to invest in qualifying loans, and EARF will flow repayments and certain interest back to Climate CV, under the terms of a Master Participation Agreement, all in USD. Climate CV will also be meant to comply with the eventual Funded Activity Agreement. Climate CV and EARF are participating in the same loans with a similar rate structure, meaning their investments are intended to earn similar returns net of fees, be *pari passu* in terms of seniority and share any profits and losses proportionally.

How Acumen will Restrict changes in the Investment Strategy of EARF

The Investment strategy will be enshrined in the prospectus, which binds EARF with respect to the Noteholders holding instruments issued by EARF. The master Participation Agreement between Climate CV and EARF will reflect provisions relevant to the participation (eg, investment strategy, eligibility criteria, limitation of investments to NOL countries) and other requirements of GCF in relation to the participation in the loans; these requirements will not be able to be changed without the consent of GCF (to be reflected in the CV agreement) or Acumen (to be reflected in the subsidiary agreement), and/or through Acumen's seat in the Advisory Board of the EARF.

The Master Participation Agreement will reference and bind EARF/SIMA to the investment strategy, eligibility criteria, loan terms, processes, NOL country loan requirements, and other key terms of the participation, and is intended to work somewhat automatically, and SIMA will be bound not to deviate. It is intended that the terms of the loans provided by the EARF are (except for the NOL requirement) aligned with the terms and conditions to participate in EARF loans pursuant to the Master Participation Agreement. Further, Acumen is expected to be a third party beneficiary under the participation agreement with rights to enforce its provisions through Climate CV as the participant and party to the participation agreement. Acumen will receive notice and accounting of activity under the participation, and will also obtain IC memoranda to confirm eligibility criteria is met through its observer seat on the IC.

Acumen will enter into a subsidiary agreement with SIMA as Facility Manager of the EARF, which will pass through the rights and requirements of GCF and will reference and bind to the investment strategy, and contain removal rights for the manager and similar rights as those attached to the Notes (to the extent relevant for GCF). Enforcement of the rights contained in the subsidiary agreement will occur via a combination of Acumen bringing certain decisions to GCF, and/or the decision requiring the approval of the advisory board (and GCF will be offered a seat on and if so sitting be required as a needed vote for an action).

For purposes of clarification, Acumen will not be the manager of EARF or Climate CV nor make decisions per se in lieu of the manager's judgement other than enforcing the robust contractual arrangements described above.

This description is subject to and qualified in its entirety by the final prospectus, Subsidiary Agreement, Master Participation Agreement, and other relevant documentation.

Managing Potential Conflicts of Interest

A potential conflict of interest could arise if there is a dispute between EARF and Climate CV under the participation agreement, as SIMA would have an interest in both sides. However, this is highly unlikely to

manifest, as Climate CV is set up to accommodate a ringfence for GCF, rather than because different governance or objectives are desired. Another potential conflict of interest would be if EARF desires to lend to borrowers in which other funds under its management are invested; this would be a disclosable conflict at the IC.

If either type of potential conflict of interest should arise, it would be reviewed and decided by the advisory board, on which GCF would be offered a seat and Acumen would have an observer seat.

EARF Legal Structure and Governance

The EARF will be a Dutch private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands. The EARF is held by the Stichting Impact Investment Foundation. The EARF is governed by a Board of Directors made up of one SIMA representative and one Dutch Resident who is also an expert in the off-grid solar sector. The Advisory Board is made up of all key investors of the EARF (including an Observer from Acumen, the AE) and have instruction rights to the Board of Directors.

Governing Bodies

Advisory Board

The Advisory Board shall have instruction rights in regard to the Board of Directors.

The initial members of the Advisory Board are expected to consist of investors that have each made a certain Commitment to the Facility.

Advisory Board Meeting: Each Advisory Board seat grants the right to one vote at every general meeting of Advisory Board. Meetings of Advisory Board of the Facility may be held at such places and times specified in their respective convening notices.

Board of Directors

The EARF will be overseen by its Board of Directors (the Board).

The Board has responsibility for overseeing the management of the Facility in accordance with the Private Placement Memorandum and the Articles, laws and other relevant legal requirements. The Board is responsible for overseeing all investment management, portfolio management, administration and marketing functions related to the EARF are conducted appropriately. The Board will inter alia implement the investment objective and policy of the EARF, subject to the risk diversification rules and investment restrictions set out in the Private Placement Memorandum.

The Board of Directors is also responsible for selecting the KYC, Administrative and Payment Agent, and other such agents as are appropriate.

Members of the Board of Directors shall be indemnified by the EARF except in the event of fraudulent acts, willful misconduct, or gross negligence with respect to the business of the EARF. The Board of Directors is expected to consist of one representative of SIMA and one Dutch resident.

The Board of Directors of the EARF shall approve the Investment Committee after consideration of the recommendation of the Manager.

The Board shall have the controlling vote to the extent that the Investment Committee reaches a tied decision in respect of any matter within the remit of the Investment Committee.

Conflicts of Interest: Any Conflict of Interest identified will be escalated to the Advisory Board.

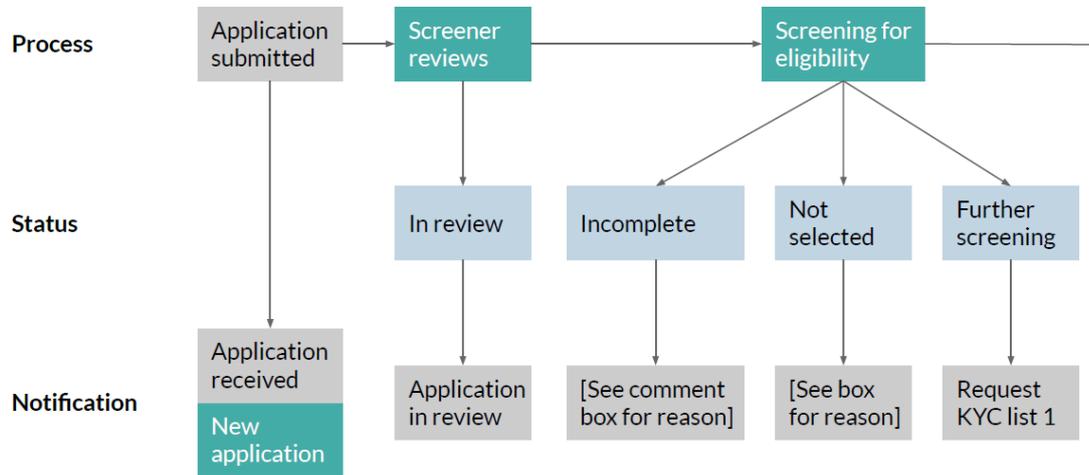
Investment Committee: The EARF will have an Investment Committee (the IC) consisting of representative(s) of the EARF Manager, representative(s) of energy access market experts, and/or representative(s) of Investors. The

EARF Manager representative will chair the IC. The Investment Committee is expected to include expert members and meet at least every 4 weeks.

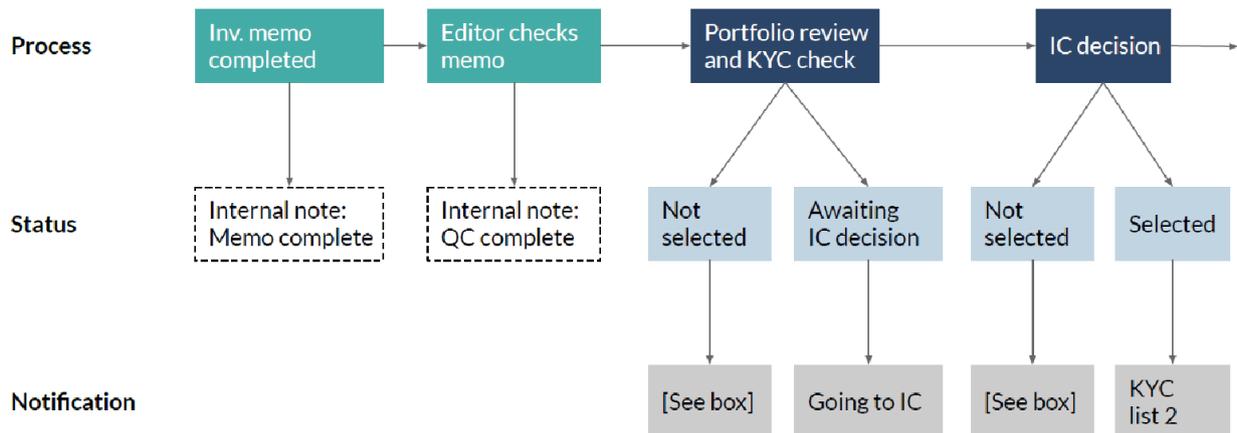
Operational Processes:

The following process flow diagrams are indicative of the potential EARF procedure, but subject to change by the eventual facility manager.

Process flow diagram #1 – Screening Process

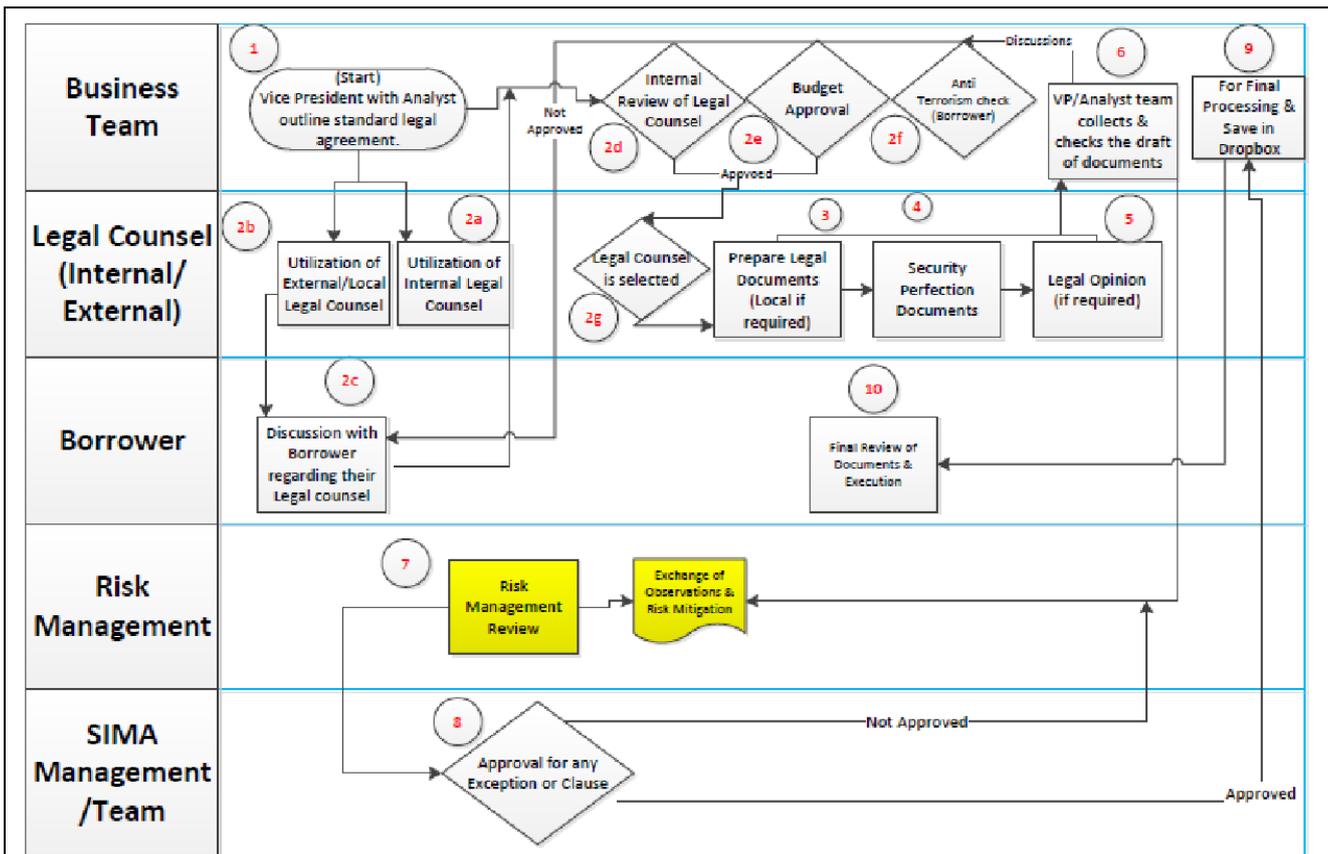


Process flow diagram #2 – Underwriting Process

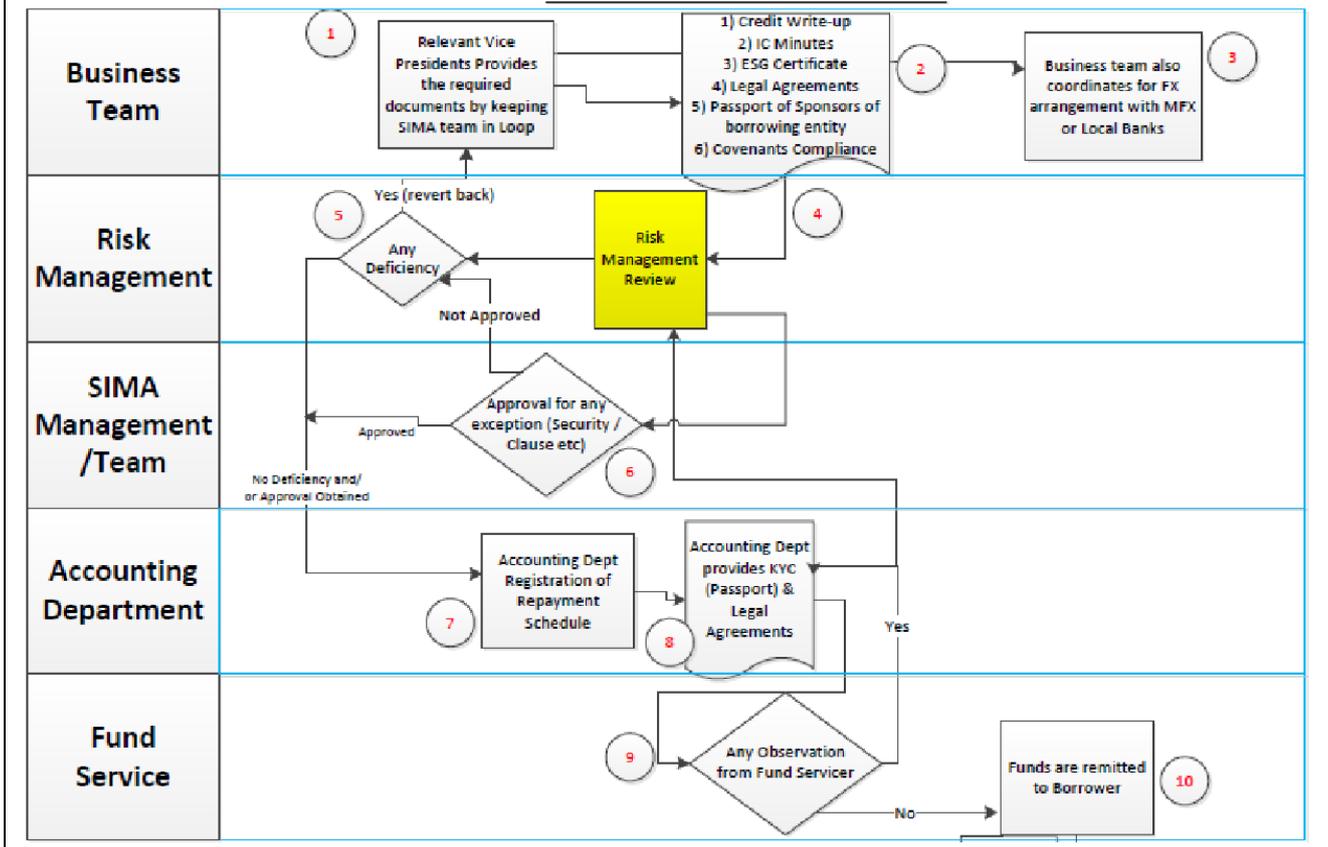


See Section G.3 for further detail on underwriting.

Process flow diagram #3 – Legal Closing

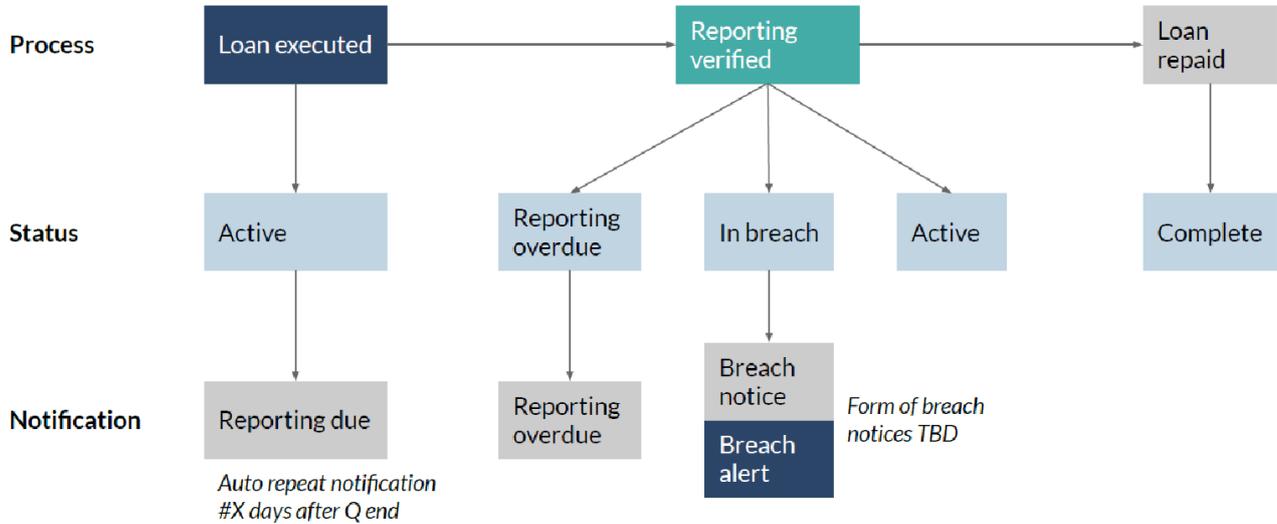


Process flow diagram #4 - Loan Disbursement



In the case that the EARF closes on loans before the GCF/Climate CV funding comes in, any loan intended for Climate CV participation must comply with the eligibility and other requirements of the Master Participation Agreement.

Process flow diagram #5 - Monitoring & Reporting



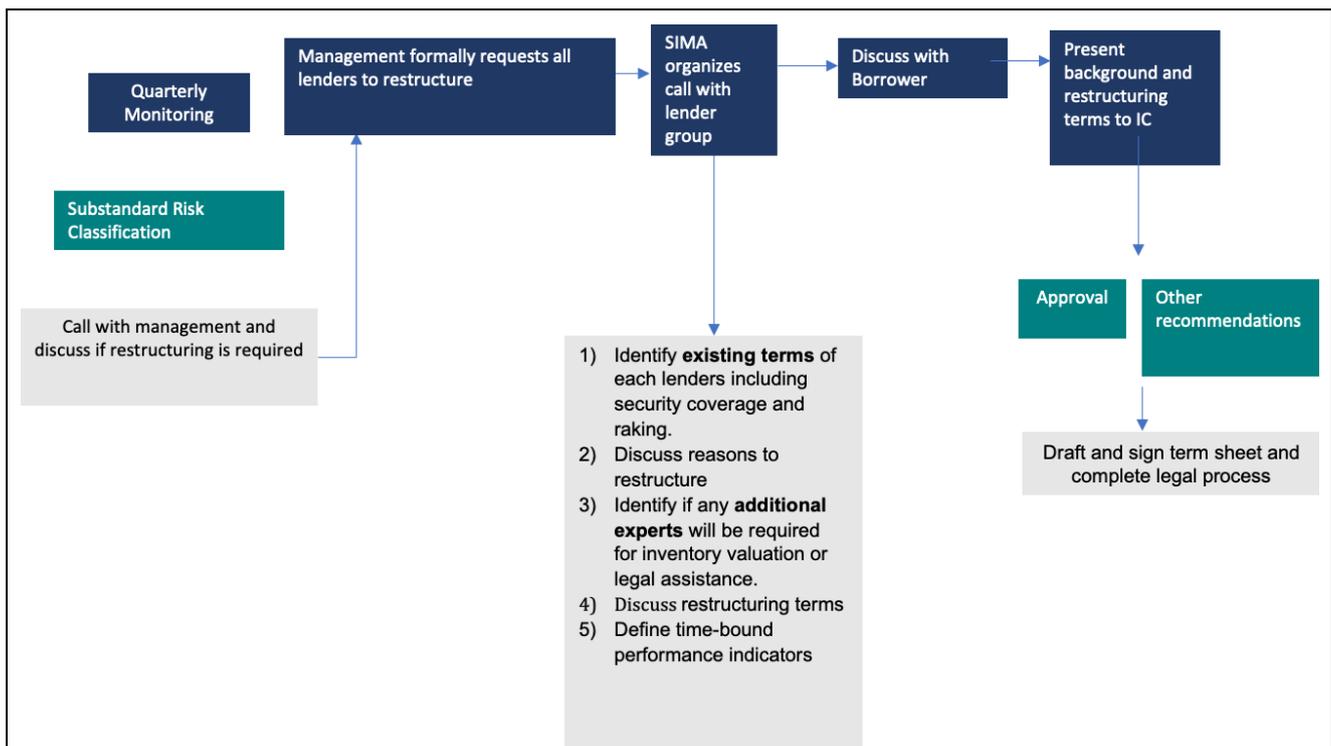
Post Disbursement Monitoring (further detail)

The collections for the EARF will be made through the following procedure:

- For all the borrowers, at the time of initiation of the loan, repayment schedules will define the dates and amounts of payment that must be repaid by the borrowers.
- On the due date, the EARF Manager will check the payments received from borrowers. Reminder email is sent to the borrowers from whom the payment has not been received.
- The collections are continuously monitored until all payments have been received.
- Post Disbursement Monitoring of Covenants, Repayments and Financial covenants by Business, Risk Manager and SIMA management.
- Provisioning / Impairment approval by Investment Committee.

Restructuring of Loan (if needed)

Each loan will be reviewed on a regular basis and if a loan is not performing as per the standards of underwriting criteria and there are signs of weak loans.



In addition, SIMA has submitted its Environmental and Social Management System (ESMS) for the EARF as Annex 6 for review.

Experience and Track Record

- AE (Acumen)

Acumen is a pioneer non-profit impact investment fund with almost 15 years' experience in small and medium-sized enterprises that serve low-income communities in developing countries across South Asia, Sub-Saharan Africa, and Latin America. Acumen invests "Patient Capital" in early-stage companies across critical sectors such as agriculture, education, energy, financial inclusion, and affordable healthcare. Acumen has significant experience of creating innovative investment funds in partnership with the GCF i.e. Kawisafi Ventures which is an investment fund focused on creating energy access in East Africa and ARAF which is the climate resilience focused agriculture investment fund in East and West Africa.

Executing Entities

SIMA

SIMA principals are some of the longest serving fund managers who were first in attracting private sector institutional investors to microfinance sector. Our team has a combined more than 100 years of finance, leasing and related experience. SIMA's involvement in off-grid solar sector dates back to 2011 when the sector was much younger. Ever since then, SIMA's managers have participated in this sector in various capacities including managing a solar distribution business in Uganda.

SIMA has also developed expertise in restructuring and workouts. In its current portfolio, it has successfully restructured loans of two off-grid solar distributors which have emerged back on track.

Energy Access Relief Fund B.V. (EARF):

The Loan Facility, EARF, will be set up as a Dutch private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands. The EARF is a concessional debt

fund that is intended to provide energy access companies with vital liquidity during this crisis, in the form of low-interest, unsecured subordinated loans.

Climate CV

The Intermediary that will participate in the EARF loans, Climate CV, will be set up as a Dutch limited partnership (commanditaire vennootschap) incorporated under the laws of the Netherlands. SIMA will be the General Partner and GCF will be a Limited Partner. The Climate CV will be set up solely for the purposes of investing in participations of the EARF loans to companies that operate in countries that have submitted letters of no objection. The EARF will be the lender of record for the loans.

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

Explain why the project/programme requires GCF funding, i.e. Why is the project/programme not currently being financed by public and/or private sector? Which market failure is being addressed with GCF funding? Are there any other domestic or international sources of financing?

Explain why the proposed financial instruments were selected in light of the proposed activities and the overall financing package. i.e. What is the coherence between activities financed by grants and those financed by reimbursable funds? How were co-financing amounts and prices determined? How does the concessionality of the GCF financing compare to that of the co-financing? If applicable, provide a short market read on the prevailing of the pricing and/or financial markets for similar projects/programmes.

Justify why the level of concessionality of the GCF financial instrument(s) is the minimum required to make the investment viable. Additionally, how does the financial structure and the proposed pricing fit with the concept of minimum concessionality? Who benefits from concessionality?

In your answer, please consider the risk sharing structure between the public and private sectors, the barriers to investment and the indebtedness of the recipient. Please reference relevant annexes, such as the feasibility study, economic analysis or financial analysis when appropriate.

Why the EARF needs GCF

GCF's involvement in the project is critical. This crisis has struck at a delicate time for the energy access sector, and threatens to undermine progress that GCF and others have worked so hard to build.

Leading companies in this sector have recently begun to attract debt financing on fully commercial or close-to-commercial terms. However, the pandemic has caused local banks to halt any new lending, while significantly reducing the levels of international financing available. Debt investors have been forthright: the crisis has caused a reduction in lendable capital, a slowdown in their ability to process loans, and a reduction in their risk appetite (see Annex). Few new loans are being issued to energy access companies, and those that are being issued are anecdotally priced at or above 12% interest.

At the same time the pandemic and resultant lockdowns have severely impacted low-income households' ability to acquire energy assets or service existing solar and cookstove loans. In Uganda, for example, a June 2020 survey of households that had purchased a PAYGo SHS on credit showed that 95% of households' financial situation had worsened since the start of the pandemic, with 59% saying it had gotten 'much worse'. This has a direct impact on repayment levels: just 29% of respondents were making repayments for their products as they normally would, and only 21% were confident in their ability to make repayments as normal next month.

Without support from the EARF, generally and GCF specifically, a simultaneous reduction in customer repayments and financing flows could be devastating for energy access companies, the majority of whom are not yet financially self-sufficient. Many promising companies may not be able to survive a liquidity crisis. Those that do emerge would face an uncertain, uphill road to recovery, unable to reach pre-crisis sales volumes for a year or more. Even with a rebound in consumer demand, companies may not be able to retain their sales staff or purchase sufficient

inventory, due to a lack of working capital. And investors' risk appetite could be severely curtailed by the collapse of multiple companies.

With the private sector currently unable or unwilling to finance the sector, and a vulnerable customer base struggling to maintain repayment, GCF's support of the EARF is vital to mitigate the effects of the ongoing crisis, but just as important to catalyze the coming recovery. This combination of 'relief now' and 'recovery later' will help companies to not only withstand the crisis, but to regain their momentum quickly upon its cessation.

Why concessional debt?

The EARF will deploy concessional loans. These low-interest, longer-tenor loans, combined with significant subordination in the fund structure, would ensure that:

- A. Companies will not be overburdened by debt service requirements during their recovery;
- B. Investors are able to preserve their capital while achieving significant impact, which means;
- C. The EARF can raise the needed quantum of funding

At this time, sector debt for these target companies needs to be concessional as there is a need to avoid burdening companies that on average may already be overleveraged. It is an issue of pricing and timing. Providing commercial funding in this scenario would require a full commercial analysis and due diligence that might not be provided on the needed timeline and may force firms to take drastic cost cutting measures fast. That said, the full sum of money need not be grants. Such capital would be in very short supply and it would leave no incentives for companies to not take the maximum amount they could get regardless of need. Thus, the proposed terms strike a good balance between additional burden on companies and cost to capital providers. Unsecured junior debt seems best suited to provide additional capital fast with an impact first focus - job security - without putting undue financial stress on the beneficiary which is important in light of high leverage in the sector.

GCF's potential participation in EARF loans through Climate CV will be appropriate to its mission and catalytic for the closing of the fund. Its participation will dramatically increase the funding available to companies in need. GCF's potential investment is expected to provide encouragement to other potential debt lenders for loans made in geographies supported by this proposal. The NOL process demonstrates local buy-in for the investment strategy of EARF.

In a pre-COVID world, there would be legitimate questions raised over the possibility of concessional debt crowding out commercial debt investors. However, given the nature of the crisis and the demonstrated pullback from those same investors, the EARF is one of the vanishingly few sources of potential funding for energy access companies. And the commercially priced debt on offer remains greater than the energy access relief fund at +6-20%, and in some cases even higher, which is not appropriate for relief and recovery funding.

What GCF brings to the EARF

As a well-known, multilateral, climate-focused investor in the facility, GCF would bring immediate focus to the important climate progress, and future progress, that is at stake in this sector. In addition to the direct contribution to the fund, we expect that GCF's investment will yield the following benefits:

- Mobilize inter-governmental support for the implementation of the facility's activities and raise awareness on the importance of the off-grid and energy access sector regarding avoidance of GHG emissions. There is a critical linkage between climate change and energy poverty that can be strengthened through this landmark investment.
- The programme will assure other Project stakeholders when it comes to taking risks in this programme, thus encouraging the participation of other IFIs. This means GCF's capital will be highly catalytic and have a strong signaling effect to capital markets.
- GCF, as one of, if not the only, climate investor in this project, will be providing climate eligibility criteria in the investment, which is a valuable input for this energy relief facility. GCF has already provided valuable input regarding the specific climate requirement that they will use when they screen the requests from SMEs. GCF's influence and support is highly welcomed, as many other DFIs and Foundations seek to invest on the premise of supporting 100% renewably powered energy sources.

B.6. Exit strategy and sustainability (max. 500 words, approximately 1 page)

Explain how the project/programme sustainability (financial, institutional, social, gender equality, environmental) will be ensured in the long run after project closure, including how the project's results and benefits will be sustained.

Include information pertaining to the longer-term ownership, project/programme exit strategy, operations and maintenance of investments (e.g. key infrastructure, assets, contractual arrangements). In case of private sector, please describe the GCF's financial exit strategy through IPOs, trade sales, etc.

Provide information on additional actions to be undertaken by public and private sector or civil society as a consequence of the project/programme implementation for scaling up and continuing best practices.

Sustainability

The Programme's sustainability is embedded in its design:

- (a) **At the corporate level**, the Programme is intended to protect progress made towards achieving Sustainable Development Goal 7 of Affordable and Clean Energy by providing liquidity to Energy Access Companies whose operations have been affected by the COVID-19 pandemic.
- (b) **At the sectoral level**, the Programme is intended to safeguard the progress of the entire off-grid solar and microgrid sector, which is seen as the most effective way to provide energy access to 117 million of HH by 2030.²¹ It will also safeguard the potential of the sector to support sustainable energy for agriculture and national infrastructure such as health clinics and schools.

Within the region, As well as the work of off-grid companies themselves, several organisations, including GOGLA – the association for the off-grid solar sector, AMDA – the African Minigrid Developer Association- and National Renewable Energy Associations in East Africa, West Africa and South Asia have contributed to the growth of the off-grid sector and have been engaged with the efforts of those leading the EARF. They have built vital networks and links with national and regional decision-makers, as well as international actors. These associations and their networks provide a mechanism for sharing learnings and best practices on how off-grid solar products and services can be used to drive post-C-19 recovery and sustainable development.

Replicability

If the current pandemic continues, this kind of facility likely interests private and public investors. This programme is the first initiative of its kind, and its success is crucial to such other initiatives to follow.

The world faces a growing number of crisis emerging beyond this health crisis: climate change, drought, insect invasions (i.e. locusts), natural disasters, terrorism, refugees, and myriad more. EARF is the first-ever relief and recovery fund dedicated towards responding to a global crisis quickly and effectively, while also directly supporting a Sustainable Development Goal. If successful, this fund structure could be replicated across sectors and is highly applicable to provide returnable capital aimed at supporting sustaining an entire sector in times of crisis.

Acumen, along with other stakeholders, are emphasizing the transparency of EARF, its limitations, and what it realistically can achieve with its funding. It is the intention for the fund structuring process to be open sourced, meaning investors are able to replicate the relief structuring (eligibility criteria, fund management, requirements, monitoring, tenor, terms) to provide effective relief funding for other sectors in times of crisis.

Knowledge Sharing

²¹ IEA. "World Energy Outlook 2019". 2019. <https://www.iea.org/reports/world-energy-outlook-2019>

The EARF intends to share lessons learned throughout the crisis and the relief process, from both the EARF partners and funded companies, which will be disseminated to the benefit of the wider energy access sector. In doing so, companies across the energy access sector can save time and money by not repeating common missteps and learn from successes to drive innovation and growth.

Gender Equality

The EARF is also committed to furthering gender equality in the energy access space. The EARF will bring to the surface the important of gender equality by:

- Prioritizing eligible (flagged for IC) women owned/led (51% or more ownership/leadership) companies for funding
- Requiring a company's demonstrated commitment and approach to retaining female full-time and contracted employees during the immediate crisis, and increasing the number in the long term, in RFP guidelines and scoring (weighted in the eligibility/investment criteria at IC)
- Requiring selected companies to retain current percentage of female full-time and contracted employees during loan period
- Providing companies with a template for a flexible work policy that will support the retention of employees who may have additional care responsibilities during the pandemic

These activities are described in more detail in the Gender Action Plan in Annex 8.

<p>(c) Total financing (c) = (a)+(b)</p>	<p>30 – 60</p>	<p>million USD (\$)</p>
<p>(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)</p>	<p><i>Please explain if any of the financing parties including the AE would benefit from any type of guarantee (e.g. sovereign guarantee, MIGA guarantee).</i></p> <p><i>Please also explain other contributions such as in-kind contributions including tax exemptions and contributions of assets.</i></p> <p><i>Please also include parallel financing associated with this project or programme.</i></p>	

C.2. Financing by component

Please provide an estimate of the total cost per component and output as outlined in section B.3. above and disaggregate by source of financing. More than one co-financing institution can fund a single component or output. Provide the summarised cost estimates in the table below and the detailed budget plan as annex 4.

Component	Output	Indicative cost Options	GCF financing		Co-financing		
			Amount Options	Financial Instrument	Amount Options	Financial Instrument	Name of Institutions
1.1 Loans to energy access companies	Companies funded in the energy access sector		Total GCF financing minus certain costs and reserves	Equity in Climate CV, disbursed as participations in subordinated loans to borrowers	Up to \$30,000,000	Junior loans to borrowers	Click here to enter text.
1.2 Established Climate CV	SPV participation agreement legal costs, set up and termination costs, and applicable contingency costs related to SPV	SPV Setup and Termination Legally structure SPV documents Contingency	Certain costs	Equity in Climate CV			Click here to enter text.
2.1 Knowledge Exchange ²²	10 knowledge products	\$0					

²² Component 2 may be integrated into Component 1.

Indicative total cost (USD)	Enter amount	\$30,000,000	\$0 to \$30,000,000
<p><i>This table should match the one presented in the term sheet and be consistent with information presented in other annexes including the detailed budget plan and implementation timetable.</i></p> <p>See above</p> <p><i>In case of a multi-country/region programme, specify indicative requested GCF funding amount for each country in annex 17, if available.</i></p>			
<p>C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)</p>			
C.3.1 Does GCF funding finance capacity building activities?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
C.3.2. Does GCF funding finance technology development/transfer?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<p><i>If the project/programme is expected to support capacity building and technology development/transfer, please provide a brief description of these activities and quantify the total requested GCF funding amount for these activities, to the extent possible.</i></p>			

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's [Initial Investment Framework](#).

D.1. Impact potential (max. 500 words, approximately 1 page)

Describe the potential of the project/programme to contribute to the achievement of the Fund's objectives and result areas. As applicable, describe the envisaged project/programme impact for mitigation and/or adaptation. Provide the impact for mitigation by elaborating on how the project/programme contributes to low-emission sustainable development pathways. Provide the impact for adaptation by elaborating on how the project/programme contributes to increased climate-resilient sustainable development. Calculations should be provided as an annex. This should be consistent with section E.2 reporting GCF's core indicators.

The COVID-19 pandemic has highlighted the deep inequalities around the world in terms of access to modern, affordable and sustainable energy. Electricity has been a vital underpinning of the response to the public health emergency in many countries – but hundreds of millions of people worldwide still lack basic access to it, with the majority of them in Sub-Saharan Africa. Even before today's unprecedented crisis, the world was not on track to meet key sustainable energy goals. Now, they are likely to become even harder to achieve. This means we must redouble our efforts to bring affordable, reliable and cleaner energy to all.

Access to reliable energy is a lifeline, especially in the context of the COVID-19 crisis. It is essential not only for preventing and addressing the pandemic but also for accelerating the recovery and building back better by securing a more sustainable and resilient future for all. It is necessary to act now, especially in Sub-Saharan Africa, where under the status quo, 530 million people—more than two times the population of Nigeria—will still be without electricity in 2030.

The EARF is meant to help actuate the paradigm shift described in GCF's governing documents, putting developing countries on a pathway towards low-emission and climate-resilient economic development. GCF's contribution will help to catalyze public investment into this facility, which serves to make an impact on three levels: customers, companies, and public health systems.

For *customers*, there is a real risk that with dropping diesel costs and limited customer access to solar-powered, clean energy products, customers will revert to traditional toxic diesel and kerosene usage - setting the climate progress made by off-grid solar back by years. The EARF intends to establish a baseline number of beneficiaries (applicants must submit total # of customers served) at the start of the fund. After disbursing the emergency loans, SIMA will then track changes over time in the number of customers served, which can then be used to calculate the change in the # of tons of CO₂e and avoidance of diesel and kerosene (especially from continued operations and reliance on solar microgrids) since the beginning of the crisis. It is anticipated that if a steady sector growth state is maintained through EARF efforts powered by GCF, 1.33 million metric tons of CO₂e can be avoided through this programme (see Annex 22 for detailed calculations). The ultimate goal is to preserve the emissions reductions the sector has already gained and position the companies to then further grow and expand emissions reductions to new customers beyond the crisis. The below chart includes estimates at scale.

Table 2: Impact Calculations

OGS CO ₂ e avoided*	
Estimated OGS Sales Safeguarded	3,177,428
Weighted Discount for Loss*	0.923760
Kerosene Lamp Replacement Rate**	1.00
Average product lifetime (2 year warranty x 1.5)***	3.00
Metric tons CO ₂ e p/a avoided per lantern replaced	0.150
Emissions (t CO₂e) Avoided in lifetime of OGS products	1,320,831
Number of microgrid connections safeguarded	35,772
Average consumption (MWh per annum)	0.0732
Emissions factor per household p/a for baseline scenario (tCO ₂ e/MWh)	0.8
Connection lifetime (years)	5
Emissions (t CO₂e) mitigation in lifetime of MG connection	9,427
Total emissions (t CO₂e) mitigation in lifetime of EARF	1,330,258
Households that will benefit	
Estimated OGS Sales Safeguarded	3,177,428
Weighted Discount for Loss*	0.92376
Net Households Impacted by OGS	2,935,181
Net Household Microgrid Connections Safeguarded	35,772
Total households impacted by EARF	2,970,953
Household size	5.5
Total beneficiaries	16,340,243
* Discount for loss/defaults merged into one overall loss rate that is a conservative discount for products which may not reach their end of life and therefore will not have intended impact	
** Kerosene lamp replacement rate. We have used a 1:1 ratio e.g. 1 solar product replaces the use of 1 kerosene lantern. We estimate that solar lanterns in East Africa replace kerosne lanterns at a 1:1 rate, whereas SHS replace slightly more	
*** 2 year approximate warranty used across full OGS product range to provide an estimate of the lifetime that the products will be in use and having intended impact. For lifetime, we use a conservative 1.5x warranty	

For *companies*, the ability to remain solvent, maintain service, and retain staffing levels during a time of falling revenues and tightened credit markets is critical. The EARF is working to ensure companies have liquidity to continue operations, preserve their human capital, keep supply lines open, and survive past the pandemic. As companies access relief funding, it is recognized that additional working capital will be required if lower revenues are sustained in the medium term (1 year) due to lockdown measures. Companies can ideally leverage commercially available capital once sales start to increase in core markets. It is important to note that the companies in question are not just high-profile, vertically integrated companies, but an entire ecosystem of manufacturers, distributors, software providers, and service companies. A significant reduction in repayment and sales could cause newer and more specialized companies to fold, setting back progress on climate mitigation even farther.

For *public health systems*, off-grid renewable energy not only powers off-grid clinics and hospitals, allowing people to access the healthcare they need now, but can also be an investment into the clean, sustainable energy infrastructure of the future for these countries. However, without this, the global community's efforts to contain COVID-19 may be hampered as the deadly explosion of cases continues across many parts of the world with little or no access to energy. As a result, lack of access to energy has the potential to reduce the efficacy of public health systems in vulnerable areas, magnify the human catastrophe, and significantly slow the economic recovery in those areas.

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

Describe the degree to which the proposed activity can catalyze impact beyond a one-off project or programme investment. Describe the following, if applicable:

- *Potential for scaling up and replication*
- *Potential for knowledge sharing and learning*
- *Contribution to the creation of an enabling environment*
- *Contribution to the regulatory framework and policies*
- *Overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans*

With climate change on the rise, this global pandemic is surely not the last disaster the world will face together. As natural disasters increase, drought becomes more prevalent, and global health systems expose their fragility, the need for more well-designed, thoughtful relief and recovery funds will be important. Through the EARF, insights about how to structure such funds quickly, easily, and intelligently for other sectors serving low-income customers can be gained for scale up and replication.

Paradigm shift potential: While the COVID-19 crisis is straining the global economy and challenging governments, businesses and individuals, it also provides a strong opportunity to rebuild in a more sustainable and equitable way, creating room for creativity and innovation. The off-grid solar sector is poised to respond, bringing with it innovative business models, strong leaders / partnerships and a dedicated workforce that spans the globe. Organizations in the sector have also formed valuable partnerships, for example with governments, community leaders and with other pioneering sectors, including those providing communications and ICT infrastructure. This is a unique opportunity, and an unprecedented group of entrepreneurs are ready to meet it, having spent the last decade developing the experience, teams, and structures to scale in a moment such as this. One thing holding them back is liquidity.

Investing into the SMEs during the crisis of COVID19, poises them to drive post crisis recovery. The products and services that they create can provide fast, affordable and clean access to electricity. This is vital for powering homes, businesses and infrastructure such as rural health clinics. The off-grid sector has also pioneered several new innovations and technologies in recent years, including pay-as-you-go payments to unlock solar home units, real-time energy monitoring and sensor-led technologies to support smallholder irrigation.

The post COVID-19 world will not look like the one before. The CEO of British Petroleum has already speculated that the pre-crisis period could represent the high-water mark for fossil fuel consumption. The right companies, with the right leaders, can use this recovery to transform the way that modern energy is delivered to the people who need it most. But those companies need resources.

Potential for knowledge and learning: With the retained staff, the invested SMEs will be able to explore business models that are new and innovative as part of their expansion. As a result, innovative technologies, such as solar water pumps, solar refrigeration solutions, and solar drying techniques, could be developed under the modern indigenous context. Further, as companies seek to expand their reach in their geographies, companies will have the

resources available to continue expanding and understanding customers' needs in more hard-to-reach markets. This would be a potential knowledge and learning contribution to the countries. Lastly, it is envisioned that countries accessing the funds will be able to better understand how relief and recovery funding is aiding the long-term sustainability of these companies' operations. Since many countries have never rolled out relief facilities during or following a crisis, this fund can help inform national governments how to best structure available capital to support domestic enterprises in relief and recovery in the future from other crises that arise.

Acumen is committed to sharing lessons from the origination, structuring, investment process, deployment, and monitoring of loans as well as customer outcomes with the sector and beyond through reports, articles, and blogs – leveraging Acumen's various platforms that reach over 500,000 people annually.

Contribution to the creation of an enabling environment: The pandemic threatens decades of groundwork that has been laid for energy access markets to thrive. The enabling environments that have been created, including VAT and duty exemptions, local workforce development, and manufacturing incentives, are at risk if the sector dries up. Therefore, the EARF intends to further promote private sector delivery of energy access by further justifying and fortifying the enabling environment activities that have been built over the last decades.

Contribution to regulatory framework and policies: The facility will contribute to the regulatory framework and policies as several national governments, including Lagos State in Nigeria²³ and Senegal²⁴, include off-grid solar in their energy access planning and view it as an essential service. The off-grid sector works to support the ambitions of national energy ministries in electrifying populations that are currently being left behind, in driving sustainable development and in contribution to national emissions reduction targets. The programme introduces investment into approximately 60 SMEs at scale that will struggle in the pandemic. The Fund can help inform national policy makers on how to best structure other off-grid solar incentives to work in tandem with the Relief Fund. It is also envisioned that lessons from the Relief Fund can help inform future policies and programmes aimed at providing relief to SMEs in future global health and environmental crises.

Overall contribution to climate-resilient development pathways consistent with relevant national climate change adaptation strategies and plans: Countries cannot afford to lose the progress made on universal access to modern energy. Countries that have created supportive policies for energy access companies to thrive risk losing the climate-resiliency they have developed through supporting off-grid energy companies if these companies fold. Most governments recognize that a collaborative public-private partnership is needed to deliver nation-wide electrification and energy access. Private sector companies often fill the gaps where the unit economics for rural, remote customers do not make sense for grid extension. Therefore, the EARF aims to ensure key private sector companies are able to continue delivering service to customers in line with national climate change adaptation strategies and plans.

D.3. Sustainable development (max. 500 words, approximately 1 page)

Describe the wider benefits and priorities of the project/programme in relation to the Sustainable Development Goals and provide an estimation of the impact potential in terms of:

- Environmental co-benefits
- Social co-benefits including health impacts
- Economic co-benefits

²³ Lagos State; Essential Service Notification:

https://www.gogla.org/sites/default/files/resource_docs/exemption_for_power_energy_solution_providers_-_30032020.pdf

²⁴ Senegal; Essential Service Notification: https://www.gogla.org/sites/default/files/resource_docs/200401-d0639.pdf

- *Gender-sensitive development impact*

Sustainable development potential: The Programme is aligned with SDG 7 Affordable and clean energy for all, Sustainable Agriculture (linked to SDG2), SDG3 Good Health, SDG4 Quality Education, SDG 8 Employment and Economic Growth, SDG 13 Climate Action, and SDG 17 Global Partnership for Sustainable Development. Access to affordable, reliable, and sustainable energy is crucial to achieving many of the Sustainable Development Goals from poverty eradication via advancements in health, education, water supply and industrialization to mitigating climate change. Modern society depends on reliable and affordable energy services to function smoothly and to develop equitably. A well-established energy system supports all sectors from medicine and education to agriculture, infrastructure, communications, and high technology. Intensive development patterns have historically relied on inexpensive and energy-dense fossil fuels, which also happen to be the primary source of greenhouse gas emissions contributing to climate change.

Resiliency building: Solar home systems can act as a catalyst for more climate-resilient and sustainable economies, getting us ever closer to the UN's Sustainable Development Goals. Specifically, solar provides clean, vital energy to some of the world's poorest communities; to the very communities who will be worst affected by climate change. This is already happening in many parts of the world, where solar is powering health-centers; pumping clean water; lighting schools; supporting agriculture and boosting local economies. Solar allows people the means of generating a sustainable, climate-resistant income; farmers can grow crops out of season or during droughts with solar irrigation. Quite literally, solar is powering opportunity.

However, if productive use companies which are just starting to gain traction fold and cannot sustain staff, we will see not only short-term ramifications in access to appliances but also long-term resiliency losses as customers revert to old techniques that further contribute to soil and water degradation.

Health benefits: Without new forms of energy access increasing in the market, customers will fall back on old habits of using dirty, pollutive, and damaging kerosene. The survey results come as new research suggests that people exposed to air pollution are more likely to die from COVID-19 than people living in areas with cleaner air. These findings reinforce the importance of access to clean cooking as an alternative to open cooking fires and traditional stoves, which are significant sources of household air pollution. Access to off-grid solar can bring significant improvements to health and safety. Kerosene lamps emit smoke that contains large amounts of health-damaging fine particulate matter (PM2.5). Typical PM2.5 levels in households using kerosene lamps have been found to be five times higher than the level deemed safe by the World Health Organization. Yet after replacing kerosene with solar lights, one study found that PM2.5 concentrations in rooms fell by as much as 80%, leading to a 70% reduction in the average exposure of school children. Unsurprisingly, 89% of households, report health improvements after buying a solar home system, many of which previously relied on kerosene. However, this will not be possible if customers cannot gain access from agents who previously sold them a household product. 91% of households feel safer, too, after purchasing a product. For some customers, safer means a reduction in injuries from kerosene burns or falling, for others, it means warding off thieves, attackers or wild animals at night. However, customers will not have access to these products that provide safety and will leave customers feeling more endangered as well as run the risk of increasing reliance on kerosene.

Gender-sensitive development impact: Lack of clean energy access has particularly negative impacts for women who are often those working in a household with polluting kerosene, whose time is lost purchasing or collecting traditional fuel sources, or who are responsible for hand-irrigation of crops. Moreover, this program will include a gender inclusive angle to support well-performing female sales agents during a period of low sales, recognizing that it's the most vulnerable people (women and children) who will be most adversely affected by this. During the monitoring phase, we are exploring how we can request that the gender balance of staff is maintained or improved in favor of women. Currently, it is projected that the job creation potential by 2022 is 1.3 million jobs, of which women will make up 350,000. Approximately 27% of total FTE jobs in the offgrid solar sector are filled by women, and this percentage is expected to rise as the market evolves.²⁵ This will be built into

²⁵ GOGLA, A Growth Engine for Jobs. June 2019.

https://www.gogla.org/sites/default/files/resource_docs/gogla_off_grid_solar_a_growth_engine_for_jobs_web_opt.pdf

the loan covenants. All reported metrics on jobs (maintained or created) will be disaggregated by gender. Further, the fund plans to adopt policies relating to gender lens investing, and will it disaggregate KPIs by gender. The covenant in loans state that the percentages of female in-country staff/total staff may not decline by more than 10% points relative to baseline (end of calendar quarter preceding application date).

Employment Impact: Before COVID, off-grid was serving 420 million off-grid customers with the potential to serve 823 million by 2030. With 370,000 jobs generated from the sector, energy access serves as a large employer in low and middle-income countries with Building resilient distributed power infrastructures in developing world. This human capital infrastructure will be required to deliver future energy access services. If the sector does not act to secure jobs, by 2022, the off-grid solar sector could lose up to 1.3 million FTE jobs by 2022 across South Asia and East Africa alone.²⁶ Of these jobs, the majority lost will be in rural areas, which would have supported job creation and diversification among often economically disadvantaged and vulnerable communities. There is also a strong representation of women among workers in the off-grid solar sector, which is expected to now decline. Wages in the industry are in line with, or higher than, average national wages and many companies are also supporting the expansion of skills and capacity of their staff through training and development programs. However, we run the risk of losing these. The off-grid solar sector will no longer be able to generate a wealth of new employment opportunities across the value chain, ranging from entry-level to highly skilled positions. Before Covid-19, there was hope that larger off grid solar systems would invest in a wider range of complex consumer goods, further expanding job opportunities.

Economic co-benefits: Off-grid solar is creating opportunity across the globe, creating new jobs and growing income. Recent research in East Africa found that 34% of households report an increase in economic activity because of their solar home systems. 28% of households using solar home systems report an increase in income, on average \$46 per month – equivalent to 14% of the national monthly income per household (based on gross national income). In more than one-third of households, customers use their systems for business or income generation; 81% see this resulting in increased revenues. If we do not continue to advance this, we will see customers slip back into poverty and lose income.

Education and small enterprises: Improved access to light and power unlocks previously unproductive hours. Data shows that solar home systems enable 21% of users to spend more time working and earning. In another 21% of households, customers reported using their solar home system to start a new enterprise, the most common being a phone charging business. It is all-but-guaranteed to see small companies fold tied to lack of access to basic products that enabled new enterprises to get off the ground. Beyond enterprise, the additional hours of light created by solar products lead to more time for children to study. 86% of households with children report that the younger generation now has more time to do their homework. The current generation of students not only run the risk of missing critical school time but will now not have access to light to read in the evenings and advance home learning and education.

Environmental co-benefits: Environmental co-benefits will be determined for each of the projects funded under the Program but will tentatively include reduction of air and water pollution, and improved resource-use. It is known that 74 million metric tonnes of CO₂e emissions have been avoided due to the technology of off-grid solar, which equates to taking 19 coal-fired power plants offline for a year.²⁷ The companies expected to be supported by the EARF are actively serving to replace kerosene, diesel, and other carbon-based fuels for customers. By enabling these companies to continue serving customers, the adoption of renewable energy in these communities could be retained, rather than reverting to fossil-based fuels.

²⁶ GOGLA, 2019. “Energizing Job Creation”

https://www.gogla.org/sites/default/files/resource_docs/gogla_pb_energizing-job-creation_def.pdfhttps://www.gogla.org/sites/default/files/resource_docs/gogla_pb_energizing-job-creation_def.pdf

²⁷ GOGLA (2020). “Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data”. July-December, 2019.

https://www.gogla.org/sites/default/files/resource_docs/global_off_grid_solar_market_report_h22019.pdf

D.4. Needs of recipient (max. 500 words, approximately 1 page)

Describe the scale and intensity of vulnerability of the country and beneficiary groups and elaborate how the project/programme addresses the issue (e.g. the level of exposure to climate risks for beneficiary country and groups, overall income level, etc.). Describe how the project/programme addresses the following needs:

- Vulnerability of the country and/or specific vulnerable groups, including gender aspects (for adaptation only)
- Economic and social development level of the country and the affected population
- Absence of alternative sources of financing (e.g. fiscal or balance of payments gap that prevents government from addressing the needs of the country; and lack of depth and history in the local capital market)
- Need for strengthening institutions and implementation capacity

Looking at the needs of the EARF beneficiaries, there are three groups to consider: energy access companies, their current customers, and their future customers.

Energy access companies

Please see Annex 2 introduction for full details.

Current renewable energy customers

In partnership with GOGLA, the research firm 60 Decibels has been surveying 1,500+ PAYGo solar customers every month, starting in May of 2020. Their results show a customer base that has been hard hit by the health crisis and lockdowns and are struggling to meet their payment obligations.²⁸

- 5 out of 6 respondents reported that their financial situation is worse now than pre-COVID. 95% of Ugandans said they were worse off now than pre-crisis, and 84% of Nigerians.
- For many, the crisis is worsening. 58% said their incomes had reduced from May to June. More than three quarters of respondents from Uganda and Nigeria reported that their financial situation had deteriorated during that time. 48% Ugandans said it has gotten 'much worse'.
- 12% of Nigerians and 49% of Ugandans have had to stop or reduce loan repayments because of the crisis
- 32% of customers requested that companies offer some sort of payment relief, or allow them to use their energy assets without payment during the crisis

Some energy companies are trying to provide the relief sought by customers.²⁹ However, the lack of certainty around their own funding sources makes that difficult. Additional financing through the EARF could create space for additional levels of customer relief.

Future renewable energy customers

For the energy access sector, this crisis is in many ways about the customers who have *not* been reached with renewable energy solutions. 790 million people still lack access to electricity; 2.8 billion do not have clean cooking solutions. In Africa alone, IEA estimates that providing universal access to electricity would require an additional 370 million people to gain access to decentralized (i.e. SHS and microgrid) solutions before 2030, on top of the 20 million already connected by 2019.³⁰

²⁸ Consume Insights Dashboard, 60 Decibels. <https://app.60decibels.com/covid-19#explore>

²⁹ For example, d.light and Shell Foundation announced an initiative to provide 100,000 customers with reduced payments for the month of July: <https://www.capitalfm.co.ke/business/2020/07/d-light-announces-customer-covid-19-relief-donation-from-shell/>

³⁰ IEA (2019) https://webstore.iea.org/download/direct/2892?fileName=Africa_Energy_Outlook_2019.pdf

Those numbers, already daunting, will become unreachable if the energy sector is thrown backward by this crisis. The follow-on effects of that failure, the renewable path not taken, are immense: household air pollution alone causes 3.8 million deaths annually.³¹ Rural farms and businesses will remain asset-light and unproductive³². Health care facilities will have to operate in the dark. And the goal of a universally connected, renewable world slips farther and farther away.

D.5. Country ownership (max. 500 words, approximately 1 page)

Please describe how the beneficiary country takes ownership of and implements the funded project/programme. Describe the following:

- Existing national climate strategy
- Existing GCF country programme
- Alignment with existing policies such as NDCs, NAMAs, and NAPs
- Capacity of Accredited Entities or Executing Entities to deliver
- Role of National Designated Authority
- Engagement with civil society organizations and other relevant stakeholders, including indigenous peoples, women and other vulnerable groups

According to UNEP (2017)³³, the energy sector is considered a focus area in 45% of the INDC in all total Non-Annex 1 countries. Based on the data from UNEP, the energy sector is the most important sector not only in Asia and Sub-Saharan Africa but in all regions as seen in **Figure 1** below.

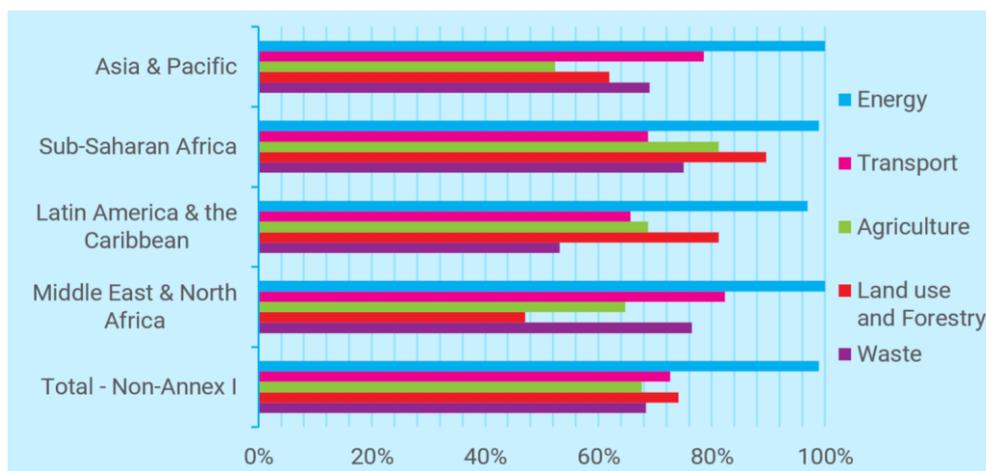


Figure 1 - (I)NDC sector coverage by region³⁴.

The prioritization of the Energy sector in most (I)NDCs is likely to reflect both its relevance as a large emission source and the availability of various cost-effective mitigation measures. All developing countries include mitigation measures within the Energy sector in their (I)NDCs. In this sector, all countries propose measures in

³¹ WHO (2018)

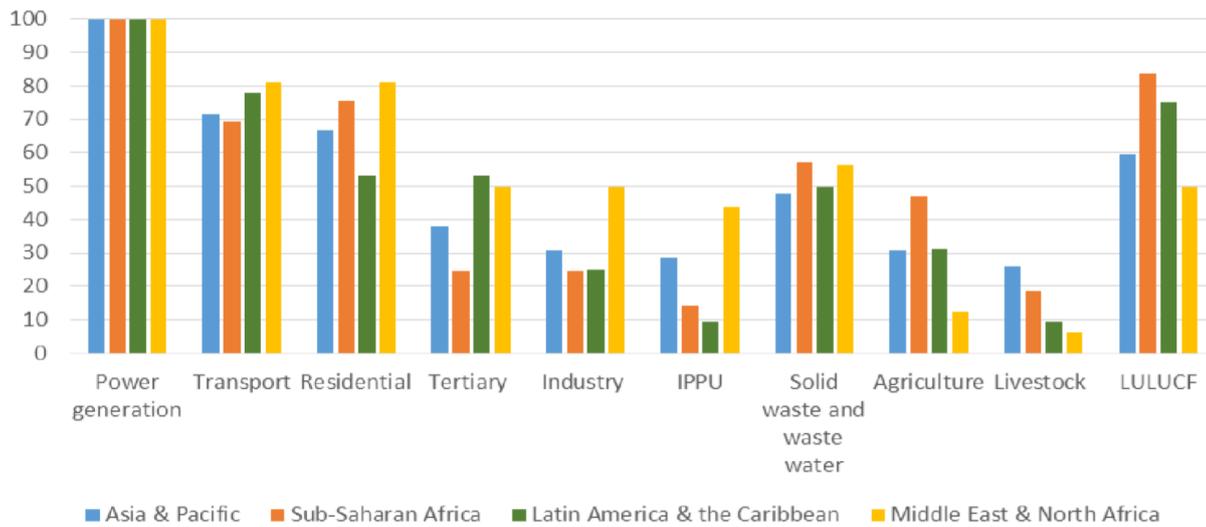
³² <https://efficiencyforaccess.org/publications/2019-state-of-the-off-grid-appliance-market-report>

³³ Schletz, M. C., Konrad, S., Staun, F., & Desgain, D. DR. (2017). Taking stock of the (I)NDCs of developing countries: regional (I)NDC coverage of mitigation sectors and measures. United Nations Environment Programme.

³⁴ INDC sector coverage based on NDC Explorer et al. 2016(Pauw)- Schletz, M. C., Konrad, S., Staun, F., & Desgain, D. DR. (2017). Taking stock of the (I)NDCs of developing countries: regional (I)NDC coverage of mitigation sectors and measures. United Nations Environment Programme

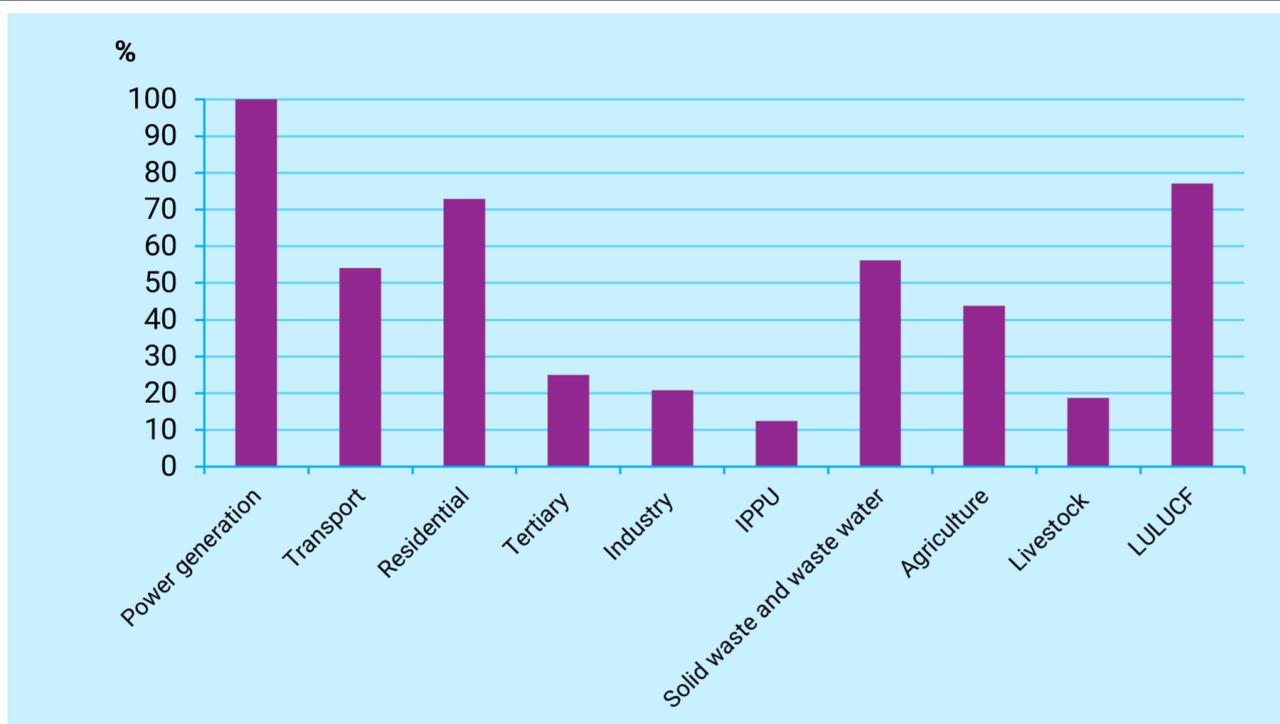
the Power generation sub-sector. In Sub-Saharan Africa and Asia power generation is the most prioritized sectors when including mitigation measures as seen in the **figure 2** below.

Figure 2 - Percentage of developing countries from Asia and Pacific, Sub-Saharan Africa, LAC and Middle East and North Africa, including mitigation measures in the defined sub-sectors.



In line with the sub-sectors of developing countries, all LDCs mention mitigation measures for the Energy sector, with most mitigation measures being in the Power generation and Residential sub-sector as seen in **figure 3** below.

Figure 3 - Percentage of LDCs including mitigation measures in the defined subsectors (based on NDC Explorer (Pauw et al. 2016)).



Among the mitigation measures mentioned in LDC (I)NDCs, those aimed at promoting types of renewable energy in the power generation sub-sector are the most common, mainly through the promotion of on-grid wind, hydro or solar technologies and off-grid solar technology. In addition, approximately one-third of African LDCs mention mitigation measures related to ‘Grid extension and Rehabilitation of energy producing network and plant stations’ in the power generation sub-sector.

EARF alignment with NOL Countries’ Climate and Electrification Strategies

The EARF aims to safeguard the progress made by energy access companies towards universal access to clean energy and cooking technology. This goal is directly in line with the national climate and energy strategies of the NOL countries that will be reached by the EARF. Please see Annex 2 for a country-by-country breakdown.

Role of NDAs and Civil Society

The EARF is committed to obtaining letters of no objection (NOLs) from the relevant National Development Authorities in each of the countries that will be supported through GCF’s contribution. In addition, the AE and EE intend to share annual reports on the progress of the EARF with NDAs and keep them apprised of the current state of EARF efforts.

In addition, the EARF is working to establish close contact with the global and national associations of off-grid solar, microgrid, and clean cooking operators. These organizations are working diligently to support the EARF’s efforts by empowering local renewable energy associations and advising NDAs on enabling policy regimes. Once the fund is active, the facility manager along with Acumen and an anchor investor, aims to promote the fund internationally and domestically through industry associations, with an acute focus on industry associations in countries where NOLs have been obtained to ensure local companies in those markets are aware of the fund’s application process.

Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers, and providing the minimum concessionality to ensure the project is viable without crowding out private and other public investments. Refer to section B.5 on the justification of GCF funding requested as necessary.

Please describe the efficiency and effectiveness of the proposed project/programme, taking into account the total financing and mitigation/ adaptation impact the project/programme aims to achieve, and explain how this compares to an appropriate benchmark.

Please specify the expected economic rate of return based on a comparison of the scenarios with and without the project/programme.

Please specify the expected financial rate of return with and without the Fund's support to illustrate the need for GCF funding to illustrate overall cost effectiveness.

The EARF is expected to be funded by capital from investors. Generally, the EARF's goal is to substantially preserve investor capital, not to produce significant returns. The project is high risk and there are no assurances that investors will not experience total loss of capital. The EARF anticipates providing low-interest loans to energy access companies with the goal of providing sufficient and appropriate liquidity to firms that are suffering financial effects due to the COVID-19 pandemic. The low annual interest rate on loans to investees is meant to avoid overburdening companies with unsustainable debt service, while still dissuading companies that do not require additional financing. However, the potential for higher demand for grants and/or equity, as well as the potential risk of default by company borrowers, means there can be no assurances on returns. Lack of returns and even a financial loss of invested capital that enables the sector's preservation would be deemed a successful outcome.

In terms of efficiency of impact, the EARF has set a fundraising target for the overall facility, inclusive of the potential GCF investment. The current targeted raise is meant to be sufficient to sustain the operations and impact of a significant number of energy access companies. For the approximately US\$60 million allocated to NOL countries (i.e. the GCF investment and EARF co-financing), we anticipate a net reduction in GHG emissions attributable to the programme of at least 1.33 million tCO₂e, with an implied cost per ton of CO₂e avoided of \$45.10. Assuming the indicative interest from countries for which we are seeking NOLs reflects actual investment, at scale, the US\$60 million may preserve many approximately 60 energy access companies in those NOL countries.

Without GCF's participation, the EARF may be able proceed with an initial raise, but it will be unable to meet more than a fraction of the demonstrated demand for liquidity. Because of C-19, these companies are struggling to operate their businesses and maintain employment. If GCF is not able to contribute funding, there is a high risk that many companies will not maintain operations. The resulting lack of access would mean that current customers are therefore at risk of switching back from solar to kerosene or diesel, and the huge potential of the sector to drive sustainable development and reduce emissions is curtailed. The sector's nearly 370,000 clean energy jobs will also be put at significant risk.

Please explain how best available technologies and practices have been considered and applied. If applicable, specify the innovations/modifications/adjustments that are made based on industry best practices.

The Programme introduces an emergency concessional financing mechanism to keep energy companies from facing dwindling liquidity and laying off staff, and shutting off customers access to energy in addition to addressing the possibility of using diesel and kerosene as an alternative to solar due to COVID19.



E. LOGICAL FRAMEWORK

This section refers to the project/programme's logical framework in accordance with the GCF's [Performance Measurement Frameworks](#) under the [Results Management Framework](#) to which the project/programme contributes as a whole, including in respect of any co-financing.

E.1. Paradigm shift objectives

Please select the appropriated expected result. For cross-cutting proposals, tick both.

- Shift to low-emission sustainable development pathways
 Increased climate resilient sustainable development

E.2. Core indicator targets

Provide specific numerical values for the GCF core indicators to be achieved by the project/programme. Methodologies for the calculations should be provided. This should be consistent with the information provided in section A.

E.2.1. Expected tonnes of carbon dioxide equivalent (t CO ₂ eq) to be reduced or avoided (mitigation and cross-cutting only)	Annual	0.222 million tCO ₂ eq
	Lifetime	1.33 million tCO ₂ eq
E.2.2. Estimated cost per t CO ₂ eq, defined as total investment cost / expected lifetime emission reductions (mitigation and cross-cutting only)	(a) Total project financing	{ <u>30,000,000 to 60,000,000</u> USD}.
	(b) Requested GCF amount	<u>30,000,000</u> USD
	(c) Expected lifetime emission reductions	<u>1,330,258</u> t CO ₂ eq
	(d) Estimated cost per t CO ₂ eq (d = a / c)	22.55 to 45.10 USD / t CO ₂ eq
	(e) Estimated GCF cost per t CO ₂ eq removed (e = b / c)	22.55 USD / t CO ₂ eq
E.2.3. Expected volume of finance to be leveraged by the proposed project/programme as a result of the Fund's financing, disaggregated by public and	(f) Total finance leveraged	<u>0 to 30,000,000</u> USD

<p>private sources (mitigation and cross-cutting only)</p>	<p>(g) Public source co-financed 0 to 30,000,000 USD</p> <p>(h) Private source finance leveraged _____ Choose an item.</p> <p>(i) Total Leverage ratio (i = f / b) <u>0 to 1</u></p> <p>(j) Public source co-financing ratio (j = g / b) 0 to 1</p> <p>(k) Private source leverage ratio (k = h / b) _____</p>	
<p>E.2.4. Expected total number of direct and indirect beneficiaries, (disaggregated by sex)</p>	<p>Direct</p>	<p><i>Not applicable to mitigation projects</i></p>
	<p>Indirect</p>	<p><i>Not applicable to mitigation projects</i></p>
<p>E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)</p>	<p><i>For a multi-country proposal, indicate the aggregate amount here and provide the data per country in annex 17.</i></p>	
	<p>Direct</p>	<p><i>Not applicable to mitigation projects</i></p>
	<p>Indirect</p>	<p><i>Not applicable to mitigation projects</i></p>
	<p><i>For a multi-country proposal, leave blank and provide the data per country in annex 17.</i></p>	

E.3. Fund-level impacts

Select the appropriate impact(s) to be reported for the project/programme. Select key result areas and corresponding indicators from GCF RMF and PMFs as appropriate. Note that more than one indicator may be selected per expected impact result. The result areas indicated in this section should match those selected in section A.4 above. Add rows as needed.

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
M1.0 Reduced emissions through increased low-emission energy access and power generation	M1.1 Tonnes of carbon dioxide equivalent (t CO ₂ eq) reduced or avoided - gender-sensitive energy access power generation)	Digital platform for tracking sales and impact; supplemented with company survey by independent party	0 tCO ₂ e	147,806 tCO ₂ e	885,791 tCO ₂ e	<p>Methodology: The project applies the Global Off-grid Lighting Association's Standardised Impact Metrics to count carbon mitigation that is caused by off-grid solar devices, which are sold by employees/agents that are retained thanks to EARF funding. The emission factor for kerosene lamps is assumed to be 0.15tCO₂/yr/lamp based on the results of Lighting Africa.</p> <p>Programme Lifetime: 6 years</p> <p>Annual Reduction: 221,710 tCO₂e</p> <p>Lifetime Reduction: 1,330,258 tCO₂e</p>

Social, environmental, economic co-benefit index/indicator at impact level	<i>Co-benefit 1.1 Number of jobs maintained by concessional finance at companies manufacturing, distributing, and/or financing renewable energy products</i>	Company survey by independent party	0 green jobs	3,900 green jobs Male: 2,850 Female: 1,050	11,700 green jobs Male: 8,550 Female: 3,150	Methodology: This approach uses an estimate of initial raise disbursed to energy access companies, 80% of which is estimated to be used to fund local employment, costing \$4,000 per local employee. Gender figures are based on a GOGLA estimate that 27% of sector employees are women. Programme Lifetime: 6 years Annual green jobs maintained: 3,900 Lifetime green jobs maintained: 11,700
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E.4. Fund-level outcomes

Select the appropriate outcome(s) to be reported for the project/programme. Select key expected outcomes and corresponding indicators from GCF RMF and PMFs as appropriate. Note that more than one indicator may be selected per expected outcome. Add rows as needed.

Expected Outcomes	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term)	Final	
M6.0 Increased number of small, medium and large low-emission	M6.2 Number of households and individuals (males and females) with	Digital platform for tracking sales and impact; supplemented with company	0 households with 0 individuals Male: 0 Female: 0	996,280 households with 5,479,539 individuals Male: 2,739,770	2,970,953 households with 16,340,243 individuals Male: 8,170,122	Methodology: The approach used counts each household that purchases an off-grid solar

power suppliers	improved access to low-emission energy sources	survey by independent party		Female: 2,739,770	Female, 8,170,122	device from an employee retained using EARF funding, discounting for product failure or nonpayment. The average household size in Sub-Saharan Africa is 6.9 people; we have used 5.5 as a conservative estimate. Programme Lifetime: 6 years (one-year grace period, three years of sales, and three years product lifetime) Annual Households Reached: 495,159 (average over 6 years) Lifetime Households Reached: 2,970,953
	M6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support	Digital platform for tracking sales and impact; supplemented with company survey by independent party	0	9.37 MW installed	24.47 MW installed	Methodology: The approach used multiplies expected sales of off-grid solar products by their weighted average watt-peak (1.5 watts per lantern and 20 watts per

						<p>SHS), discounting for product failure and nonpayment. Programme Lifetime: 6 years (one- year grace period, three years of sales, and three years product lifetime)</p> <p>Annual Capacity Installed: 4.078 MW Lifetime Capacity Installed: 24.47 MW</p>
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E.5. Project/programme performance indicators

The performance indicators for progress reporting during implementation should seek to measure pre-existing conditions, progress and results at the most relevant level for ease of GCF monitoring and AE reporting. Add rows as needed.

Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	

Component #1: Disburse concessional loans to energy access companies who are helping to mitigate climate change and have a demonstrated need for liquidity support.

Output 1.1 Energy companies have sufficient liquidity to retain staff and maintain growth, providing access to clean energy technology to new households	Outcome 1.1.1 % of companies receiving EARF funds report that they have reached pre-crisis sales levels as a result of EARF funding	Digital platform for tracking sales and impact; supplemented with company survey by independent party	0% of companies	30% of companies	60% of companies	Methodology: Using baseline estimates (without Covid-19) of 6% annual growth, ³⁵ and projecting that companies will experience a 25-50% reduction in turnover for 2020 ³⁶ before resuming regular growth rates in 2021 and beyond.
	Outcome 1.1.2 % increase in cumulative # of households reached across EARF portfolio	Digital platform for tracking sales and impact; supplemented with company survey by independent party	0% growth	6% growth from baseline	18% growth from baseline	Methodology: The number of units sold (2.9 million) is the equivalent of 18% of the 16 million sales in 2018 and 2019, which is taken as a proxy for the overall sector size. This is used as an indicative target, averaged across 3 years of sales.

³⁵ GOGLA, 2020, p. 200. https://www.lightingglobal.org/wp-content/uploads/2020/05/VIVID_OCA_2020_Off_Grid_Solar_Market_Trends_Report_Full_High-compressed.pdf

³⁶ EnDev, 2020. https://sun-connect-ea.org/wp-content/uploads/2020/08/EnDev_Energy_Access_Industry_Barometer_Summary_FINAL.pdf

	<p>Outcome 1.1.3 Number of individuals accessing clean energy through sales or service from a EARF beneficiary company</p>	<p>Digital platform for tracking sales and impact; supplemented with company survey by independent party</p>	<p>0 individuals Male: 0 Female: 0</p>	<p>5,479,539 individuals Male: 2,739,770 Female: 2,739,770</p>	<p>16,340,243 individuals Male: 8,170,122 Female: 8,170,122</p>	<p>Methodology: This approach takes the indicator presented in M6.2 (households reached) and multiplies each household by 5.5 to arrive at the number of beneficiaries reached.</p> <p>Programme Lifetime: 6 years (one year grace period, three years of sales, and three years product lifetime) Annual individuals accessing clean energy: 2,723,374</p> <p>Lifetime Individuals accessing clean energy: 16,340,243</p>
<p>Output 1.2 Companies adopt flexible work policies and public health initiatives that enable staff, customers, and communities to recover from the COVID-19 crisis</p>	<p>Outcome 1.2.1 % of companies in EARF portfolio that adopt a flexible work policy</p>	<p>EARF recipient survey conducted by independent party</p>	<p>0% of companies</p>	<p>50% of companies</p>	<p>100% of companies</p>	<p>Methodology: The approach used is to require firms to submit an employee retention plan, then offer them resources, guidance, and encouragement to adopt flex work policies</p>
	<p>Outcome 1.2.2 % of companies receiving EARF funds communicate public health information regarding COVID-19 to their customer base</p>	<p>Company survey by independent party</p>	<p>50% of companies</p>	<p>80% of companies</p>	<p>80% of companies</p>	<p>Methodology: Anecdotal evidence indicates that a subset of companies are already communicating health data. More thorough dissemination of best practices can reach the majority of remaining companies.</p>

	Outcome 1.2.3 Essential service centers, such as health facilities, schools, and public service hubs, powered by companies receiving EARF funding	Digital platform for tracking sales and impact; Company survey by independent party	0 essential service centers	10 essential service centers	20 essential service centers	Methodology: Microgrid and SHS operators will be able to grow their operations, which will include powering critical facilities. While rare, the service provided to these is vital to off-grid communities.
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Component #2: Monitor the financial and operational status of companies that have received concessional finance, quantifying the impact that EARF funds have had on staffing levels, sales, and climate change mitigation. Facilitate knowledge exchange between companies to encourage the adoption of best practices or catalyze sector-wide responses to systemic business issues. Demonstrate ability of energy access sector to collaborate on sector-wide response to systemic threats.³⁷

Output 2.1: Lessons learned throughout the crisis and the relief process, from both the EARF partners and funded companies, are disseminated to the benefit of the wider energy access sector.	Outcome 2.1.1 Number of sector experts influenced by insights and knowledge outputs related to EARF	Analysis of attendance data of EARF webinars and workshops, readership data on EARF blogs/publications, and surveys offered to attendees and readers	0 sector experts influenced	150 sector experts influenced	500 sector experts influenced	Methodology: It is assumed that the EARF will convene regular bi-annual knowledge exchanges between recipient companies and other interested parties, annual open workshops, as well as publishing annual blogs and/or reports. Each of these is estimated to influence ~75 new experts on average (with diminishing returns as the programme reaches its end). The overall number will be determined through a combination of data sources, but the % 'influenced' will be principally determined by
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³⁷ Component 2 is intended to be merged with Component 1 in the revised logical framework, to be delivered as a condition precedent to the execution of the Funded Activity Agreement.

						survey results, then applied to overall attendance
	Outcome 2.1.2 % of recipient companies that have gained market or business insights from an EARF-led convening	Survey conducted by independent party	0% of companies	40% of companies	80% of companies	Methodology: The majority of companies are expected to participate in a sector convening by the end of the project timeframe.
	Outcome 2.1.3 # of energy access companies NOT receiving EARF funding who gain material insight into business continuity practices or other improved operational strategies	Analysis of readership and viewership data; independent survey conducted of event attendees	0 companies	15 companies	40 companies	Methodology: It is assumed that the universe of energy access companies that will not receive funding is as large or larger than the number of companies that will, and that these can be reached through written and presented knowledge products.
Output 2.2: Energy access sector demonstrates clear ability to organize and collaborate in order to overcome sector-wide threats such as the COVID-19 pandemic	Outcome 2.2.1 # of organizations represented in EARF-related strategy sessions, knowledge sessions, and/or working groups	Analysis of working group minutes/notes, as well as survey of attendees	0 organizations	60 organizations	120 organizations	Methodology: The participation of numerous and diverse organizations who have a stake in energy access will demonstrate the convening ability of the EARF and the larger sector. Interviews with participants will help to identify whether they were influenced and how sessions could be improved. 60 organizations considered as a realistic mid-line target, from which

						we hope to grow the universe of participants
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E.6. Activities³⁸			
<i>All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in the implementation timetable. Add rows as needed.</i>			
Activity	Description	Sub-activities	Deliverables
Activity 1.1.1 Establishment of the EARF	Acumen and other senior investors, as well as EE, to fund and secure a first close of EARF	<ul style="list-style-type: none"> • <i>Landscaping</i> • <i>Fundraising and closing</i> • <i>Reporting</i> 	<ul style="list-style-type: none"> <input type="checkbox"/> Analyzed and segmented data on need for concessional financing, disaggregated by country and company type. <input type="checkbox"/> Indicative term sheet with EARF investors. <input type="checkbox"/> EARF achieves first closing with of investor capital confirmed.
Activity 1.1.2 Establishment, Management and Termination of Climate CV	A separate financing vehicle for GCF, Climate CV, is set up, managed and terminated by SIMA	<ul style="list-style-type: none"> • <i>Climate CV establishment</i> • <i>Climate CV management</i> • <i>Climate CV termination</i> • <i>Reporting</i> 	<ul style="list-style-type: none"> <input type="checkbox"/> Climate CV is formed, GCF subscription completed and participation agreement with EARF finalized <input type="checkbox"/> Legal documents related to Climate CV establishment <input type="checkbox"/> Annual reports <input type="checkbox"/> Performance reports <input type="checkbox"/> Evaluation reports
Activity 1.1.3 Management of the sub-participation	Applicant eligibility is checked and verified by SIMA before submitting to EARF's Investment Committee, loans are disbursed, borrowers are monitored, interest and principal is	<ul style="list-style-type: none"> • <i>Screening</i> • <i>Approval and Disbursement</i> • <i>Collections</i> • <i>Monitoring of the loans and impacts</i> • <i>Reporting</i> • <i>Influence</i> 	<ul style="list-style-type: none"> <input type="checkbox"/> Applications processed for eligibility. <input type="checkbox"/> Applications processed for submission to IC. <input type="checkbox"/> Annual reports. <input type="checkbox"/> Semi-annual reports. <input type="checkbox"/> Midpoint and end of project evaluation

³⁸ The Activities in the logical framework provided here in the Funding Proposal are intended to be integrated into Component 1 prior to signing the FAA, in consultation with the GCF Secretariat

	collected, companies are engaged for evaluation and influence.		<ul style="list-style-type: none"> <input type="checkbox"/> Interest income and capital returned to investors <input type="checkbox"/> Delinquencies and/or defaults resolved expeditiously and as advantageously as possible. <input type="checkbox"/> Fully-disbursed fund. <input type="checkbox"/> Portfolio of companies who have received concessional finance. <input type="checkbox"/> 100% of companies receive information on public health needs, flexible work policies, and customer support options <input type="checkbox"/> Mid-line and end-line reports on actions taken by companies to support staff, customers, and/or communities
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E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

Besides the arrangements (e.g. annual performance reports) laid out in AMA, please give a summary of the project/programme specific arrangements for monitoring and evaluation. Please provide the types of interim and final evaluations. Describe Accredited Entity (AE) project reporting relationships, including to the NDA/Focal Point and between AE and Executing Entity (EE) as relevant, identifying reporting obligations from the EE to the AE. This should relate to the frequency of reporting on project indicators, implementation challenges and financial status.

SIMA, the Facility Manager/EE, will be responsible for the overall underwriting, monitoring and covenant compliance, reporting and evaluation of the EARF. An on-line portal is planned to be used to facilitate periodic monitoring data collection, with SIMA ensuring data is complete.

The main components of reporting by SIMA to investors and specifically the AE will include:

- SIMA will report to the investors on a semi-annual basis on the following indicators:
- Fund-level capital deployment status
 - Timeline to deploy the remaining capital and the relevant pipeline companies
 - Country-wise geographic exposure of the fund
 - Impact reporting on a fund-level basis comprising of core-indicators mentioned above.
 - Borrower-wise financial, operational and other updates. (this section will be supported by the credit, financial, operational performance, and covenant compliance data collected monitoring by SIMA. Contents of this section will mainly emphasize around revenue and operational growth, portfolio asset quality, key balance sheet and cashflow indicators, key changes in management, board or strategy, market and country related factors and other qualitative information.

- Reporting on any special credit cases related to restructuring of underlying loans.
- Reporting on material E&S issues.

Evaluation

SIMA shall undertake a mid-term and final impact evaluation, based on impact indicators (see Annexes, 6, 8, and 11 for full details.)

Lessons learned and best practices are expected to be disseminated through webinars and publication of data and information from mid-term and final impact evaluations.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Please describe financial, technical, operational, macroeconomic/political, money laundering/terrorist financing (ML/TF), sanctions, prohibited practices, and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures. Insert additional rows if necessary.

For probability: High has significant probability, Medium has moderate probability, Low has negligible probability

For impact: High has significant impact, Medium has moderate impact, Low has negligible impact

Prohibited practices include abuse, conflict of interest, corruption, retaliation against whistleblowers or witnesses, as well as fraudulent, coercive, collusive, and obstructive practices

Selected Risk Factor 1: Governance & Management

Category	Probability	Impact
Technical and operational	Medium	High
Description		
<p>Companies that receive EARF loans may have inefficient management or governance structure which may result in ineffective decision making and the funds allowed to them may not be utilized properly. This risk could materialize due to separation of key-executives or change in group share-holding structures. The materialization of this risk could result in ineffective decision making at company's level and the company might not achieve desired outcome from the availed funds which will ultimately impact on their repayments. Projected EARF impact, including GHG emissions, households accessing renewable energy, and retained employment, may fail to materialize. This failure could result from a number of factors, including, but not limited to, ongoing effects of the COVID-19 pandemic, customers' inability to pay, and/or mismanagement of companies receiving EARF loans.</p>		
Mitigation Measure(s)		
<p>The facility manager has a well- designed credit due diligence process which involves detailed review of ownership, governance, management and board structure/effectiveness along-with interviews of senior management. In case any weakness is identified, at the assessment level the borrowers are advised to resolve these issues appropriately along-with this strong covenants are also incorporated to improve the governance structure. Furthermore, any major change in ownership structure is also restricted in the legal documentation. The screening process described in Sections B.3, B.4, and G.2 is meant to ensure that EARF loans are directed to companies with a viable, impactful business model. These measures, combined with the monitoring and oversight described in Section E, should mitigate the risk of attenuated impact.</p>		

Selected Risk Factor 2: Finance Risk		
Category	Probability	Impact
Credit	High	Medium
Description		
<p>Companies that receive EARF loans may fail to partially or fully repay their obligations, either on-time or at all. This risk could materialize because of lower-than-expected customer repayments, fraud, misaligned accounting practices, the occurrence of natural disaster, or myriad other possibilities. The EARF is high risk and materialization of this risk could result in a reduced or non-existent distribution to fund investors at the completion of the proposed timeline.</p>		
Mitigation Measure(s)		
<p>SIMA intends to conduct a thorough due diligence in order to evaluate the financial capacity and reputation of eligible companies. Close and constant monitoring of the portfolio, as well as quarterly reports to investors, are meant to proactively identify repayment risks and work with companies to help them repay loans.</p>		
Selected Risk Factor 3: Technology/Infrastructure & MIS		
Category	Probability	Impact
Technical and Operational	Low	High
Description		
<p>Companies that receive EARF loans may have weak technology/infrastructure or weak MIS systems which may result in incorrect information circulation within the organization and may affect their decisions. This risk could materialize due to usage of outdated technology/infrastructure and pirated information systems. The materialization of this risk could result in circulation of incorrect information within the organization and their entire operational system may be at risk which will ultimately impact on the repayment capacity of the company. The EARF may incur difficulties at the international, national, or local level in disbursing to eligible companies. Those companies, in turn, may face legal or regulatory impediments to repaying their pecuniary obligations to the EARF. Further difficulties may arise in distributing the EARF's returned capital and income to investors on a timely or complete basis. All of this may result in companies and/or investors not receiving their funds on time, in whole, or at all.</p>		
Mitigation Measure(s)		
<p>The facility manager has a well designed credit due diligence process which involves cross checking various sources of data, particularly if a company works with a 3rd party software (PAYGO software in some cases). In case any weakness in quality of data is identified, at the assessment level the borrowers are advised to resolve</p>		

these issues appropriately along-with this strong covenants are also incorporated to improve their MIS system. Furthermore, borrowers are also offered guidelines and advisory services to overcome these issues. As described in Section G.3, the chosen EE will have robust financial controls in place, and experience placing capital in the countries targeted by the EARF. Moreover, EARF investors such as GCF have procedures and diligence requirements in place to monitor the EARF and request periodic updates on its operations. Please see Annexes for additional detail on the EARF's ESG assessment procedures and environmental/social risk mitigation strategy.

Category	Probability	Impact
Credit & Operational Risk	Low	Medium
Description		
Companies that receive EARF loans may have weak risk management / internal control system due to which they may be exposed to various process risks such as delays in production, decision and/or frauds as well. This risk could materialize due to non-availability of documented process flows, manuals or weak financial systems. The materialization of this risk could result in delays in their operational processes or even frauds as well which will ultimately impact their repayment capacity.		
Mitigation Measure(s)		
The facility manager has designed a credit due diligence process which involves review of borrower's risk management & internal process flows. In case any weakness is identified at the assessment level, the borrowers are guided to correct the weakness of processes. Furthermore, covenants are also incorporated in loan documents to improve their internal processes and risk management. In addition to this facility manager has internal processes which can highlight and detect any fraudulent activity initiated and forwarded to fund-manager for payment processing.		
Selected Risk Factor 5: Country / Sovereign Risk / Forex Risk		
Category	Probability	Impact
Credit & Market Risk	Low	Medium
Description		
Companies that receive EARF loans may have been located in countries wherein, the country's economic or political position is risky. Further, there may be regulatory requirements in a country which may create problems in repatriation of loan repayments. This risk could materialize due to country's weak economic position or due to strict regulatory requirements in the country. The materialization of this risk could result in repatriation risk in loan repayments or may also lead to increase in market risk if the loan is not fully hedged and the movements of currencies are not favourable.		
Mitigation Measure(s)		
The facility manager while assessing the credit has due diligence procedures to mitigate this risk and while assessing the loan request country / sovereign risk is also analyzed.		
Selected Risk Factor 6: KYC & Anti-Terrorism		
Category	Probability	Impact
Credit & Operational	Medium	High
Description		
There is a possibility that companies that receive EARF may have been owned/managed by persons which may have KYC issues or may have link with terrorism activities. The materialization of this risk can have serious consequences such as blockage of fund from investors, regulatory or criminal proceedings against the funds/investors, sanctions and may also cause monetary losses.		
Mitigation Measure(s)		

<p>The facility manager has due diligence and anti-terrorism policies in place and while assessing the credit requests thorough due diligence procedures are implemented to mitigate these risks wherein, the borrower’s management & ownership is assessed with KYC & Anti-Terrorism checks (see section G.1). After the approvals the borrower’s key-persons are also checked with anti-terrorism databases in-house as well as at the disbursement stages by third party fund servicers. In case of identification of any KYC / Anti-Terrorism issues the funds are stopped from being disbursed.</p>		
<p>Selected Risk Factor 7: Impact Risk (Fund Level)</p>		
Category	Probability	Impact
Technical and operational	Medium	High
<p>Description</p>		
<p>Projected EARF impact, including GHG emissions, households accessing renewable energy, and retained employment, may fail to materialize. This failure could result from a number of factors, including, but not limited to, ongoing effects of the COVID-19 pandemic, customers’ inability to pay, and/or mismanagement of companies receiving EARF loans.</p>		
<p>Mitigation Measure(s)</p>		
<p>The screening process described in Sections B.3, B.4, and G.2 is meant to ensure that EARF loans are directed to companies with a viable, impactful business model. These measures, combined with the monitoring and oversight described in Section E, may mitigate the risk of attenuated impact.</p>		
<p>Selected Risk Factor 8: Liquidity Risk (Funds Level)</p>		
Category	Probability	Impact
Market Risk	Low	Medium
<p>Description</p>		
<p>There may be a possibility that the facility manager does not have adequate level of cash to timely disburse the loan to a prospective company or the fund is not able to meet the timelines for disbursement of all pipeline companies. Furthermore, since there is no prepayment penalty involved the funds might receive early repayments and those early repayments may not be placed timely. The materialization of this risk may lead towards cash-burning and may also lead to low-earning yield for the fund.</p>		
<p>Mitigation Measure(s)</p>		
<p>The facility manager has on hand a minimum amount of cash to ensure sufficient liquidity to cover expenses while minimizing the drag on Fund’s efficiency. It also has a budgeting process, which involves regular monitoring of projected cash flows to plan for Loan maturities in order to minimize the amount of time during which cash remains idle. The facility manager may have multiple disbursements targeted over the course of period will plan its pipeline of borrower companies accordingly.</p> <p>Thus, the only excess liquidity should only be in the rare case of a pre-payment. The facility manager is expected to discourage unnecessary pre-payment while negotiation with the borrowers however, at the same time it should not face any issues in redeploying funds as off-grid solar companies also need bridge Loans for the purpose of inventory management.</p>		
<p>Selected Risk Factor 9: Execution Risk (Funds Level)</p>		
Category	Probability	Impact
Technical and Operational	Low	High
<p>Description</p>		

The EARF may incur difficulties at the international, national, or local level in disbursing to eligible companies. Those companies, in turn, may face legal or regulatory impediments to repaying their pecuniary obligations to the EARF. Further difficulties may arise in distributing the EARF's returned capital and income to investors on a timely or complete basis. All of this may result in companies and/or investors not receiving their funds on time, in whole, or at all.

Mitigation Measure(s)

As described in Section G.3, the chosen EE will have financial controls in place, and experience placing capital in the countries targeted by the EARF. Moreover, EARF investors such as participants like GCF have procedures and diligence requirements in place to monitor the EARF and request periodic updates on its operations. Please see Annexes for additional detail on the EARF's ESG assessment procedures and environmental/social risk mitigation strategy.

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

Provide the environmental and social risk category assigned to the proposal as a result of screening and the rationale for assigning such category. Present also the environmental and social assessment and management instruments developed for the proposal (for example, ESIA, ESMP, ESMF, ESMS, environmental and social audits, etc.). Provide a summary of the main outcomes of these instruments. **Present the key environmental and social risks and impacts and the measures on how the project/programme will avoid, minimize and mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with GCF’s ESS standards.** If the proposed project or programme involves investments through financial intermediations, **describe the due diligence and management plans by the Executing Entities (EEs) and the oversight and supervision arrangements.** Describe the capacity of the EEs to implement the ESMP and ESMF and arrangements for compliance monitoring, supervision and reporting. Include a description of the project/programme-level grievance redress mechanism, a summary of the extent of multi-stakeholder consultations undertaken for the project/programme, the plan of the Accredited Entity (AE) and EEs to continue to engage the stakeholders throughout project implementation, and the manner and timing of disclosure of the applicable safeguards reports following the requirements of the GCF [Information Disclosure Policy](#) and [Environmental and Social Policy](#).

This proposal involves an EE acting as a financial intermediary, intending to carry out “Activities with minimal or no adverse environmental or social risks and/or impacts.” Therefore, the appropriate ESS Category is I3.

Scope of the E&S Assessment

In addition to meeting eligibility criteria in Section B.4 and KYC AML/CFT checks, SIMA will undertake an E&S Assessment.

E&S Assessment SIMA, Deal Sourcing Partner will collaborate with SIMA and ensure that the E&S process is consistently followed. The following table summarizes the allocation of responsibilities:

	E&S Categorization	Reputational Issues and XL	Applicable E&S Laws	Additional E&S DD	Investment Proposal
Deal Sourcing Partner	Define	Check	Check	Check	Prepare
SIMA	Review	Review	Review	Review	Review
E&S Consultant		Review	Review	Review	Review
Investment Committee					Approve

E&S Categorization: Investees will be ESS Category I3 and engaged in energy access - primarily solar home systems (<1kw), to lesser extent biodigesters, clean cooking or micro-grids. These various applicants will be assessed according to following E&S factors: impact on key biodiversity areas; human rights; labour; health & safety; potentially irreversible impacts; land use; extent of environmental/social issue. The context of inherent sector risks, scale, continued operations and locations will also be considered.

The EARF intends not to finance a company or project categorized as Category A (high-risk) or Category B (medium-risk), and will use an enhanced E&S assessment for any potential investee that demonstrates a possibility of being medium risk, (anticipated to be very limited number, if any).

Reputational Issues and Exclusion list: SIMA investigates information available in public and private domains for any adverse environmental/social issues, or compliance with applicable laws associated with the applicant. The DSP to use tools and platforms defined by SIMA. Standard key words include ‘*Scandal*’, ‘*labour*’, ‘*fraud*’, ‘*corruption*’, ‘*bribery*’, ‘*money laundering*’, ‘*illegal*’, etc. Any issues identified will include a note in Investment Proposal.

SIMA has adopted EDFI’s Exclusion List for this Fund, and applicants will be screened to determine whether it is in line with this exclusion list. The Fund will not finance any activity, production, use of, trade in, distribution of or involving specific listed activities.

Applicable E&S Laws: Applicants will be required to demonstrate that they are currently complying with host country E&S/OHS laws through a valid company registration certificate and representations in the loan agreement.

Additional E&S DD: Other available E&S Assessments from SIMA, the DSP, other investors and/or any 3rd parties will be requested. If an ESAP was defined within the past 24 months, SIMA will request a status update.

The DSP will ask applicant to complete a Self-Assessment Questionnaire (developed by SIMA) in order to evidence that a set of minimum E&S safeguards are in place. This questionnaire will be checked by the DSP and reviewed by SIMA before deal is submitted to Investment Committee. If needed, an ESAP will be defined.

Reviewing and Challenging the E&S Appraisal

The E&S analysis will form part of the overall Investment Proposal reviewed by the IC and considered when making a final decision on the investment. SIMA will involve external E&S consultant experts in this process in cases of suspected medium-risk, complex or sensitive investments (investments determined to be medium-risk will not be funded).

E&S clauses will be included in loan agreements to ensure the investee company complies with the Fund’s exclusion list, applicable E&S laws and regulation. If an ESAP has been defined, it will be used to determine covenants in the legal loan agreement to ensure the investee company works to address the identified issues within a set time frame over the investment period.

Compliance Monitoring

Borrowers will be required to report bi-annually and represent ongoing compliance with any E&S covenants, the exclusion list and any ESAP.

Grievance redress mechanism, see Annex 6.

Multi-stakeholder consultations see Annex 7.

Environmental and Social Risk Assessments

The EE will provide necessary proof of E&S assessments, as well as documentation to explain their risk mitigation strategy.

The EARF will require all borrowers to comply with the Harmonized European Development Finance Institution (EDFI) Exclusion List.³⁹

Due Diligence

Potential EARF loan recipients will be screened to ensure that they meet the decided eligibility criteria described in Schedule 1 of the Term Sheet on ‘Key terms of the Loans’, as well as KYC and AML/CFT criteria (see section G.3 and Annex 6 for additional detail).

For an indicative example, firms that have cleared the eligibility criteria may be required to fill out the following information:

³⁹ <https://www.edfi.eu/wp/wp-content/uploads/2017/09/EDFI-Exclusion-List-September-2011.pdf>

KYC List 1 Information

Shareholder structure/capitalisation table

Corporate structure

Articles of association of Borrower and Obligor(s)

1 year audited financial statements

Short bio of key senior management and board members

Names and date of birth of management / board members / shareholders for Worldcheck confirmation

As a further control, the facility manager will manage the flow of approved applications to mitigate risk of over-concentration and ensure diversity of business models and geographies, as well as final screening to ensure that all firms and applications meet the EARF's mandate.

Companies that have qualified for investment and been approved for disbursement may also be required to submit:

- Passport copies of board members and passport of person who will sign the loan agreement
- Certificate of registration (not older than 12 months)
- License under which they operate
- Power of signatory of the person who will sign the loan agreements

Describe any potential impacts on indigenous peoples and the measures to address these impacts including the development of an Indigenous Peoples Plan and the process for meaningful consultation leading to free, prior and informed consent, pursuant to the GCF [Indigenous Peoples Policy](#).

Attach the appropriate assessment and management instruments or other applicable studies, depending on the environmental and social risk category as annex 6.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

Provide a summary of the gender assessment and project/programme-level gender action plan that is aligned with the objectives of GCF's [Gender Policy](#). Confirm a gender assessment and action plan exists describing the process used to develop both documents. Provide information on the key findings (who is vulnerable and why) and key recommendations (how to address the vulnerability identified) of the gender assessment. Indicate if stakeholder consultations have taken place and describe the key inputs integrated into the action

plan, including: how addressing the vulnerability will ensure equal participation and benefits from funds investment; key gender-related results to be expected from the project/programme with targets; implementation arrangements that the AE has put in place to ensure activities are implemented and expected outcomes will be achieved, monitored and evaluated.

Provide the full gender assessment and project-level gender action plan as annex 8.

With specific regard to women, many off-grid energy investments positively impact women in such areas as health, safety, and livelihood. Solar lanterns can replace the use of kerosene, thus making lighting in the household higher quality and reducing the fumes that women and children are exposed to.

The fund plans to adopt policies relating to gender lens investing, and it will disaggregate KPIs by gender. The loan covenants state that the percentages of female in-country staff/total staff may not decline by more than 10 percentage points relative to baseline (end of calendar quarter preceding application date).

Separately, Acumen has formalized its Gender Policy⁴⁰, which outlines specific gender issues related to Acumen's governance and human resource aspects of Acumen the institution. While SIMA is managing the EARF, we are strongly encouraging gender indicators that the EARF will report on with respects to the gender impact of its portfolio companies.

Regarding gender impact, many of the goods and services provided by the companies the Fund expects to invest in will have a direct impact on women, such as solar lanterns and clean cookstoves. These technologies can reduce indoor air pollution, which kills 3.8 million people annually⁴¹ and puts women and children "at particularly high risk from exposure".⁴²

Energy access companies also hire women employees, providing income and empowerment. The off-grid solar workforce is currently composed of 27% women,⁴³ a ratio that needs to improve, hence the covenants attached to women's employment. Acumen will seek to understand the impact that the relief funds have on women through company-provided data and 3rd party research and data collection. Historically, Acumen has conducted its own research on the impact on women of certain of its portfolio companies and has also partnered with organizations like the International Center for Research on Women to research and better understand gender impact. Acumen expects to provide similar research for investments made by the Fund and will share that with the GCF.

Acumen is committing the following in its own work outside of the EARF, per our gender policy: "This policy is Acumen's first attempt at taking an intentional approach to gender sensitivity in our programs and operations. We intend to take a staged approach - first, measuring what we feasibly can measure in our programs and operations; second, reviewing the data collected at meaningful intervals and determining what we've learned; and third, based on those lessons, determining any advisable changes to our approach."

Please see Annex 8 for more information.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

⁴⁰ <https://acumen.org/wp-content/uploads/2016/02/gender-policy-final-11-30-2015.pdf>

⁴¹ WHO (2018), <https://www.who.int/news-room/fact-sheets/detail/household-air-pollution-and-health>

⁴² WHO (2016), <https://www.who.int/airpollution/publications/burning-opportunities/en/>

⁴³

https://www.gogla.org/sites/default/files/resource_docs/gogla_off_grid_solar_a_growth_engine_for_jobs_web_opt.pdf

Describe the project/programme's financial management including the financial monitoring systems, financial accounting, auditing, and disbursement structure and methods. Refer to section B.4 on implementation arrangements as necessary.

Articulate any procurement issues that may require attention, e.g. procurement implementation arrangements and the role of the AE under the respective proposal, articulation of procurement risk assessment undertaken and how that will be managed by the AE or the implementing agency. Provide a detailed procurement plan as annex 10.

Acumen and the EARF will adhere to all the relevant policies of Acumen that the GCF reviewed in the accreditation of Acumen. During the implementation, Acumen will provide oversight and quality assurance in accordance with its policies and procedures and any specific requirements in the Accreditation Master Agreement (AMA) and project confirmation to be agreed with GCF.

In addition, SIMA currently implements a robust procedure of confidential internal financial controls and policies in the operation of its funds and will utilize these controls and policies with EARF.

G.4. Disclosure of funding proposal

Note: The Information Disclosure Policy (IDP) provides that the GCF will apply a presumption in favour of disclosure for all information and documents relating to the GCF and its funding activities. Under the IDP, project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Information provided in confidence is one of the exceptions, but this exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm.

Indicate below whether or not the funding proposal includes confidential information.

No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- € full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- € redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

ANNEXES

H.1. Mandatory annexes

- ANNEX 1** NDA no-objection letter(s) [\(template provided\)](#)
- ANNEX 2** Feasibility study - and a market study, if applicable
- ANNEX 3** Economic and/or financial analyses in spreadsheet format
- ANNEX 4** Detailed budget plan [\(template provided\)](#)
- ANNEX 5** Implementation timetable including key project/programme milestones [\(template provided\)](#)
- ANNEX 6** E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):
[\(ESS disclosure form provided\)](#)
 - Environmental and Social Impact Assessment (ESIA) or
 - Environmental and Social Management Plan (ESMP) or
 - Environmental and Social Management System (ESMS)
 - OTHERS (PLEASE SPECIFY – E.G. RESETTLEMENT ACTION PLAN, RESETTLEMENT POLICY FRAMEWORK, INDIGENOUS PEOPLE’S PLAN, LAND ACQUISITION PLAN, ETC.)**
- ANNEX 7** Summary of consultations and stakeholder engagement plan
- ANNEX 8** Gender assessment and project/programme-level action plan [\(template provided\)](#)
- ANNEX 9** **LEGAL DUE DILIGENCE (REGULATION, TAXATION AND INSURANCE)**
- ANNEX 10** Procurement plan [\(template provided\)](#)
- ANNEX 11** Monitoring and evaluation plan [\(template provided\)](#)
- ANNEX 12** AE fee request [\(template provided\)](#)
- ANNEX 13** Co-financing commitment letter, if applicable [\(template provided\)](#)
- ANNEX 14** Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

- ANNEX 15** **EVIDENCE OF INTERNAL APPROVAL** [\(template provided\)](#)
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information [\(template provided\)](#)
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity

- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Climate change mitigation methodology
- Annex 23 Mitigation calculations
- Annex 24 EARF Eligibility Criteria
- Annex 25 Facility manager overview
- Annex 26 DRAFT Term sheet for energy access companies receiving EARF loans

République Démocratique du Congo
Ministère de l'Environnement et Développement

Durable



Secrétariat Général à l'Environnement et Développement
Durable

p1:2

Direction de Développement Durable
Coordination Nationale du Mécanisme de Développement
Propre et du Fonds Vert pour le Climat

L'Autorité Nationale Désignée

To: The Green Climate Fund (“GCF”)

Kinshasa, 07/08/2020

Re: Funding proposals to GCF by Acumen Fund entitled “COVID-19 Energy Access Relief Facility (the Facility)”

Dear Mr. Yannick, Glemarec

We refer to the programme COVID-19 Energy Access Relief Facility (the Facility) for the Funding Proposals submitted by Acumen Fund to us on 07/03/2020.

The undersigned is the duly authorized representative of National Coordination of Clean Development Mechanism and Green Climate Funds, the National Designated Authority of the Democratic Republic of Congo (DRC). Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the Funding Proposals.

By communicating our no-objection, it is implied that:

- (a) The government of the DRC has no-objection to the Programme as included in the Funding Proposals.
- (b) The Programme as included in the Funding Proposals is in conformity with DRC’s national priorities, strategies, and plans: and

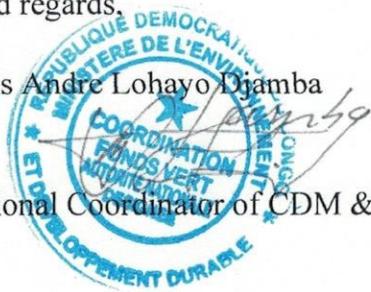
(c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the Funding Proposals is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the Funding Proposals has been duly followed. We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme. We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Hans Andre Lohayo Djamba

National Coordinator of CDM & GCF



Cc: Excellency Minister of Sustainable Development and Environment, General Secretary of the Ministry of SD& Environment

*Avenue Papa Ileo (Ex-des Cliniques) n°15 Kinshasa/Gombe
B.P. : 12348 KIN I – E-mail : hansandredjamba@gmail.com
Site Web: www.fvc-rdc.com*



REPUBLIC OF KENYA

THE NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
 FAX NO. 310833
 Telephone: 2252299

THE NATIONAL TREASURY
 P O BOX 30007 – 00100
 NAIROBI

When Replying Please Quote

Ref: TNT/CONF/158/01/D (4)

Date: August 20, 2020

Mr. Yannick Glemarec
 Executive Director
 Green Climate Fund
 G-Tower, 24-4 Songdo-dong
 Yeonsu-gu, Incheon 22004
 Republic of Korea

Dear

Re: Funding proposal for the GCF by Acumen Fund Inc. regarding ‘The Covid 19 Energy Access Relief Facility’

We refer to the project *“The Covid 19 Energy Access Relief Facility (EARF)”* as included in the funding proposal submitted by the Acumen Fund Inc. to us on August 2020.

The undersigned is the duly authorized representative of the National Treasury, the National Designated Authority of Kenya.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The Government of Kenya has no-objection to the project as included in the funding proposal;
- (b) The project as included in the funding proposal is in conformity with Kenya’s national priorities, strategies and plans;
- (c) In accordance with the GCF’s environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed. Further, we confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Yours



JULIUS M. MUIA, PhD, CBS
PRINCIPAL SECRETARY/NATIONAL TREASURY

Copy to: **Hon. (Amb.) Ukur Yatani Kanacho, EGH**
Cabinet Secretary
The National Treasury and Planning
NAIROBI

Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary
Ministry of Energy
NAIROBI

Kate Montgomery
Head of Business Development & Government Partnership
Acumen East Africa
NAIROBI



REPUBLIC OF MOZAMBIQUE
 MINISTRY OF ECONOMY AND FINANCE
 National Directorate of Monitoring and Evaluation

To: The Green Climate Fund ("GCF")

[Maputo], [26 August 2020]

Re: Funding proposal for the GCF by Acumen regarding the Energy Access Relief Fund programme (EARF)

Dear Madam, Sir,

We refer to Energy Access Relief Fund programme (EARF) in Mozambique, as included in the funding proposal submitted by Acumen to us in July 2020.

The undersigned is the duly authorized representative of the Ministry of Economy and Finance, the National Designated Authority/focal point of Mozambique.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Energy Access Relief Fund programme (EARF), as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Mozambique has no-objection to the programme as included in the funding proposal;
- (b) The programme as included in the funding proposal is in conformity with Mozambique's national priorities, strategies and plans;
- (c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



GCF NDA Focal Point Mozambique



FEDERAL MINISTRY OF ENVIRONMENT

HEADQUARTERS, MABUSHI, ABUJA.

Ref. No..... FMENV/DCC/GCF/027

Date..... 08 August 2020.....

The Green Climate Fund ("GCF")
Songdo International Business District,
175, Art Center-daero,
Yeonsu-gu, Incheon 406-840
Republic of Korea.

Dear Sir,

Re: Funding Proposal for the GCF by the ACUMEN Group regarding the "COVID 19 Energy Access Relief Fund"

We refer to the project, **"COVID 19 Energy Access Relief Fund"** in **Nigeria** as included in the funding proposal submitted by ACUMEN to us on July 16, 2020.

The undersigned is the duly authorized representative of the National Designated Authority/Focal Point of Nigeria.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby **communicate Nigeria's no-objection** to the programme **"COVID 19 Energy Access Relief Fund"** as included in the funding proposal.

By communicating our no-objection, it is implied that:

- a) The government of **Nigeria** has no-objection to the programme as included in the funding proposal;
- b) The programme as included in the funding proposal is in conformity with **Nigeria's** national priorities, strategies and plans;
- c) **In accordance with the GCF's environmental and social safeguards**, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Dr. Yerima Peter Tarfa

GCF Focal Person Nigeria/Director, Department of Climate Change
Federal Ministry of Environment, Nigeria



**RWANDA ENVIRONMENT
MANAGEMENT AUTHORITY
(REMA)**



82

Republic of Rwanda

01 OCT 2020
N°...457/DG/2020

Executive Director
Green Climate Fund (GCF)
Songdo Business District
175 Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea

Dear Sir,

Re: Funding proposal for the GCF by ACUMEN regarding "COVID-19 Energy Access Relief Facility (The Facility)"

We refer to the programme "COVID-19 Energy Access Relief Facility (The Facility)" in Rwanda as included in the funding proposal submitted by ACUMEN to us on 28th July 2020. The undersigned is the duly authorized representative of Rwanda Environment Management Authority, the National Designated Authority/focal point of Rwanda.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme "COVID-19 Energy Access Relief Facility (The Facility)" as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The Government of Rwanda has no-objection to the programme "COVID-19 Energy Access Relief Facility (The Facility)" as included in the funding proposal;
- (b) The programme "COVID-19 Energy Access Relief Facility (The Facility)" as included in the funding proposal is in conformity with Rwanda's national priorities, strategies and plans;
- (c) In accordance with the GCF's environmental and social safeguards, the programme "COVID-19 Energy Access Relief Facility (The Facility)" as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the programme "COVID-19 Energy Access Relief Facility (The Facility)" as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme "COVID-19 Energy Access Relief Facility (The Facility)".

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,


Juliet KABERA
Director General



Cc:

-ACUMEN Regional Director/Eastern and Southern Africa; Nairobi, Kenya
-Permanent Secretary/ Ministry of Environment; Kigali, Rwanda

République du Sénégal
Un Peuple - Un But - Une Foi

MINISTRE DE L'ENVIRONNEMENT
ET DU DEVELOPPEMENT DURABLE

DIRECTION DE L'ENVIRONNEMENT
ET DES ETABLISSEMENTS CLASSES



N°.....18.....MEDD/DEEC/DCC

Dakar, le 22 Septembre 2020

To: The Green Climate Fund ("GCF")

Mr. Yannick Glemarec

Executive Director

G-Tower, 24-4 Songdo-dong, Yeonsu-gu

Incheon City, Republic of Korea

Re: Funding proposals for the GCF by Acumen Fund **on the Covid-19 Energy Access Relief Facility**

Dear Sir,

We refer to the GCF financing programme **on the Covid-19 Energy Access Relief Facility** in Senegal included in the Funding Proposal submitted by Acumen Fund to us on 20 th July 2020.

The undersigned is the duly authorized representative of the National Designated Authority of Senegal.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the Programme as included in the Funding Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Senegal has no-objection to the Programme as included in the Funding Proposal;
- (b) The Programme as included in the Funding Proposal is in conformity with Senegal's national priorities, strategies and plans; and
- (c) In accordance with the GCF's environmental and social safeguards, the Programme as included in the Funding Proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the Programme as included in the Funding Proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the Programme.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Madeleine Diouf SARR/AND Senegal

AND Senegal





GOVERNMENT OF SIERRA LEONE
Environment Protection Agency
Office of the President
21 Old Railway Line, Brookfields, Freetown



Ref: EPA-SL /HA. /CCS/GCF//07/2020

10th July, 2020.

The Green Climate Fund (“GCF”)

Dear Sir/Madam,

RE: FUNDING PROPOSAL FOR THE GCF BY ACUMEN REGARDING COVID-19 ENERGY ACCESS RELIEF FACILITY (THE FACILITY).

We refer to the project, COVID-19 Energy Access Relief Facility (the Facility) in Sierra Leone as included in the funding proposal submitted by Acumen fund on the 4th July 2020.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Sierra Leone has no objections to the project as included in the funding proposal;
- (b) The project as included in the funding proposal is in conformity with Sierra Leone’s national priorities, strategies and plans;
- (c) In accordance with the GCF’s environmental and social safeguards, the project as included in the funding proposal conforms with relevant national laws and regulations.

We also confirm that the national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Yours Sincerely,

Bondi Gevao (PhD)

Executive Chairman, Environment Protection Agency

National Designated authority, Green Climate Fund

Telephone : 256 41 4707 000
 : 256 41 4232 095
 Fax : 256 41 4230 163
 : 256 41 4343 023
 : 256 41 4341 286
 Email : finance@finance.go.ug
 Website : www.finance.go.ug



Ministry of Finance, Planning &
 Economic Development
 Plot 2-12, Apollo Kaggwa Road
 P.O. Box 8147
 Kampala
 Uganda

In any correspondence on
 this subject please quote No. ALD 79/251/03

THE REPUBLIC OF UGANDA

21st September, 2020

The Executive Director
 Green Climate Fund (GCF)

FUNDING PROPOSAL FOR THE GCF BY ACUMEN FUND REGARDING THE COVID-19 ENERGY ACCESS RELIEF PROGRAMME

We refer to the COVID-19 Energy Access Relief programme in Uganda as included in the funding proposal submitted by Acumen Fund to us on 5th August, 2020.

The undersigned is the duly authorized representative of the Ministry of Finance, Planning and Economic Development, the National Designated Authority/focal point of Uganda. Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Uganda has no-objection to the programme as included in the funding proposal;
- (b) The programme as included in the funding proposal is in conformity with Uganda's national priorities, strategies and plans;
- (c) In accordance with the GCF's environmental and social safeguards, the programme activities as included in the funding proposal are in conformity with relevant national laws and regulations.

We confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed. We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme.

We acknowledge that this letter will be made publicly available on the GCF website.



Keith Muhakanzi

PERMANENT SECRETARY/ SECRETARY TO THE TREASURY/NATIONAL DESIGNATED AUTHORITY/ FOCAL POINT FOR THE GREEN CLIMATE FUND

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0211-252394

0211-252391



In reply please quote

No:.....

NDA/71/21/4

REPUBLIC OF ZAMBIA

MINISTRY OF NATIONAL DEVELOPMENT PLANNING

Corner of John Mbita & Nationalist Roads
P.O. BOX 30147
Lusaka-Zambia

To: The Green Climate Fund ("GCF")

Lusaka, 30th July 2020

RE: Funding proposal for the GCF by Acumen Fund regarding COVID-19 Energy Access Relief Facility

Dear Madam/Sir,

We refer to the project COVID-19 Energy Access Relief Facility in Zambia as included in the funding proposal submitted by Acumen to us on 2nd July 2020.

The undersigned is the duly authorized representative of Department of Development Planning, Ministry of National Development Planning, the National Designated Authority of Zambia.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the project as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Zambia has no-objection to the project as included in the funding proposal;
- (b) The project as included in the funding proposal is in conformity with Zambia's national priorities, strategies and plans;
- (c) In accordance with the GCF's environmental and social safeguards, the project as included in the funding proposal is in conformity with relevant national laws and regulations.

We also confirm that our national process for ascertaining no-objection to the project as included in the funding proposal has been duly followed.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Name: Francis Mpampi (Mr.)

Title: National Focal Point Person and National Designated Authority
FOR/PERMANENT SECRETARY (DPA)

Independent Technical Advisory Panel's assessment of FP148

Proposal name:	Participation in Energy Access Relief Facility ("EARF")
Accredited entity:	Acumen Fund, Inc.
Project/programme size:	Medium

I. Assessment of the independent Technical Advisory Panel

1.1 Impact potential

Scale: N.A.

1. The sub-Saharan Africa region experiences more frequent and intense climate extremes than other regions in the world. This is predicted to continue. The Intergovernmental Panel on Climate Change reported in 2014 that temperature increases in sub-Saharan Africa would be higher than the global mean temperature increase during the next century, impacting health, agriculture, and food security.
2. The region also faces tremendous development challenges. In sub-Saharan Africa, 548 million people, or 53 per cent of the total population, lack access to electricity and rely on the expensive alternatives kerosene and diesel generators for lighting. It is also reported that 900 million people, or 85 per cent of the population, lack access to clean cooking fuels and technologies, which leads to rapid deforestation– due to the massive use of biomass - and indoor air pollution¹.
3. The energy access sector has shown remarkable growth worldwide. The sector is composed of companies that manufacture, distribute, finance and/or install solar home systems, microgrids, clean cookstoves and/or solar-powered productive appliances. The off-grid solar energy industry has grown into a USD 1.75 billion sector with revenues growing at an annual rate of 30 per cent from 2016 to 2019. By February 2020 the sector had sold more than 180 million off-grid solar units worldwide, providing lighting and other energy services to 420 million people.² The off-grid solar home system sector has grown rapidly into a USD 1.75 billion annual market that supports 370,000 jobs.³ The sector is expected to provide 388 million people with basic electricity access by 2030.⁴
4. The contribution of the energy access sector to climate change mitigation is significant, especially in sub-Saharan Africa, where the majority of mitigation impacts have been delivered. Off-grid solar energy and microgrids powered with renewable resources reduce the use of diesel and petrol generators, which are often inefficient and expensive. It is estimated that 74 million tonnes of carbon dioxide equivalent (MtCO₂eq) emissions have been avoided owing to the off-grid solar energy technology.⁵ This reduction is estimated to be the equivalent of taking

¹ <https://www.seforall.org/publications/recover-better-africa>

² Lighting Global. 2020. *Off-Grid Solar Market Trends Report 2020*. Available at [https://www.lightingglobal.org/wp-content/uploads/2020/03/VIVID%20OCA 2020 Off Grid Solar Market Trends Report Summary High%20res.pdf](https://www.lightingglobal.org/wp-content/uploads/2020/03/VIVID%20OCA%2020%20Off%20Grid%20Solar%20Market%20Trends%20Report%20Summary%20High%20res.pdf)

³ GOGLA. 2019. *Off-Grid Solar. A Growth Engine for Jobs*. Available at https://www.gogla.org/sites/default/files/resource_docs/gogla_off_grid_solar_a_growth_engine_for_jobs_web_opt.pdf.

⁴ As footnote 2 above.

⁵ <https://www.gogla.org/resources/global-off-grid-solar-market-report-h2-2019-sales-and-impact-data>.

19 coal-fired power plants offline for a year. It is also reported that at least 44 per cent of all the kerosene lanterns that have been replaced were in sub-Saharan Africa.⁶

5. However, energy access companies operating in sub-Saharan Africa are now facing unprecedented challenges caused by the coronavirus 2019 disease (COVID-19) pandemic. They have experienced a dramatic reduction in sales and revenues owing to customers' inability to pay stemming from income and job losses as a result of economic slowdown and "shelter-in-place" restrictions. New funding and credit lines for the companies to maintain and expand operations have been reduced. As a result, the companies' operations have to rely on their own cash reserves, which were constrained even before the COVID-19 pandemic. Most of the energy access companies in sub-Saharan Africa are categorized as small or medium-sized.

6. Long-term and sustainable development of clean energy access in sub-Saharan Africa is at risk. A recent survey conducted by Endeavor⁷ found that 82 per cent of energy access companies are struggling with limited reserves. Half of the surveyed companies are contemplating lay-offs of their workforce, and over half of solar energy companies view inventory management as a severe problem. This is leading to service deterioration, which would cause even more customers to stop paying. Inventory stock outs would hamper the sustainable operation of the companies. Unless the energy access companies are able to maintain and expand operations, the consumers will be forced to switch back to the fossil fuel energy option.

7. The proposed programme, titled Energy Access Relief Facility (EARF), is to establish a debt fund to provide energy access companies with vital liquidity funding in the form of low-interest and unsecured subordinated loans. The EARF loans will enable the companies to remain solvent, maintain staff and supply lines, and be positioned to drive the post-COVID-19 recovery. The programme preserves the emission reductions that the sector had already achieved before the pandemic. It supports the companies in achieving further growth and extending the means to reduce emissions to new customers beyond the COVID-19 crisis.

8. The targeted countries of EARF are the Democratic Republic of the Congo, Kenya, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, Uganda and Zambia.

9. Acumen Fund, Inc is the accredited entity (AE). Social Investment Managers and Advisors, LLC (SIMA), as executing entity (EE), will manage EARF. In addition, the legal entities Energy Access Relief Fund B.V. and Climate CV will be set up to book loans for energy access companies and ring-fence GCF funding for the programme. They are also regarded as EEs.

10. The total fund size is to be financed by a GCF funding contribution of USD 30.0 million, and with the balance to be invested by other investors, including Acumen.

11. The programme consists of two funding sources. The first source is a GCF equity contribution of USD 30.0 million. Since EARF may provide funding in the future to countries other than those targeted, GCF investment will be channelled through an intermediary, Climate CV, to EARF so that the GCF fund can be segregated from other funds. No risk mitigation is contemplated for this source. Accordingly, GCF will assume EARF investment risk in energy access companies in full.

⁶ GOGLA. 2019. *Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data..* Available at https://www.gogla.org/sites/default/files/resource_docs/global_off_grid_solar_market_report_h22019.pdf

⁷ Energising Development (EnDev) is an energy access partnership currently financed by six donor countries: the Netherlands, Germany, Norway, United Kingdom, Switzerland and Sweden. EnDev promotes sustainable access to modern energy services that meet the needs of the poor - long lasting, affordable, and appreciated by users. EnDev works in 25 countries in Africa, Asia and Latin America. Since 2005, EnDev has taken a leading role at promoting access to Sustainable Energy for All. https://endev.info/images/1/1e/EnDev_COVID-19_implications_and_response_options.pdf

12. The second source is structured to mobilize funding from other investors, including bilateral institutions and Acumen.
13. The expected tenor of EARF will be four years with an option for two one-year extensions.
14. The programme is expected to lend to about 90 small and medium-sized off-grid energy access companies in the targeted nine countries. The loans will be unsecured, subordinated and concessionally priced. It is estimated that 85 per cent of the total amount is directed to support companies carrying off-grid energy access services. Other companies that EARF expects to support are those in microgrids, clean cooking and productive use.
15. The AE estimates that if a steady sector growth is maintained with the liquidity funding support of the programme, 1.33 MtCO₂eq emissions can be reduced. The estimation is based on the expected sales amount to be safeguarded as a result of EARF emergency relief to the energy access companies so that customers do not switch back to less sustainable energy alternatives such as kerosene and diesel. The number of beneficiaries is expected to exceed 16 million.
16. The independent Technical Advisory Panel (TAP) notes the significant demand for EARF liquidity funding support expressed by more than 300 energy access companies in the targeted nine countries in the survey. The estimated emission reduction of 1.33 MtCO₂eq is considered reasonable given that the period of estimation is short owing to the nature of emergency relief funding. The EARF mitigation impact could be significant in view of the future emission reductions to be delivered by the energy access companies that have overcome financial challenges thanks to the programme.

1.2 Paradigm shift potential

Scale: N.A.

1.2.1. Potential for knowledge-sharing and learning

17. EARF has potential for scaling up given its vital and timely intervention to preserve investments and impacts achieved in the sector for climate change mitigation.
18. It will present effective funding modalities to provide liquidity support, which is critical for off-grid energy access companies to weather negative impacts caused by the pandemic. However, the replicability of EARF could be constrained, as it is primarily dependent on the availability of large amounts of concessional funding from investors like GCF.

1.2.2. Contribution to the creation of an enabling environment

19. The programme further justifies and helps to preserve the enabling environment established over the last decades by promoting private sector delivery of solar energy access in the targeted countries. The enabling environment that has been developed for the energy access market is being challenged by the COVID-19 pandemic. The programme contributes to sustaining the enabling environment by supporting off-grid energy access companies in continuing and expanding operations.
20. The programme will support the regulatory framework and policies necessary for the continuous and sustainable development of the off-grid energy access sector during and after the COVID-19 pandemic. The sector supports the provision of electricity to populations that are currently being left behind in driving sustainable development and in contributing to national emission reduction targets. The programme demonstrates an effective model and shared experience with governments for future policies and programmes to secure and maintain the sector development.

21. The AE will organize sessions to disseminate lessons learned from the origination, structuring, investment process, deployment and monitoring of loans as well as customer outcomes. It also operates various knowledge dissemination platforms that would reach over 500,000 people annually.
22. The TAP notes the programme's paradigm shift potential in sustaining the off-grid energy access sector, which could prevent impairment of the progress made in the last decades in emission reductions in the targeted countries.

1.3 Sustainable development potential

Scale: N.A.

1.3.1. Environmental co-benefits

23. Environmental co-benefits of the programme include reduction of air and water pollution and improved use of resources as a result of energy access companies continuing to operate while the COVID-19 pandemic remains and thereafter. The programme aims to ensure access to affordable, reliable, and sustainable energy by providing the liquidity support that is critical to enabling off-grid energy access companies to survive and maintain operation in sub-Saharan Africa. With the electricity supplied by the companies supported by EARF, the adoption of renewable energy in these communities could be retained, rather than reverting to fossil-based fuels.

1.3.2. Economic co-benefits

24. The off-grid solar sector generates jobs and increases the incomes of its customers by improving access to light and power, thus unlocking previously unproductive hours. Solar home systems enable 21 per cent of users to spend more time working and earning. Recent research by GOGLA⁸ found that in more than one third of the households surveyed in East Africa, solar home systems are used for business or income generation. With 370,000 jobs generated from the sector, energy access serves as a large employer in low- and middle-income countries.

25. It is estimated that the off-grid solar sector could lose up to 1.3 million full-time equivalent jobs by 2022 across South Asia and East Africa alone unless the sector overcomes the operational and financial crisis caused by COVID-19. The majority of such job losses will be in rural areas, which would have supported job creation and diversification among often economically disadvantaged and vulnerable communities.

1.3.3. Gender-sensitive development impacts

26. The programme supports off-grid energy access companies in continuing to operate throughout the COVID-19 pandemic, and in expanding thereafter. The availability of clean energy access is beneficial to women, who suffer indoor pollution caused by use of kerosene, lose time for purchasing or collecting traditional fuel sources, or who are responsible for hand-irrigation of crops.

27. The programme plans to promote and improve the gender balance of staff in favour of women in the off-grid energy access companies to be supported. The loan covenants include that the percentages of female in-country staff against total staff may not decline by more than 10 per cent points relative to the baseline.

⁸ GOGLA, July 2018. Powering Opportunity The Economic Impact of Off-Grid Solar, https://www.gogla.org/sites/default/files/resource_docs/gogla_powering_opportunity_report.pdf

1.4 Needs of the recipient

Scale: N.A.

28. The off-grid energy access sector has been playing a pivotal role in promoting sustainable renewable energy supply, thus contributing to climate change mitigation in the targeted nine countries. In the last half of 2019, the total sales of off-grid solar equipment and services in the targeted countries represented 37 per cent of all global sales.

29. The off-grid energy access companies have been in dire need of liquidity as a result of a decline in sales since the start of the COVID-19 crisis. A recent survey⁹ indicated that 81 per cent of companies had experienced a sales decline, of which 44 per cent lost more than half their sales. Of the companies that rely on regular service payments or loan repayments (such as pay-as-you-go solar companies), 62 per cent had seen a drop of over 25 per cent in collection rates compared with the same period in 2019. Even of the relatively large companies with more than USD 5 million in annual revenue, only 22 per cent reported that they could sustain their business for six months on their current trajectory. Over 300 companies have expressed interest in the EARF financial support.

1.4.1. Absence of alternative sources of financing

30. Funding to the sector has pulled back as a result of the increased macroeconomic risk and competing public health and economic support priorities for development finance institutions. Local commercial banks face liquidity crises and credit crunch and are unable to offer liquidity sufficient for off-grid energy access companies, which are mostly small to medium-sized, to maintain operations. The sector lacks investors or debt providers who are willing to take risks and offer relief support under these unprecedented circumstances. The AE has received expressions of interest from more than 300 off-grid energy access companies for emergency relief totalling USD 80 million. Those companies are currently serving 85 million people with 20,000 staff in the targeted countries.

31. The GCF equity investment of USD 30 million will be on lend to companies in the nine targeted countries, where liquidity relief is scarce for off-grid energy access companies. The EARF emergency relief loans will be priced concessionally, depending on company size. The interest rate is determined at lower than commercial rates to avoid over-indebting companies while ensuring that only companies that actually need the money apply.

32. The TAP concludes that the needs of the recipient with regard to the programme are notable. The programme provides the liquidity support critically needed by off-grid energy access companies in sub-Saharan Africa to continue operations throughout the COVID-19 pandemic. The availability of concessional funding to the sector is limited while demand for such funding is intense and likely to increase. Sources of financing other than GCF are absent, especially if the magnitude of demand is taken into consideration.

1.5 Country ownership

Scale: N.A.

1.5.1. Existence of a national climate strategy

33. All of the targeted nine countries have committed to promoting climate change mitigation in their respective nationally determined contributions (NDCs) and intended NDCs. Among the mitigation measures mentioned in the NDCs, those aimed at promoting renewable energy in power generation are the most common, mainly through the promotion of on-grid

⁹ https://endev.info/images/1/1e/EnDev_COVID-19_implications_and_response_options.pdf

wind, hydropower or solar technologies and off-grid solar technology. The programme aims to safeguard the progress achieved in the targeted countries towards universal access to clean energy, microgrids and clean cooking technology.

1.5.2. Capacity of accredited entities or executing entities to deliver

34. Acumen Fund, Inc is a non-profit impact investment fund with 15 years' experience in small and medium-sized enterprises that serve low-income communities in developing countries across South Asia, sub-Saharan Africa and Latin America. Acumen invests "patient capital" in early-stage companies across sectors such as agriculture, education, energy, financial inclusion and affordable healthcare.

35. Acumen has developed two investment funds in partnership with GCF, namely Kawisafi Ventures (FP005) and Acumen Resilient Agriculture Fund (FP078). Kawisafi Ventures is an investment fund focused on creating energy access in East Africa. Acumen Resilient Agriculture Fund is a climate resilience focused agriculture investment fund in East and West Africa.

36. SIMA was established in 2015 with a mission to improve the lives of its clients at the bottom of the pyramid by providing capital and advisory services to create and scale up profitable business with financial, social, and environmental impacts. Its first fund, SIMA Off-Grid Solar and Financial Access Senior Debt Fund I, is a USD 90 million fund targeting the off-grid solar sector. It provides senior debt to companies that finance, manufacture and/or distribute solar home systems in sub-Saharan Africa, and South Asia. The second fund, SIMA Angaza Distributor Finance Fund, is a pilot debt fund of USD 3 million launched in June 2020 in partnership with Angaza to support off-grid solar distributors in sub-Saharan Africa. Its portfolio includes loans to three off-grid solar distributors.

37. SIMA was selected to manage EARF through a transparent process by potential investors in EARF, which include bilateral and private sector financial institutions and Acumen. Some of them are the investors in SIMA's first fund.

38. No-objection letters are issued by the respective national designated authority of the nine countries and attached to the funding proposal.

39. The TAP confirms country ownership of the programme. The programme aims to support the off-grid energy access sector, which was developed and fostered in the targeted countries as a part of the government commitments to climate change mitigation. Both Acumen and SIMA have exposure to the sector and regions and so are assessed as capable of implementing the programme as proposed.

1.6 Efficiency and effectiveness

Scale: N.A.

1.6.1. Cost-effectiveness and efficiency regarding financial and non-financial aspects

40. The AE expects that a GHG emission reduction of 1.33 MtCO₂eq can be maintained as a result of the EARF emergency relief to support the operation of off-grid energy access companies in the targeted countries. Cost per tonne CO₂eq avoided of the programme is therefore estimated to be USD 45.1. With respect to GCF funding, it is USD 22.6 per tonne CO₂eq.

1.6.2. Amount of co-financing

41. The co-financing ratio of the programme is estimated to be 1.0 against GCF equity investment of USD 30 million. The AE notes positive indications received from other financiers to contribute the balance of USD 30.0 million.

1.6.3. Programme/project financial viability and other financial indicators

42. The programme is of high risk, offering liquidity relief funding at a concessional rate to off-grid energy access companies that are facing financial distress as a result of the COVID-19 pandemic. The loan pricing is structured concessionally to avoid overburdening companies with unsustainable debt service. A mechanism to capture upside return on equity conversion in case the companies survive the crisis does not exist. Accordingly, the financial return for EARF would be limited.

43. The TAP views the efficiency and effectiveness of the programme as notable. A co-financing ratio of 1.0 cannot be regarded as low if the EARF high-risk profile and the present economic and market conditions are taken into consideration. The cost of greenhouse gas emission reduction is acceptable although high owing to the nature of liquidity support and the emission reduction estimation period being only for six years.

II. Overall remarks from the independent Technical Advisory Panel

44. The TAP recommends that the Board approve the proposed programme as presented.

45. The programme is considered relevant and timely in further promoting climate change mitigation in sub-Saharan Africa in the midst of the COVID-19 pandemic. By providing access to emergency relief funding, the programme helps off-grid energy access companies to reduce the negative impact of the pandemic and safeguard the sector's remarkable progress towards greenhouse gas emission mitigation. The recent research and survey confirmed the acute need for emergency relief funding for the sector in the targeted nine countries. Both Acumen and SIMA are considered suitable to advance the programme as proposed.

Reply to the Independent Technical Advisory Panel assessment findings (FP148)

Proposal name: Participation in Energy Access Relief Facility (“EARF”)
 Accredited entity: Acumen Fund, Inc.

Impact potential
Acumen notes the iTAP’s positive review that the overall impact potential is vast given the percentage of people lacking access to electricity in Sub-Saharan Africa who are reliant on dirty fuels for basic access, and confirms that it accurately reflects the Energy Access Relief Fund, including: current status of the energy access private sector affected by COVID-19, structure of the proposed EARF, and projected impact. Acumen would like to note that expected allocation by company type is subject to applications received and eligibility of these companies.
Paradigm shift potential
Acumen notes the iTAP’s positive review that the Programme’s paradigm shift potential and is in support of preserving investments and impacts achieved to date by the energy access sector in contributing towards climate change mitigation. Further, Acumen notes the potential for the EARF to create an enabling environment for energy access to thrive during and following the global pandemic.
Sustainable development potential
Acumen notes the iTAP’s positive review of the Programme’s potential to have environmental, economic (job and income generation), and gender-sensitive co-benefits.
Needs of the recipient
Acumen notes the iTAP’s notable review and thorough reporting of the needs of the off-grid energy access sector given the dire liquidity needs and decline of sales since the start of the COVID-19 crisis. Acumen acknowledges the absence of alternative sources of funding available to companies operating energy access business models and the importance of lending at concessional interest rates in order to not jeopardize the financial health of companies recovering from the harsh realities of the global pandemic.
Country ownership
Acumen notes iTAP’s commentary of the nine countries that have shown support for the EARF through no-objection letter submissions and their individual commitments towards climate change mitigation.
Efficiency and effectiveness
Acumen notes the iTAP’s positive assessment of the Programme’s efficiency and effectiveness and notes the intended tCO2e reduction potential of and co-financing alongside the EARF. Acumen would like to clarify that we understand co-financing to refer to funding with the same geographic restrictions as the GCF funding. Given that the EARF has a broader geographic strategy than GCF funding, total EARF investment would not be expected to constitute co-financing. As such, we would like to inquire if it is more accurate to report that co-financing is expected to be 1:1.
<i>Overall remarks from the independent Technical Advisory Panel:</i>
Acumen notes the overall positive remarks from the iTAP on the timeliness and relevancy of this Programme to reduce negative impact of the pandemic and safeguard the sector remarkable progress towards GHG emissions mitigation. Acumen also notes with thanks the positive recommendation from iTAP to the GCF Board, in particular that the Board support and approve the Programme as proposed.

Annex 8: Gender Assessment

Energy Access Relief Facility

The energy access sector¹ has an important impact on women in multiple roles as customers, entrepreneurs, and agents of change:

- **Customers:** *Women are the primary consumers of energy in households, and as such are the most exposed to the harmful effects of energy poverty: household air pollution, time spent gathering fuel, and overall drudgery.*²
- **Entrepreneurs:** *The off-grid energy sector provides opportunities for income generation for women through entrepreneurship within the energy value chain.*
- **Agents of change:** *Many companies employ women as last-mile sales agents for example.*

Energy access companies are increasingly focused on serving women, and female employees have been shown to sell certain products more effectively to women customers.³ Benefits of women's energy entrepreneurship have been noted at the individual, household and community level, including income generation and access to networks at the individual level, increased decision-making and shifting power dynamics at the household level, and leadership skills and opportunities and shifting gender norms at the community level.

In addition to opportunities within the energy sector value chain for women, access to productive uses of energy access provides income generating opportunities for women. For example, once electricity became accessible via the installation of a solar powered mini-grid in one rural Ghanaian community, the number of women entrepreneurs increased by 29 percent and the incomes of women entrepreneurs increased by 11 times compared to pre-electricity earnings.⁴ This is even low compared to an International Center for Research on Women (ICRW) report which found a correlation between women's access to energy and a 59 percent increase in earnings.⁵

Increasingly, women are also skilled workers, and decision makers, in the energy sector, where companies with a more gender-balanced leadership team have demonstrated stronger performance.⁶ Despite this, the proportion of women working in the off-grid solar sector is low at

¹ Energy access is traditionally considered to be a household good, and so high-quality data on gender-disaggregated access and use of modern energy products is frequently, and unfortunately, lacking.

² [Oxfam, 2017.](#)

³ IRENA, 2019.

⁴ <https://medium.com/power-africa/solar-mini-grids-boost-womens-entrepreneurship-8479e4c1f8f8>

⁵ <https://www.icrw.org/news/icrw-finds-that-solar-sister-empowers-women-increases-their-income-and-makes-communities->

[safer/#:~:text=ICRW%20found%20that%20the%20Solar,home%20and%20in%20their%20communities.](#)

⁶ See for example

https://www.usaid.gov/sites/default/files/documents/1860/PA_Case_Study.2019.04.09.508.pdf

27%, although it is projected to improve.⁷ Key barriers identified in the African context to women's increased employment in the sector are cultural and social norms, a lack of gender-specific training, and a lack of technical skills.⁸

COVID-19 and Gender Equality in Energy Access

Covid-19 is the biggest setback to gender equality in a decade. The burden of unpaid care has increased globally, and women are at a greater risk of gender-based violence as a result of lockdown conditions.⁹ Women's jobs are 1.8 times more vulnerable to this crisis than men's jobs and even aside from labor-market dynamics women are having to drop out of the workforce because of increased unpaid care responsibilities in the home.¹⁰ New or continued energy access and employment opportunities from energy companies with gender inclusive workplace policies are key factors to mitigate the disproportionate negative impact of covid-19 on women.

The EARF, together with participation of the Climate LLP, will be focused on funding companies that are committed to serving women customers, employing female staff at a rate equal to or higher than men, recruiting and promoting women for leadership positions, empowering female staffers and paying them commensurately with their male counterparts, and creating a workplace that is adaptable to the needs of its members and free from harassment.

Loan Covenants

In order to operationalize these goals, EARF loans (participated in by Climate LLP) will contain the following covenants:

- *Companies must maintain or improve the current percentage of female full-time and contracted employees during the EARF loan period (unless percentage drops due to dismissal warranted for disciplinary or performance-related reasons) (requires documentation and retrenchment plan and allows for cure period)*
- *Companies must adopt and communicate (or demonstrate that they have already done so) a Gender Empowerment Policy, including information on flexible work arrangements, employee rights, and mechanisms available for safely expressing and addressing workplace harassment.*

Non-compliance with these covenants would, after repeated warnings, result in a breach of contract and trigger various escalation mechanisms, including required prepayment and/or financial penalties.

⁷https://www.gogla.org/sites/default/files/resource_docs/gogla_off_grid_solar_a_growth_engine_for_jobs_w eb_opt.pdf

⁸ IRENA, 2019. Page 60.

⁹ <https://www.weforum.org/agenda/2020/07/gender-equality-women-employment-covid19/>

¹⁰ <https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects#>

Applying a Gender Lens to EARF Investing

In addition to these covenants, the Acumen and SIMA teams have prepared a series of country-level gender assessments, seen below. The 9 NOL countries show considerable disparities in both the equality of their legal regimes and gendered outcomes on multiple development indicators. This disparity is documented in the table below.

Country	Social Institutions and Gender Index	SIGI Rank (out of 120)	Global Gender Gap Index	Global Gender Gap Rank (Out of 153)	Gender Inequality Index	Gender Inequality Rank (Out of 162)	Average Rank
Rwanda	28%	65	0.791	9	0.41	95	56
Mozambique	24%	54	0.723	56	0.57	142	84
Zambia	35%	81	0.731	45	0.54	131	86
Uganda	45%	98	0.717	65	0.53	127	97
Senegal	37%	86	0.684	99	0.52	125	103
Kenya	36%	83	0.671	109	0.55	134	109
Nigeria	46%	100	0.635	128			114
Sierra Leone	48%	105	0.668	111	0.64	153	123
Congo, Dem. Rep.	40%	88	0.578	149	0.65	156	131
Notes	2019	2019	2020	2020	2018	2018	

One possible approach to addressing these disparities would be to apply a heightened scrutiny to the business plans and gender employment mix of companies that operate in relatively more unequal countries (for example in the bottom third of the NOL country group). However, at present we do not advocate this approach. These rankings reflect *formal* gender equality, whereas it is our experience that gender stereotypes and prescribed gender roles often still discriminate against women, even in countries where strong legal frameworks are present. Likewise, traditional norms and cultural practices (not considered in these indices) are still significant barriers to gender equality, including with respect to employment in the off-grid energy sector. In other words, regardless of status of formal equality, the challenges that are being addressed by the EARF, namely with respect to women's employment in the sector in the context of Covid-19, are quite similar across countries. It is these that the EARF aims to address, using the gender action plan described below.

Operationalizing a Gender Action Plan

In order to turn these commitments into reality, Acumen has drafted the Gender Action Plan (GAP, see below), which places the Gender goals, outputs, and outcomes into a results framework, as well as providing an indicative budget. If fully-funded, Acumen and SIMA will be able to engage a gender officer to oversee monitoring and evaluation of the gender action plan, including monitoring whether firms are abiding by gender-related loan covenants, and providing them advice and resources on how to best achieve their stated goals.

The gender officer is intended to be a senior financial and commercial advisor with deep experience in the energy access sector. Final determination of the gender officer will be made upon approval of the budget (see Gender Action Plan for budget details). The gender officer is expected to sit on the Investment Committee. They are also intended to work with Acumen gender specialist(s) to carry out any additional outreach to companies as described in the GAP.

Gender Investing Framework

Acumen is in the process of incorporating gender lens investing into our model, which will help to influence our and SIMA's approach to the EARF. We have identified three areas where we can apply a gender-lens: investing in more women-led businesses, influencing the corporate cultures and operations of the companies we invest in, and increasing data and awareness about women customers' experiences. Where we feel we have the most leverage is influencing corporate culture and gathering customer feedback by gender. As an investor, we believe we can use our capital, influence, and governance to help shape corporate culture. We can do this by vetting a company's practices around gender equity before making an investment and influencing the corporate culture of the organizations via our repeated engagements with borrowers or our presence on Boards. Additionally, we will continue to work with the Lean Data team to present all collected customer feedback on a disaggregated-basis by gender, so companies can better understand and identify where women, for example, may be experiencing more challenges with a product or service.

Framework. One gender investing framework that can guide the EARF's assessment and approvals, as well as its ongoing influence with companies, is the 2X Challenge Criteria. This is a set of criteria and guiding principles that does not just count women but values them. It creates a set of 5 clear criteria, with an investment being '2X-aligned' if it fulfills at least one of the following:¹¹

		Criteria	Threshold ⁴	
Direct Criteria	1	Entrepreneurship	1A. Share of women ownership	51%
			OR	
		1B. Business founded by a woman	Yes/No	
	2	Leadership	2A. Share of women in senior management ¹	20% - 30% ²
			OR	
		2B. Share of women on the Board or Investment Committee ¹	30%	
3	Employment	3A. Share of women in the workforce ¹	30% - 50% ²	
		AND		
	3B. One "quality" indicator beyond compliance	Yes/No		
4	Consumption	4. Product or service specifically or disproportionately benefits women	Yes/No	
		OR		
Indirect	5	Investments through Financial Intermediaries (FIs) ³	5A. <i>On-Lending facilities</i> : Percent of the Investor/FI loan proceeds or percent of FI's portfolio supporting businesses that meet direct criteria ¹	30%
			OR	
		5B. <i>Funds</i> : Percent of portfolio companies that meet the direct criteria ¹	30%	

These criteria are valuable, although the 2X framework clearly establishes that companies which may meet the letter of these criteria but overall create negative impacts for women should not be considered 2X-aligned. Acumen and SIMA propose to track the % of companies that are 2X-aligned

¹¹ [2X Challenge Financing for Women, 2020](#)

at various stages of the EARF, provide periodic counsel and support to those that are not, and report on the results to GCF.

Customers: Through Lean Data, we can help companies better understand their customers on a gender disaggregated basis. All Lean Data metrics can be disaggregated by gender to understand if there are disparities between men and women experience (impact) with a product or service. For example, do women disproportionately experience a challenge with their product or service? If so, why? If you review the new Lean Data Gender report,¹² on p. 12 you will see that how else we can start to build gender into the way we measure and improve customer impact: qualitative responses disaggregated by gender and gender-specific question sets.

Country-level Assessments

Nigeria Gender Assessment

Key Statistics on Gender Equality

Nigeria was ranked 100 out of 120 in the 2019 Social Institutions and Gender Index with a score of .460 and 128 out of 153 in the 2020 Global Gender Gap Index with a score of 0.635. All indices are on a 0-1 scale. For the SIGI, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	917 (2017)	World Bank
Infant mortality rate	75.7 (2018)	World Bank
Adult literacy rate	52.7% female, 71.3% male (2018)	World Bank
Employment to Population Ratio, age 15+	43.6% female, 53.6% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	8.9% female, 7.4% male (2019)	World Bank

¹² <https://acumen.org/wp-content/uploads/Understanding-Gender-Impact-Part-One.pdf>

Life Expectancy	55.2 years (female), 53.5 years (male) (2018)	World Bank
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Political Participation

In Nigeria, women have the same rights to vote and stand for election as men, and the Constitution guarantees equal participation in political life.¹³ Despite this, women remain poorly represented at the national level: 7.3% of senators (8 out of 109) are women, and just 3.6% of members of the House of Representatives (13 out of 358) are female.¹⁴ 7 out of 43 ministers in the national cabinet are women.¹⁵ Overall, Uwa et al. (2018) argue that Nigerian women have been perpetually marginalized in the political sphere due to a combination of social, cultural, and economic forces.¹⁶ In 2019, 77% of the population believed that men make better political leaders.¹⁷

Division of Labour and Participation in the Economy

According to the World Bank, 44.9% of the labor force is female.

Nigeria is the most populous country in Africa, and the 24th largest economy in the world by GDP. It has a middle-income, mixed economy, with high export earnings from oil and gas, but also a large, subsistence agricultural sector. 48% of adult women are employed (57th out of the 98 middle-income countries reporting data in 2019), and women make up 44.9% of the overall labor force.¹⁸ They are most likely to work in low-income, informal occupations. 24% of employed women work in agriculture, compared to 44% of all men. One in six women work in public administration, community, social, or other services jobs. Only 0.3% of women hold management positions. Nigeria's statutes generally grant women full legal rights before the law, however parallel customary and religious legal regimes do not always recognize the rights of women to own or inherit land and other assets.¹⁹

¹³ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

¹⁴ [Ibid](#)

¹⁵ [VOA, 2019.](#)

¹⁶ [Uwa et al., 2018.](#)

¹⁷ [OECD, 2019.](#)

¹⁸ [World Development Indicators, 2020.](#)

¹⁹ OECD, 2019.

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).²⁰

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.²¹

Needs and Priorities of Men and Women in EARF

For the EARF programme, there are two contexts in which it is critical to examine the different needs/priorities of men and women: as employees/agents of energy access companies, and as customers of those same companies.

Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).²² A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.²³ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of

²⁰ Acumen

²¹ [IRENA, 2019](#).

²² *Ibid.*, p. 35.

²³ *Ibid.*, p. 59.

energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{24,25}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.²⁶ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: “Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty.”²⁷ Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.²⁸

The EARF is meant to mitigate this risk through the use of covenants that will require energy access firms to use 80% of the funds they receive to pay employee salaries and/or commissions. Furthermore, priority will be given to eligible firms that are owned and led by women. Lastly, companies receiving EARF funding will be expected to maintain or improve the gender balance of their staff and agent network while the loan is being repaid. In order to achieve this, companies will be expected to provide retention and recruitment plans for women employees and agents, and will be given guidance on how to adopt flexible work policies. Companies will verify their adherence to these covenants through regular data reporting, which can be verified by the Fund Manager and independent third parties, as necessary.

Customers

Women are the primary users of energy in a household, and are among the prime beneficiaries of access to modern energy services. Numerous studies have highlighted the benefits of modern energy for women: solar lanterns provide light for studying, reduce security risks, and displace dirty, harmful kerosene lanterns.²⁹ In one study, women using kerosene lanterns were nine times as

²⁴ [Clean Cooking Alliance, 2015.](#)

²⁵ [Value for Women, 2018.](#)

²⁶ [World Economic Forum, 2020.](#)

²⁷ [UN, 2020.](#)

²⁸ [Bloomberg, 2020.](#)

²⁹ [Energia, 2019.](#)

likely to contract tuberculosis.³⁰ Clean, efficient cookstoves bring down the time that women and girls must spend gathering fuel, while also reducing household air pollution, a major public health risk that kills over 4 million people annually and disproportionately affects women and girls.³¹ Particularly during a pandemic that can cause lethal respiratory infections, the benefits of modern energy and cooking are needed more than ever.

Energy also plays a major role in increasing productivity and effectiveness of the work that men and women do.³² In East Africa alone, solar home system companies have helped to create the equivalent of over one million additional jobs, of which 52% have gone to women, bringing them an additional \$552 per year.³³ The EARF is meant to enable these benefits to continue, by funding companies to maintain their operations and customer service, while expanding sales to new customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

Vulnerabilities and Mitigation Strategies

EARF's focus is on protecting the gains made so far by the energy access sector, maintaining service to existing renewable energy adopters, and safeguarding the future sales and impact that will be made by companies during the recovery from COVID-19. Our response strategies are aimed at protecting the liquidity of viable energy access companies, and ensuring that their ability to serve current customers and reach new ones is not affected.

EARF intends to focus on two main areas to ensure that women's role as agents and beneficiaries of energy access is not only maintained, but increased:

- **Protecting female staff and agents.** The EARF will specifically ask companies to provide plans for retaining vulnerable staff, including women, and maintaining or increasing the share of women in their employ. Companies will then be expected to adhere to those plans while using concessional finance. An indirect benefit of this approach is that female agents and call center operatives have been shown to be particularly effective at marketing the benefits of energy products to other women. This contributes to the second key area.

³⁰ [Bates et al., 2013.](#)

³¹ [WHO, n.d.](#)

³² SEAR, 2017.

³³ [GOGLA, 2020.](#)

- **Ensuring ongoing access to renewable energy products.** By maintaining liquidity, supply lines, and staffing, the EARF helps to preserve ongoing access to critical products. Families who are confined to rural households will be able to purchase high-quality solar products or cookstoves, while existing adopters will still be able to reach a customer service or maintenance representative to fix any product issues.

Incorporating Local Knowledge and Skills

Acumen has developed and published a Gender Sensitivity Policy that guides its investments and implementation in all programmes. For the EARF, we see a clear opportunity to empower companies that have been forward-thinking and progressive in their promotion of women to senior leadership positions and their reliance on women on the frontlines of energy access distribution, sales, finance, and service. We will encourage greater participation of women at the board level, ensure equal opportunity on the investing team, and do the same at the investee level. We will also comply with the Gender Equality Standards as defined by the ILO and IFC, respectively. And we acknowledge the acute dangers posed by the current crisis to women around the world, as highlighted in the UN Secretary General's recent policy brief on the issue.

Acumen has repeatedly demonstrated its commitment to gender equality and sensitivity, and we intend to continue to do so. In 2015 Acumen published a report, along with the International Center for Research on Women: *Women and Social Enterprises: How Gender Integration Can Boost Entrepreneurial Solutions to Poverty*.³⁴ In 2018, Acumen partnered with Unilever to package its years of impact assessment insights into a series of toolkits, *A Lean Data How-To Guide: Understanding Gender Impact*.³⁵ And in 2020, research between 60 Decibels and GOGLA helped to fully communicate the depths of the struggle that off-grid energy customers were experiencing during the pandemic. Through this work, Acumen has developed new and better ways of listening to customers, and continues to believe wholeheartedly in its core tenets of putting vulnerable customers at the center of our work and empowering the companies which demonstrate an ability to serve them.

Challenging Gender Stereotypes

³⁴ [Acumen, 2015](#).

³⁵ [Acumen, 2019a](#), [Acumen 2019b](#).

EARF will aim to protect the jobs of vulnerable female employees and agents at energy access companies. Women's employment at all levels of the company workforce, particularly in a traditionally male dominated sector, challenges gender stereotypes and increases positive gender relations. It can cause a shift in power dynamics and relationships in the household and community.³⁶

EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

³⁶ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Uganda Gender Assessment

Key Statistics on Gender Equality

Uganda was ranked 98 out of 120 in the 2019 Social Institutions and Gender Index with a score of .451 and 65 out of 153 in the 2020 Global Gender Gap Index with a score of 0.717. Uganda also ranked 127 out of 162 countries on the Gender Inequality Index, with a score of .531. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	375 (2017)	World Bank
Infant mortality rate	33.8 (2018)	World Bank
Adult literacy rate	70.8% female, 82.7% male (2018)	World Bank
Employment to Population Ratio, age 15+	65.6% female, 72.9% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	2.3% female, 1.4% male (2019)	World Bank
Life Expectancy	65.2 years (female), 60.7 years (male) (2018)	World Bank

Political Participation

In Uganda, women have the same rights to vote and stand for election as men³⁷, and the Constitution guarantees women's participation in political life by reserving one seat for women in each of the country's 39 electoral districts. Women parliamentarians are elected through separate women's elections in addition to the constituency MPs who are elected through a first past the post system.³⁸ 34.9% (160 out of 459) members of Uganda's unicameral legislature are women, 93% of

³⁷ [OECD, 2014.](#)

³⁸ [Economic Policy Research Center, UKAID & UN Women, 2019](#)

them were elected through reserved seats.³⁹ The low participation of women in constituency positions and politics in general stems from several social, cultural and financial barriers. More than 50% of men perceived that the low participation of women in politics stems from lack of support from party leaders and that women are not tough enough for politics.

Division of Labour and Participation in the Economy

According to the World Bank, 49.3% of the labor force is female. Uganda is one of the poorest countries in the world, with a GDP of under \$30bn dollars, and one in five of its citizens still living in extreme poverty. It is a low income country with an economy driven by commodity exports of coffee, oil, base metals, fish and a large, subsistence agricultural sector. Every year, about 700,000 young people reach working age in Uganda but only 75,000 jobs are created per year. 68% of adult women are employed (30th out of the 118 low and middle-income countries reporting data in 2019), and women make up 49.3% of the overall labor force.⁴⁰ They are most likely to work in low-income, informal occupations. Women account for 75% of agricultural workers and nearly 42% of women in the workforce are unpaid family workers.⁴¹

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).⁴²

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.⁴³

³⁹ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

⁴⁰ World Development Indicators, 2020.

⁴¹ [OECD, 2014](#).

⁴² Acumen

⁴³ [IRENA, 2019](#).

Needs and Priorities of Men and Women in EARF

For the EARF programme, there are two contexts in which it is critical to examine the different needs/priorities of men and women: as employees/agents of energy access companies, and as customers of those same companies.

Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).⁴⁴ A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.⁴⁵ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{46,47}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.⁴⁸ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty."⁴⁹ Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.⁵⁰

⁴⁴ Ibid., p. 35.

⁴⁵ Ibid., p. 59.

⁴⁶ [Clean Cooking Alliance, 2015.](#)

⁴⁷ [Value for Women, 2018.](#)

⁴⁸ [World Economic Forum, 2020.](#)

⁴⁹ [UN, 2020.](#)

⁵⁰ [Bloomberg, 2020.](#)

The EARF is meant to mitigate this risk through the use of covenants that will require energy access firms to use 80% of the funds they receive to pay employee salaries and/or commissions. Furthermore, priority will be given to eligible firms that are owned and led by women. Lastly, companies receiving EARF funding will be expected to maintain or improve the gender balance of their staff and agent network while the loan is being repaid. In order to achieve this, companies will be expected to provide retention and recruitment plans for women employees and agents, and will be given guidance on how to adopt flexible work policies. Companies will verify their adherence to these covenants through regular data reporting, which can be verified by the Fund Manager and independent third parties, as necessary.

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Energy also plays a major role in increasing productivity and effectiveness of the work that men and women do.⁵⁴ In East Africa alone, solar home system companies have helped to create the equivalent of over one million additional jobs, of which 52% have gone to women, bringing them an additional \$552 per year.⁵⁵ The EARF is meant to enable these benefits to continue, by funding companies to maintain their operations and customer service, while expanding sales to new customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

⁵¹ [Energia, 2019.](#)

⁵² [Bates et al., 2013.](#)

⁵³ [WHO, n.d.](#)

⁵⁴ SEAR, 2017.

⁵⁵ [GOGLA, 2020.](#)

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- **Ensuring ongoing access to renewable energy products.** By maintaining liquidity, supply lines, and staffing, the EARF helps to preserve ongoing access to critical products. Families who are confined to rural households will be able to purchase high-quality solar products or cookstoves, while existing adopters will still be able to reach a customer service or maintenance representative to fix any product issues.

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Entrepreneurial Solutions to Poverty.⁵⁶ In 2018, Acumen partnered with Unilever to package its years of impact assessment insights into a series of toolkits, *A Lean Data How-To Guide: Understanding Gender Impact*.⁵⁷ And in 2020, research between 60 Decibels and GOGLA helped to fully communicate the depths of the struggle that off-grid energy customers were experiencing during the pandemic. Through this work, Acumen has developed new and better ways of listening to customers, and continues to believe wholeheartedly in its core tenets of putting vulnerable customers at the center of our work and empowering the companies which demonstrate an ability to serve them.

Challenging Gender Stereotypes

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EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

⁵⁶ [Acumen, 2015](#).

⁵⁷ [Acumen, 2019a](#), [Acumen 2019b](#).

⁵⁸ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Rwanda Gender Assessment

Key Statistics on Gender Equality

Rwanda was ranked 65 out of 120 in the 2019 Social Institutions and Gender Index with a score of .276 and 9 out of 153 in the 2020 Global Gender Gap Index with a score of 0.791. Rwanda also ranked 95 out of 162 countries on the Gender Inequality Index, with a score of .412. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	248 (2017)	World Bank
Infant mortality rate	27 (2018)	World Bank
Adult literacy rate	69.4% female, 77.6% male (2018)	World Bank
Employment to Population Ratio, age 15+	83% female, 82.5% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	1.1% female, 1.0% male (2019)	World Bank
Life Expectancy	70.8 years (female), 66.5 years (male) (2018)	World Bank

Political Participation

In Nigeria, women have the same rights to vote and stand for election as men, and the Constitution guarantees equal participation in political life.⁵⁹ The Rwandan government secures women's political participation through quotas at both the national and subnational levels, and a parallel

⁵⁹ [OECD, 2014.](#)

system of women's only councils and women's elections at the sub national levels.⁶⁰ Rwanda has the world's largest share of female parliamentarians at 61.3%. 49 out of 80 members in the Chamber of Deputies and 10 out of 26 Senators (38.5%) are women.⁶¹ Overall, public opinion on women politicians in Rwanda is evenly divided. According to a 2007 World Values Survey, 51% think that men make better political leaders than women do, versus 48% who disagree with that statement.⁶²

Division of Labour and Participation in the Economy

According to the World Bank, 51.7% of the labor force is female.

Rwanda is a landlocked, low income country with few natural resources. It's per capita income is \$789 (2019) and over half the country lives in poverty. The economy is driven by subsistence agriculture and few exports like coffee, tea and minerals. 84.43% of adult women are employed (3rd out of the 118 low and middle-income countries reporting data in 2019), and women make up 51.7% of the overall labor force.⁶³ More than 75 percent of Rwandan women are engaged in farming, forestry, and fishing activities, and nearly two-thirds of them work in the subsistence agriculture segment.⁶⁴ 12% women are engaged in wholesale or retail trade, 1.2% in construction and a further 1.25 in manufacturing.⁶⁵ Encouragingly, 33.2% of management positions are held by women.

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).⁶⁶

⁶⁰ Ibid., p.4-5

⁶¹ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

⁶² [OECD, 2014.](#)

⁶³ World Development Indicators, 2020.

⁶⁴ [Rwanda Labour Force Survey Report, 2018](#)

⁶⁵ [ILOstat, 2016](#)

⁶⁶ Acumen

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.⁶⁷

Needs and Priorities of Men and Women in EARF

For the EARF programme, there are two contexts in which it is critical to examine the different needs/priorities of men and women: as employees/agents of energy access companies, and as customers of those same companies.

Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).⁶⁸ A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.⁶⁹ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{70,71}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the

⁶⁷ [IRENA, 2019.](#)

⁶⁸ Ibid., p. 35.

⁶⁹ Ibid., p. 59.

⁷⁰ [Clean Cooking Alliance, 2015.](#)

⁷¹ [Value for Women, 2018.](#)

requirements of their jobs.⁷² This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: “Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty.”⁷³ Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.⁷⁴

The EARF is meant to mitigate this risk through the use of covenants that will require energy access firms to use 80% of the funds they receive to pay employee salaries and/or commissions. Furthermore, priority will be given to eligible firms that are owned and led by women. Lastly, companies receiving EARF funding will be expected to maintain or improve the gender balance of their staff and agent network while the loan is being repaid. In order to achieve this, companies will be expected to provide retention and recruitment plans for women employees and agents, and will be given guidance on how to adopt flexible work policies. Companies will verify their adherence to these covenants through regular data reporting, which can be verified by the Fund Manager and independent third parties, as necessary.

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Energy also plays a major role in increasing productivity and effectiveness of the work that men and women do.⁷⁸ In East Africa alone, solar home system companies have helped to create the

⁷² [World Economic Forum, 2020.](#)

⁷³ [UN, 2020.](#)

⁷⁴ [Bloomberg, 2020.](#)

⁷⁵ [Energia, 2019.](#)

⁷⁶ [Bates et al., 2013.](#)

⁷⁷ [WHO, n.d.](#)

⁷⁸ SEAR, 2017.

equivalent of over one million additional jobs, of which 52% have gone to women, bringing them an additional \$552 per year.⁷⁹ The EARF is meant to enable these benefits to continue, by funding companies to maintain their operations and customer service, while expanding sales to new customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

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⁷⁹ [GOGLA, 2020.](#)

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EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

⁸⁰ [Acumen, 2015](#).

⁸¹ [Acumen, 2019a](#), [Acumen 2019b](#).

⁸² <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Mozambique Gender Assessment

Key Statistics on Gender Equality

Mozambique was ranked 54 out of 120 in the 2019 Social Institutions and Gender Index with a score of .243 and 56 out of 153 in the 2020 Global Gender Gap Index with a score of 0.723. Mozambique also ranked 142 out of 162 countries on the Gender Inequality Index, with a score of .569. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	289 (2017)	World Bank
Infant mortality rate	54 (2018)	World Bank
Adult literacy rate	50.3% female, 72.6% male (2017)	World Bank
Employment to Population Ratio, age 15+	74.6% female, 76.6% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	3.5% female, 3.0% male (2019)	World Bank
Life Expectancy	63 years (female), 57.1 years (male) (2018)	World Bank

Political Participation

Mozambique ranks 14th in the world in terms of women's political representation. 41.2% (103 out of 250) of the members of the Assembly of the Republic and 35.6% of the members of Provincial Assemblies are women.⁸³ Although women have limited decision-making power at the non-political level such as in households, communities, and societies, the prevalent high rates of political

⁸³ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

participation of women was largely secured through the voluntary quota system implemented by political parties and gender equitable policies from changes to the constitution.⁸⁴

Division of Labour and Participation in the Economy

According to the World Bank, 52.1% of the labor force is female.

Mozambique is a low income country that is dominated by agriculture and export of commodities like cotton, sugar, cashews, timber and prawns. 77.8% of adult women are employed (12th out of the 118 low and middle-income countries reporting data in 2019), and women make up 52.1 of the overall labor force.⁸⁵ 81.5% of adult women in the labor force work in agriculture, fishing or forestry, 8.4% in wholesale or retail trade, 0.9% in public administration and defence, and 0.2% in construction.⁸⁶ Mozambique has ratified the core ILO Labour Conventions, and its laws are non-discriminatory, but enforcement of labour laws is often inadequate. The International Trade Union Confederation (ITUC) reports notably file complaints over women receiving lower pay than men for work of equal value.⁸⁷

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).⁸⁸

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

⁸⁴ [IICA, 2015](#)

⁸⁵ World Development Indicators, 2020.

⁸⁶ [ILOstat, 2016](#)

⁸⁷ [Klavereen et al 2009](#)

⁸⁸ Acumen

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.⁸⁹

Needs and Priorities of Men and Women in EARF

For the EARF programme, there are two contexts in which it is critical to examine the different needs/priorities of men and women: as employees/agents of energy access companies, and as customers of those same companies.

Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).⁹⁰ A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.⁹¹ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{92,93}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.⁹⁴ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty."⁹⁵

⁸⁹ [IRENA, 2019.](#)

⁹⁰ *Ibid.*, p. 35.

⁹¹ *Ibid.*, p. 59.

⁹² [Clean Cooking Alliance, 2015.](#)

⁹³ [Value for Women, 2018.](#)

⁹⁴ [World Economic Forum, 2020.](#)

⁹⁵ [UN, 2020.](#)

Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.⁹⁶

The EARF is meant to mitigate this risk through the use of covenants that will require energy access firms to use 80% of the funds they receive to pay employee salaries and/or commissions. Furthermore, priority will be given to eligible firms that are owned and led by women. Lastly, companies receiving EARF funding will be expected to maintain or improve the gender balance of their staff and agent network while the loan is being repaid. In order to achieve this, companies will be expected to provide retention and recruitment plans for women employees and agents, and will be given guidance on how to adopt flexible work policies. Companies will verify their adherence to these covenants through regular data reporting, which can be verified by the Fund Manager and independent third parties, as necessary.

Customers

Women are the primary users of energy in a household, and are among the prime beneficiaries of access to modern energy services. Numerous studies have highlighted the benefits of modern energy for women: solar lanterns provide light for studying, reduce security risks, and displace dirty, harmful kerosene lanterns.⁹⁷ In one study, women using kerosene lanterns were nine times as likely to contract tuberculosis.⁹⁸ Clean, efficient cookstoves bring down the time that women and girls must spend gathering fuel, while also reducing household air pollution, a major public health risk that kills over 4 million people annually and disproportionately affects women and girls.⁹⁹ Particularly during a pandemic that can cause lethal respiratory infections, the benefits of modern energy and cooking are needed more than ever.

Energy also plays a major role in increasing productivity and effectiveness of the work that men and women do.¹⁰⁰ In East Africa alone, solar home system companies have helped to create the equivalent of over one million additional jobs, of which 52% have gone to women, bringing them an additional \$552 per year.¹⁰¹ The EARF is meant to enable these benefits to continue, by funding companies to maintain their operations and customer service, while expanding sales to new

⁹⁶ [Bloomberg, 2020.](#)

⁹⁷ [Energia, 2019.](#)

⁹⁸ [Bates et al., 2013.](#)

⁹⁹ [WHO, n.d.](#)

¹⁰⁰ SEAR, 2017.

¹⁰¹ [GOGLA, 2020.](#)

customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

Vulnerabilities and Mitigation Strategies

EARF's focus is on protecting the gains made so far by the energy access sector, maintaining service to existing renewable energy adopters, and safeguarding the future sales and impact that will be made by companies during the recovery from COVID-19. Our response strategies are aimed at protecting the liquidity of viable energy access companies, and ensuring that their ability to serve current customers and reach new ones is not affected.

EARF intends to focus on two main areas to ensure that women's role as agents and beneficiaries of energy access is not only maintained, but increased:

- **Protecting female staff and agents.** The EARF will specifically ask companies to provide plans for retaining vulnerable staff, including women, and maintaining or increasing the share of women in their employ. Companies will then be expected to adhere to those plans while using concessional finance. An indirect benefit of this approach is that female agents and call center operatives have been shown to be particularly effective at marketing the benefits of energy products to other women. This contributes to the second key area.
- **Ensuring ongoing access to renewable energy products.** By maintaining liquidity, supply lines, and staffing, the EARF helps to preserve ongoing access to critical products. Families who are confined to rural households will be able to purchase high-quality solar products or cookstoves, while existing adopters will still be able to reach a customer service or maintenance representative to fix any product issues.

Incorporating Local Knowledge and Skills

Acumen has developed and published a Gender Sensitivity Policy that guides its investments and implementation in all programmes. For the EARF, we see a clear opportunity to empower companies that have been forward-thinking and progressive in their promotion of women to senior leadership positions and their reliance on women on the frontlines of energy access distribution, sales, finance, and service. We will encourage greater participation of women at the board level, ensure equal opportunity on the investing team, and do the same at the investee level. We will also comply with the Gender Equality Standards as defined by the ILO and IFC, respectively. And we acknowledge the acute dangers posed by the current crisis to women around the world, as highlighted in the UN Secretary General's recent policy brief on the issue.

Acumen has repeatedly demonstrated its commitment to gender equality and sensitivity, and we intend to continue to do so. In 2015 Acumen published a report, along with the International Center for Research on Women: *Women and Social Enterprises: How Gender Integration Can Boost Entrepreneurial Solutions to Poverty*.¹⁰² In 2018, Acumen partnered with Unilever to package its years of impact assessment insights into a series of toolkits, *A Lean Data How-To Guide: Understanding Gender Impact*.¹⁰³ And in 2020, research between 60 Decibels and GOGLA helped to fully communicate the depths of the struggle that off-grid energy customers were experiencing during the pandemic. Through this work, Acumen has developed new and better ways of listening to customers, and continues to believe wholeheartedly in its core tenets of putting vulnerable customers at the center of our work and empowering the companies which demonstrate an ability to serve them.

Challenging Gender Stereotypes

EARF will aim to protect the jobs of vulnerable female employees and agents at energy access companies. Women's employment at all levels of the company workforce, particularly in a traditionally male dominated sector, challenges gender stereotypes and increases positive gender relations. It can cause a shift in power dynamics and relationships in the household and community.¹⁰⁴

EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

¹⁰² [Acumen, 2015](#).

¹⁰³ [Acumen, 2019a](#), [Acumen 2019b](#).

¹⁰⁴ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Kenya Gender Assessment

Key Statistics on Gender Equality

Kenya was ranked 83 out of 120 in the 2019 Social Institutions and Gender Index with a score of .355 and 109 out of 153 in the 2020 Global Gender Gap Index with a score of 0.671. Kenya also ranked 134 out of 162 countries on the Gender Inequality Index, with a score of .545. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	342 (2017)	World Bank
Infant mortality rate	30.6 (2018)	World Bank
Adult literacy rate	78.2% female, 85% male (2018)	World Bank
Employment to Population Ratio, age 15+	70.1% female, 75.4% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	2.8% female, 2.5% male (2019)	World Bank
Life Expectancy	68.7 years (female), 64 years (male) (2018)	World Bank

Political Participation

21.8% (76 out of 349) members of the National Assembly of Kenya and 30.9% (21 out of 68) Senators are women.¹⁰⁵ Women and men enjoy the same rights to vote and stand for election in Kenya, although women standing for public office often face hostility.¹⁰⁶ Quotas have been legislated at the national and sub-national levels to encourage women's political participation, and several of the main political parties have enacted voluntary quotas that reserve one-third of the

¹⁰⁵ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

¹⁰⁶ [OECD 2014](#)

seats for women. Despite this, implementation of these policies is inadequate and women's participation in political life remains poor.¹⁰⁷ However, in public surveys, the majority of Kenyans indicate that they believe that men and women are equally capable as political leaders.¹⁰⁸

Division of Labour and Participation in the Economy

According to the World Bank, 49% of the labor force is female.

Kenya is Africa's 9th largest economy, with a GDP of over US\$ 200 billion (PPP). It is a lower-middle income country with an economy dominated by agriculture, including the export of tea, coffee, flowers and vegetables. The country also has a sizable services sector (35.1%), notably tourism and financial services, amongst others. 72.51% of adult women are employed (20th out of the 118 low and middle-income countries reporting data in 2019), and women make up 49% of the overall labor force.¹⁰⁹ They are most likely to work in informal occupations. 60% of employed women work in agriculture, compared to 48% of all men. Around 19% women and 14% men work in wholesale or retail trade and the female share of management positions is around one-fourth.¹¹⁰

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¹⁰⁷ Ibid., p6

¹⁰⁸ Ibid., p6 & Pew Survey (2007)

¹⁰⁹ World Development Indicators, 2020.

¹¹⁰ [ILOstat 2020](#)

¹¹¹ Acumen

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.¹¹²

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This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.¹¹⁷ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty."¹¹⁸

¹¹² [IRENA, 2019.](#)

¹¹³ Ibid., p. 35.

¹¹⁴ Ibid., p. 59.

¹¹⁵ [Clean Cooking Alliance, 2015.](#)

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¹²⁰ [Energia, 2019.](#)

¹²¹ [Bates et al., 2013.](#)

¹²² [WHO, n.d.](#)

¹²³ SEAR, 2017.

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¹²⁵ [Acumen, 2015](#).

¹²⁶ [Acumen, 2019a](#), [Acumen 2019b](#).

¹²⁷ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Zambia Gender Assessment

Key Statistics on Gender Equality

Zambia was ranked 81 out of 120 in the 2019 Social Institutions and Gender Index with a score of .348 and 45 out of 153 in the 2020 Global Gender Gap Index with a score of 0.731. Zambia also ranked 131 out of 162 countries on the Gender Inequality Index, with a score of .540. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	213 (2017)	World Bank
Infant mortality rate	40.4 (2018)	World Bank
Adult literacy rate	83.1% female, 90.6% male (2018)	World Bank
Employment to Population Ratio, age 15+	61.8% female, 70.6% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	12.2% female, 10.7% male (2019)	World Bank
Life Expectancy	66.4 years (female), 60.5 years (male) (2018)	World Bank

Political Participation

Women have the same rights as men to vote and run for election in Zambia. Yet Zambia ranks 126th in terms of women's political participation, only 16.8% (28 out of 167) of its parliamentarians are women.¹²⁸ The government cites the lack of quotas as a contributor to the low level of women participating in decision-making and leadership positions.¹²⁹

¹²⁸ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

¹²⁹ [OECD 2014](#)

Division of Labour and Participation in the Economy

According to the World Bank, 48.3% of the labor force is female.

Zambia is a lower middle income country with one of the highest rates of income inequality in the world. 58% of Zambians earn less than the international poverty line of \$1.90 per day (compared to 41% across Sub-Saharan Africa) and three quarters of the poor live in rural areas.¹³⁰ As one of Sub-Saharan Africa's most urbanized economies, it is dominated by the services and manufacturing sector, notably copper mining and processing, and construction. 71.26% of adult women are employed (23rd out of the 118 low and middle-income countries reporting data in 2019), and women make up 48.3% of the overall labor force.¹³¹ They are most likely to work in low-income, informal occupations. 54% of employed women work in agriculture, compared to 44% of all men. 42% of employed women and men work in the services sector. Zambia's statutes generally grant women full legal rights before the law, however parallel customary and religious legal regimes do not always recognize the rights of women to own or inherit land and other assets.¹³²

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Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).¹³³

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Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.¹³⁴

¹³⁰ World Development Indicators, 2020.

¹³¹ Ibid.,

¹³² [OECD 2014](#)

¹³³ Acumen

¹³⁴ [IRENA, 2019](#).

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¹³⁵ Ibid., p. 35.

¹³⁶ Ibid., p. 59.

¹³⁷ [Clean Cooking Alliance, 2015.](#)

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¹⁴² [Energia, 2019.](#)

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¹⁴⁷ [Acumen, 2015](#).

¹⁴⁸ [Acumen, 2019a](#), [Acumen 2019b](#).

¹⁴⁹ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Democratic Republic of Congo Gender Assessment

Key Statistics on Gender Equality

The Democratic Republic of Congo (DRC) was ranked 88 out of 120 in the 2019 Social Institutions and Gender Index with a score of .395 and 149 out of 153 in the 2020 Global Gender Gap Index with a score of 0.578. DRC also ranked 156 out of 162 countries on the Gender Inequality Index, with a score of .655. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	473 (2017)	World Bank
Infant mortality rate	68.2 (2018)	World Bank
Adult literacy rate	66.5% female, 88.5% male (2016)	World Bank
Employment to Population Ratio, age 15+	58.7% female, 62.9% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	3.4% female, 5.0% male (2019)	World Bank
Life Expectancy	61.9 years (female), 58.9 years (male) (2018)	World Bank

Political Participation

The Democratic Republic of Congo (DRC) has one of the lowest representations of women in political life, in Africa. Only 12.8% (64 out of 500) members of the National Assembly and 21.1% (23 out of 109) Senators are women.¹⁵⁰ Although the constitution guarantees equitable representation and parity in national, provincial, and local institutions, there were no effective

¹⁵⁰ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

measures to support equality between men and women. High registration fees (that increased nearly fourfold in 2018) posed significant barriers for female candidates to register and contest elections.¹⁵¹

Division of Labour and Participation in the Economy

According to the World Bank, 48.3% of the labor force is female.

The Democratic Republic of Congo (DRC) is Africa's largest country by size and has a population of 84 million people. It is also one of the world's poorest countries, with over 72% of its population living in extreme poverty. Years of ethnic conflicts, civil war and corruption have left the country poor despite an abundance of valuable, natural resources like cobalt, copper and diamonds. 62% of adult women are employed¹⁵² and they are most likely to work in low-income, informal occupations like agriculture and services. 72% of employed women work in agriculture, compared to 58% of all men. 2.6% women work in manufacturing, 0.7% in mining and 18.4% in services. While women and men are afforded the same rights and responsibilities under statutory law, law reinforces social and cultural norms that place women as inferior to men. Further, places married women under the guardianship of their husband, where they are legally obliged to obey their husband, live with him, and request permission to travel.¹⁵³ Discriminatory legislation and norms assign women specific roles in the household such as childcare and domestic responsibilities, that constrain from taking up employment.¹⁵⁴

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).¹⁵⁵

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from

¹⁵¹ [The Carter Center, 2019](#)

¹⁵² World Development Indicators, 2020.

¹⁵³ US Dept. of State 2017, USAID 2012

¹⁵⁴ Samndong, Kjosavik, 2017

¹⁵⁵ Acumen

the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.¹⁵⁶

Needs and Priorities of Men and Women in EARF

For the EARF programme, there are two contexts in which it is critical to examine the different needs/priorities of men and women: as employees/agents of energy access companies, and as customers of those same companies.

Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).¹⁵⁷ A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.¹⁵⁸ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{159,160}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.¹⁶¹ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls

¹⁵⁶ [IRENA, 2019.](#)

¹⁵⁷ Ibid., p. 35.

¹⁵⁸ Ibid., p. 59.

¹⁵⁹ [Clean Cooking Alliance, 2015.](#)

¹⁶⁰ [Value for Women, 2018.](#)

¹⁶¹ [World Economic Forum, 2020.](#)

who are generally earning less, saving less, and holding insecure jobs or living close to poverty.”¹⁶² Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.¹⁶³

The EARF is meant to mitigate this risk through the use of covenants that will require energy access firms to use 80% of the funds they receive to pay employee salaries and/or commissions. Furthermore, priority will be given to eligible firms that are owned and led by women. Lastly, companies receiving EARF funding will be expected to maintain or improve the gender balance of their staff and agent network while the loan is being repaid. In order to achieve this, companies will be expected to provide retention and recruitment plans for women employees and agents, and will be given guidance on how to adopt flexible work policies. Companies will verify their adherence to these covenants through regular data reporting, which can be verified by the Fund Manager and independent third parties, as necessary.

Customers

Women are the primary users of energy in a household, and are among the prime beneficiaries of access to modern energy services. Numerous studies have highlighted the benefits of modern energy for women: solar lanterns provide light for studying, reduce security risks, and displace dirty, harmful kerosene lanterns.¹⁶⁴ In one study, women using kerosene lanterns were nine times as likely to contract tuberculosis.¹⁶⁵ Clean, efficient cookstoves bring down the time that women and girls must spend gathering fuel, while also reducing household air pollution, a major public health risk that kills over 4 million people annually and disproportionately affects women and girls.¹⁶⁶ Particularly during a pandemic that can cause lethal respiratory infections, the benefits of modern energy and cooking are needed more than ever.

Energy also plays a major role in increasing productivity and effectiveness of the work that men and women do.¹⁶⁷ In East Africa alone, solar home system companies have helped to create the equivalent of over one million additional jobs, of which 52% have gone to women, bringing them an additional \$552 per year.¹⁶⁸ The EARF is meant to enable these benefits to continue, by funding

¹⁶² [UN, 2020.](#)

¹⁶³ [Bloomberg, 2020.](#)

¹⁶⁴ [Energia, 2019.](#)

¹⁶⁵ [Bates et al., 2013.](#)

¹⁶⁶ [WHO, n.d.](#)

¹⁶⁷ SEAR, 2017.

¹⁶⁸ [GOGLA, 2020.](#)

companies to maintain their operations and customer service, while expanding sales to new customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

Vulnerabilities and Mitigation Strategies

EARF's focus is on protecting the gains made so far by the energy access sector, maintaining service to existing renewable energy adopters, and safeguarding the future sales and impact that will be made by companies during the recovery from COVID-19. Our response strategies are aimed at protecting the liquidity of viable energy access companies, and ensuring that their ability to serve current customers and reach new ones is not affected.

EARF intends to focus on two main areas to ensure that women's role as agents and beneficiaries of energy access is not only maintained, but increased:

- **Protecting female staff and agents.** The EARF will specifically ask companies to provide plans for retaining vulnerable staff, including women, and maintaining or increasing the share of women in their employ. Companies will then be expected to adhere to those plans while using concessional finance. An indirect benefit of this approach is that female agents and call center operatives have been shown to be particularly effective at marketing the benefits of energy products to other women. This contributes to the second key area.
- **Ensuring ongoing access to renewable energy products.** By maintaining liquidity, supply lines, and staffing, the EARF helps to preserve ongoing access to critical products. Families who are confined to rural households will be able to purchase high-quality solar products or cookstoves, while existing adopters will still be able to reach a customer service or maintenance representative to fix any product issues.

Incorporating Local Knowledge and Skills

Acumen has developed and published a Gender Sensitivity Policy that guides its investments and implementation in all programmes. For the EARF, we see a clear opportunity to empower companies that have been forward-thinking and progressive in their promotion of women to senior leadership positions and their reliance on women on the frontlines of energy access distribution, sales, finance, and service. We will encourage greater participation of women at the board level, ensure equal opportunity on the investing team, and do the same at the investee level. We will also comply with the Gender Equality Standards as defined by the ILO and IFC, respectively. And we

acknowledge the acute dangers posed by the current crisis to women around the world, as highlighted in the UN Secretary General's recent policy brief on the issue.

Acumen has repeatedly demonstrated its commitment to gender equality and sensitivity, and we intend to continue to do so. In 2015 Acumen published a report, along with the International Center for Research on Women: *Women and Social Enterprises: How Gender Integration Can Boost Entrepreneurial Solutions to Poverty*.¹⁶⁹ In 2018, Acumen partnered with Unilever to package its years of impact assessment insights into a series of toolkits, *A Lean Data How-To Guide: Understanding Gender Impact*.¹⁷⁰ And in 2020, research between 60 Decibels and GOGLA helped to fully communicate the depths of the struggle that off-grid energy customers were experiencing during the pandemic. Through this work, Acumen has developed new and better ways of listening to customers, and continues to believe wholeheartedly in its core tenets of putting vulnerable customers at the center of our work and empowering the companies which demonstrate an ability to serve them.

Challenging Gender Stereotypes

EARF will aim to protect the jobs of vulnerable female employees and agents at energy access companies. Women's employment at all levels of the company workforce, particularly in a traditionally male dominated sector, challenges gender stereotypes and increases positive gender relations. It can cause a shift in power dynamics and relationships in the household and community.¹⁷¹

EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

¹⁶⁹ [Acumen, 2015](#).

¹⁷⁰ [Acumen, 2019a](#), [Acumen 2019b](#).

¹⁷¹ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Senegal Gender Assessment

Key Statistics on Gender Equality

Senegal was ranked 86 out of 120 in the 2019 Social Institutions and Gender Index with a score of .370 and 99 out of 153 in the 2020 Global Gender Gap Index with a score of 0.684. Senegal also ranked 125 out of 162 countries on the Gender Inequality Index, with a score of .523. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	315 (2017)	World Bank
Infant mortality rate	31.8 (2018)	World Bank
Adult literacy rate	39.8% female, 64.8% male (2017)	World Bank
Employment to Population Ratio, age 15+	32.4% female, 54% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	7.4% female, 6% male (2019)	World Bank
Life Expectancy	69.6 years (female), 65.5 years (male) (2018)	World Bank

Political Participation

In Senegal, women have the same rights to vote and contest elections as men. According to the Law on Equality of Men and Women in Electoral Lists adopted in 2012, candidate lists put forth by parties are required to have gender parity and alternation, to be legally admissible.¹⁷² Consequently, 43% (71 out of 165) members of the legislature are women.¹⁷³

¹⁷² [OECD 2014](#)

¹⁷³ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

Division of Labour and Participation in the Economy

According to the World Bank, 40.4% of the labor force is female.

Senegal is a low income, mixed economy country that is driven by the service sector (tourism, construction) and commodity exports like fish, phosphates and groundnuts. There is also a large, rainfed subsistence agriculture sector that is prone to frequent droughts. 36% of adult women are employed (ranks 100th out of the 118 low and middle-income countries reporting data in 2019), and women make up 40.4% of the overall labor force.¹⁷⁴ They are most likely to work in low-income, informal occupations. Only 24% of employed women work in agriculture, compared to 33% of all men. Nearly 70% women work in the services sector, compared to 48% men. One in five management positions are held by women.¹⁷⁵ There are no laws in Senegal mandating non-discrimination based on gender in hiring, nor laws penalizing or preventing the dismissal of pregnant women. Further, although civil law mandates equal rights to inheritance, parallel customary and religious legal regimes do not always recognize the rights of women to own or inherit land and other assets.¹⁷⁶

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).¹⁷⁷

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.¹⁷⁸

¹⁷⁴ World Development Indicators, 2020.

¹⁷⁵ [ILOstats, 2020](#)

¹⁷⁶ [OECD 2014](#)

¹⁷⁷ Acumen

¹⁷⁸ [IRENA, 2019.](#)

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Employment

Although the energy access sector does a better job of employing women than does the oil and gas sector, women are still currently a minority in the workforce. Moreover, they are more likely to hold administrative positions (where 45% of all employees are women) than STEM-related jobs (just 28% of which are held by women).¹⁷⁹ A 2019 survey from IRENA identified cultural norms, a lack of gender-sensitive policies or training opportunities, and an inequity in ownership of assets as the main barriers to women's advancement in the energy access sector.¹⁸⁰ However, multiple studies have demonstrated that women are equally, if not better, able to communicate the benefits of energy access, and make sales at comparable or higher rates than men when given similar opportunities.^{181,182}

This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.¹⁸³ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty."¹⁸⁴ Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.¹⁸⁵

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¹⁸¹ [Clean Cooking Alliance, 2015.](#)

¹⁸² [Value for Women, 2018.](#)

¹⁸³ [World Economic Forum, 2020.](#)

¹⁸⁴ [UN, 2020.](#)

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¹⁸⁶ [Energia, 2019.](#)

¹⁸⁷ [Bates et al., 2013.](#)

¹⁸⁸ [WHO, n.d.](#)

¹⁸⁹ SEAR, 2017.

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We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

¹⁹¹ [Acumen, 2015](#).

¹⁹² [Acumen, 2019a](#), [Acumen 2019b](#).

¹⁹³ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

Sierra Leone Gender Assessment

Key Statistics on Gender Equality

Sierra Leone was ranked 105 out of 120 in the 2019 Social Institutions and Gender Index with a score of .476 and 111 out of 153 in the 2020 Global Gender Gap Index with a score of 0.668. Sierra Leone also ranked 153 out of 162 countries on the Gender Inequality Index, with a score of .644. All indices are on a 0-1 scale. For the SIGI and Gender Inequality indices, 0 points to complete equality and 1 to complete inequality. For the Global Gender Gap Index, the opposite holds true.

Maternal mortality rate (2017)	1120 (2017)	World Bank
Infant mortality rate	78.5 (2018)	World Bank
Adult literacy rate	34.9% female, 51.6% male (2018)	World Bank
Employment to Population Ratio, age 15+	55.2% female, 55.4% male (2019)	World Bank
Unemployment Rate (% of respective labor force)	3.6% female, 5.2% male (2019)	World Bank
Life Expectancy	55.1 years (female), 53.5 years (male) (2018)	World Bank

Political Participation

Women's participation in political life, especially in decision making positions remains low in Sierra Leone, and influenced by their husbands or other patriarchal figures as well as prevailing cultural and traditional attitudes.¹⁹⁴ Although there are no national quotas for women, women are granted equal representation in subnational governance apparatus like ward committees and local government, and women's rights to contest for Chieftaincy in parallel governments is also

¹⁹⁴ ODI 2012

recognized. Despite such efforts, only 12.3% of Sierra Leone's parliamentarians (18 out of 146) are women.¹⁹⁵

Division of Labour and Participation in the Economy

According to the World Bank, 49.7% of the labor force is female.

Sierra Leone is a low income country with a GDP of under US\$ 5billion (PPP). Two thirds of the population practices subsistence agriculture, which accounts for over half of the country's GDP. Sierra Leone also exports commodities like diamonds, aluminum, titanium and cocoa beans.

59% of adult women are employed and women make up 49.7% of the overall labor force.¹⁹⁶ They are most likely to work in low-income, informal occupations. 51% of employed women work in agriculture, compared to 58% of all men. 41% of women work in wholesale and retail trade, 1.5% in education and 0.6% construction and manufacturing, respectively. Meanwhile, 6.3% of men work in construction, 4.4% in transport and storage, and 2% in construction jobs.¹⁹⁷ Although there are laws protecting women's rights to work and equal pay, women continue to experience discrimination with regard to access to employment, especially in formal sector.¹⁹⁸

Accessibility of Project Services and Technology

Women are fully able and encouraged to purchase and use energy services from companies financed by the EARF. In fact, some companies have targeted marketing strategies for women customers such as selling directly to women's village savings groups.

Even operating in markets where women do not always have control over purchasing decisions, approximately a third of the customer base of energy access companies is female, although there is significant variation between companies selling clean cookstoves (where women are 52% of customers), solar lanterns (38%), solar home systems (32%) and microgrids (25%).¹⁹⁹

Because the energy products or services are generally for the household the customer data does not necessarily correspond with who is benefitting from the products. In other words, even where customer data indicates that most customers are men, we know that women are benefitting from the energy access in the home. This also illustrates the importance of Acumen's lean data approach to gain such insights beyond who is simply the purchaser.

¹⁹⁵ [Inter-Parliamentary Union \(IPU\), Geneva, 2020](#)

¹⁹⁶ World Development Indicators, 2020.

¹⁹⁷ [ILOstat 2020](#)

¹⁹⁸ US Dept. of State, 2017

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Women also make up 32% of the energy access workforce, compared to 22% of the workforce in oil and gas.²⁰⁰

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This is a difficult time for many women in the workforce of energy access companies. We know that the COVID-19 crisis is disproportionately affecting female workers, as they must meet the added burdens of daytime childcare and even additional household members while still fulfilling the requirements of their jobs.²⁰⁵ This struggle was summarized by a UN policy brief on the gendered effects of the pandemic: "Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty."²⁰⁶

²⁰⁰ [IRENA, 2019.](#)

²⁰¹ Ibid., p. 35.

²⁰² Ibid., p. 59.

²⁰³ [Clean Cooking Alliance, 2015.](#)

²⁰⁴ [Value for Women, 2018.](#)

²⁰⁵ [World Economic Forum, 2020.](#)

²⁰⁶ [UN, 2020.](#)

Women, minorities, and other vulnerable workers face a dangerous and familiar outcome, of being the last hired in an economic upswing and the first fired in a crisis.²⁰⁷

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customers. Without the EARF, millions of households and tens of millions of beneficiaries will not be able to access clean, modern, renewable energy.

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EARF's focus is on protecting the gains made so far by the energy access sector, maintaining service to existing renewable energy adopters, and safeguarding the future sales and impact that will be made by companies during the recovery from COVID-19. Our response strategies are aimed at protecting the liquidity of viable energy access companies, and ensuring that their ability to serve current customers and reach new ones is not affected.

EARF intends to focus on two main areas to ensure that women's role as agents and beneficiaries of energy access is not only maintained, but increased:

- **Protecting female staff and agents.** The EARF will specifically ask companies to provide plans for retaining vulnerable staff, including women, and maintaining or increasing the share of women in their employ. Companies will then be expected to adhere to those plans while using concessional finance. An indirect benefit of this approach is that female agents and call center operatives have been shown to be particularly effective at marketing the benefits of energy products to other women. This contributes to the second key area.
- **Ensuring ongoing access to renewable energy products.** By maintaining liquidity, supply lines, and staffing, the EARF helps to preserve ongoing access to critical products. Families who are confined to rural households will be able to purchase high-quality solar products or cookstoves, while existing adopters will still be able to reach a customer service or maintenance representative to fix any product issues.

Incorporating Local Knowledge and Skills

Acumen has developed and published a Gender Sensitivity Policy that guides its investments and implementation in all programmes. For the EARF, we see a clear opportunity to empower companies that have been forward-thinking and progressive in their promotion of women to senior leadership positions and their reliance on women on the frontlines of energy access distribution, sales, finance, and service. We will encourage greater participation of women at the board level, ensure equal opportunity on the investing team, and do the same at the investee level. We will also comply with the Gender Equality Standards as defined by the ILO and IFC, respectively. And we acknowledge the acute dangers posed by the current crisis to women around the world, as highlighted in the UN Secretary General's recent policy brief on the issue.

Acumen has repeatedly demonstrated its commitment to gender equality and sensitivity, and we intend to continue to do so. In 2015 Acumen published a report, along with the International Center for Research on Women: *Women and Social Enterprises: How Gender Integration Can Boost Entrepreneurial Solutions to Poverty*.²¹³ In 2018, Acumen partnered with Unilever to package its years of impact assessment insights into a series of toolkits, *A Lean Data How-To Guide: Understanding Gender Impact*.²¹⁴ And in 2020, research between 60 Decibels and GOGLA helped to fully communicate the depths of the struggle that off-grid energy customers were experiencing during the pandemic. Through this work, Acumen has developed new and better ways of listening to customers, and continues to believe wholeheartedly in its core tenets of putting vulnerable customers at the center of our work and empowering the companies which demonstrate an ability to serve them.

Challenging Gender Stereotypes

EARF will aim to protect the jobs of vulnerable female employees and agents at energy access companies. Women's employment at all levels of the company workforce, particularly in a traditionally male dominated sector, challenges gender stereotypes and increases positive gender relations. It can cause a shift in power dynamics and relationships in the household and community.²¹⁵

EARF will also encourage greater marketing towards women as energy customers and entrepreneurs, women participation at the board level, and ensure equal opportunity at the investing team and investee level.

We will comply with Gender Equality Standards as defined by the ILO and IFC respectively.

²¹³ [Acumen, 2015](#).

²¹⁴ [Acumen, 2019a](#), [Acumen 2019b](#).

²¹⁵ <https://www.energia.org/cm2/wp-content/uploads/2020/02/RA7-Womens-Energy-Entrepreneurship-Evidence-Report-Final.pdf> pg 18.

GENDER ACTION PLAN – ENERGY ACCESS RELIEF FUND

Impact statement: Continued operations by energy access companies ensures employment opportunities for women towards increased economic empowerment; and improved customer service and increased sales to customers by women employees and sales agents leads to increased company growth and efficiency in the long term enjoyed by more gender-diverse companies

Outcome statement: 1) 3,150 women employed in the off-grid energy sector in selected African countries retain employment and are supported by a more gender-inclusive workplace with equal opportunity, flexible working, and protection from sexual harassment 2) a gender lens applied to the administration of relief funding for covid-19 recovery enables companies to ensure that the renewable energy access needs of their male and female customers and potential customers are considered and met.

Output statement: Significant funding disbursed to enable and support companies to retain 3,150 women employees and create more gender-inclusive workplaces

ACTIVITIES	BASELINE	TARGETS	INDICATORS	TIMELINE	RESPONSIBILITY
Prioritize eligible (flagged for IC) women owned/led (51% or more ownership/leadership) companies for funding	N/A	6	# of women owned/led companies for funding	12 months from the first GCF capital call	EARF Investment Committee

Require 1-page summary of a company's demonstrated commitment and approach to retaining female full-time and contracted employees during the immediate crisis, and weighting that summary in the eligibility/investment criteria at IC level	N/A	100% of applicants	# Retention plans for female full-time and contracted employees included in proposal and score	12 months	SIMA
In same 1-page summary, require company to demonstrate its commitment and approach to increasing their share of female employees long-term, and weighting that summary in the eligibility/investment criteria at IC level	N/A	100% of applicants	# Recruitment plans for female full-time and contracted employees included in proposal and score	12 months	SIMA
Support companies that do not have a gender empowerment plan to undertake a gender baseline assessment and develop a plan within 90 days of signing loan agreement	Companies have not undertaken gender baseline assessments or gender action plans	100% of company beneficiaries submit a gender action plan or complete a gender baseline assessment and develop a plan	Gender baseline assessment and gender action plan submitted to SIMA by each company	3 months of company signing loan agreement	Acumen Gender Expert

<p>N/A</p> <p>Require companies to collect and report customer data disaggregated by sex to understand the number of female customers benefitting from off-grid energy services and products.</p>	<p># of companies collecting sex-disaggregated customer data (number of customers m/f) to be determined following company gender baseline assessments</p>	<p>All companies collect sex-disaggregated customer data (number of customers m/f)</p>	<p># of male and female customers reported at baseline and end of loan agreement</p>	<p>For the full Fund tenor (4 years with possibility of two 1-year extensions)</p>	<p>SIMA</p>
<p>Develop anonymous employee engagement survey with a focus on gender-inclusion and have companies administer within 90 days of signing loan agreement and at end of loan term.</p>	<p>Companies do not currently administer employee engagement survey with a focus on gender inclusion</p>	<p>All companies administer employee engagement survey twice during loan agreement</p>	<p>Baseline summary findings of employee engagement survey and final summary findings of employee engagement survey</p>	<p>For the full Fund tenor (4 years with possibility of two 1-year extensions)</p>	<p>Acumen Gender Expert and SIMA</p>
<p>Synthesize gender-specific lessons learned and disseminate to wider sector and AE staff</p>	<p>N/A</p>	<p>Two (2)</p>	<p>Publications or webinars with a dedicated focus or sub-focus on gender issues in energy access</p>	<p>Fund tenor</p>	<p>Acumen Gender Expert, Acumen staff, and SIMA</p>