



Nigeria Electrification Project
Development of Solar Hybrid Mini Grids for Rural Economic
Performance-Based Grant Program

Requests for Clarifications

July 13th, 2019

Employer: Rural Electrification Agency

Project: Nigeria Electrification Project

Contract Title: Development of Solar Hybrid Mini Grids for Rural Economic Development – Performance-Based Grant Program

Country: Nigeria

Credit No.: 62910

ISD No: REA-NEP-SHM1

Date of Clarification	Number	Question	Response
May 17 th 2019	1	<p><u>Sub-topic 3.1: Tenders & Performance based-grand exclusivity</u></p> <p>Can a firm submit an application to the Minimum Tender Subsidy, and another application, in any form (similar or different) to the Performance Based Grant, with different partners, alone or in consortium?</p>	<p>Yes, a firm can submit an application for the Minimum Subsidy Tender and also submit another for the Performance Based Grant since these are different programs with different eligibility, qualification and technical capability requirements under the NEP.</p>
May 17 th 2019	2	<p><u>Sub-topic 3.2: Performance based-grant exclusivity</u></p> <p>Can a firm still submit qualify to the Performance Based Grant, through multiple applications, either as a single entity, a consortium or as subcontractor?</p>	<p>Yes, a firm can qualify for the Performance Based Grant program through multiple applications, on its own, as part of a consortium and as a subcontractor</p>
May 17 th 2019	3	<p><u>Sub-topic 4.2: Performance based grant Incorporation</u> Component: Performance based-grant Reference: http://rea.gov.ng/mini-grid-pbg/</p> <p>“Is: a) a single legal entity, duly registered as a legal entity in Nigeria; b) a consortium that is incorporated as a legal entity in Nigeria; or c) an unincorporated consortium whose members are jointly and severally liable.”</p> <p>Does this mean no unincorporated single entity can initiate a Performance Based Grant program?</p> <p>“Please do NOT submit a registration form if you or a member of your consortium do not meet the criteria above. You will be required to submit documentation proving eligibility in the next stage of the application process.”</p> <p>At which exact stage will it be required?</p> <p>Similarly, as in Sub-topic 4.1: What is the actual definition of “incorporation”:</p> <ul style="list-style-type: none"> - A Certificate of Incorporation? - A business permit? - A tax clearance certificate? 	<p>Yes, an unincorporated single entity is not eligible to submit an application to the Performance Based Grant program because it lacks corporate status to transact business.</p> <p>The documentation proving eligibility is not required in order to submit the registration form on the REA webpage to access the Odyssey platform. However, the documentation is required for the Applicant to submit the application through Odyssey for qualification into the Performance Based Grant program.</p> <p>Definition of incorporation is for the Proposer to register with the Corporate Affairs Commission and obtain the certificate of incorporation in Nigeria. In addition, the Proposer shall also register with the appropriate tax office (i.e Federal Inland Revenue Service) and obtain a Tax Identification Number (TIN) through which deductibles taxes shall be remitted to the Federal Government of Nigeria. A tax clearance certificate is, however, not required at this stage.</p>

Date of Clarification	Number	Question	Response
May 17 th 2019	4	<p><u>Sub-topic 4.3: "members of an unincorporated joint venture"</u> Reference: http://rea.gov.ng/mini-grid-pbg/</p> <p>What is the definition of an "unincorporated consortium whose members are jointly and severally liable"? What are the implications?</p> <p>Shall members of an incorporated joint venture be incorporated in Nigeria?</p>	<p>The language on the REA registration website has been amended to "Is: a) a single legal entity, duly registered as a legal entity in Nigeria; b) a consortium that is incorporated as a legal entity in Nigeria whose members are jointly and severally liable; or c) an unincorporated consortium."</p> <p>The joint and several liabilities is a confirmation that each and all the members of the consortium shall be responsible for the execution of the grant agreement, if awarded. This implies that if anything goes wrong with the contract implementation, every and all the members shall be held liable.</p> <p>An unincorporated consortium should be supported by a letter of intent to form a consortium. Each member of the consortium does not necessarily have to be incorporated in Nigeria. However, the consortium must be incorporated in Nigeria before signing a grant agreement with the REA.</p>
May 17 th 2019	5	<p><u>Sub-topic 5.1: Performance Based Grant initial timeline</u> Reference: Slides n°4 of the PBG session, 15 April 2019, Sheraton Abuja</p> <p>According to slides shown during the presentation, Performance Based Grant's prequalification and Site-specific technical application shall last approximately 4 months.</p> <p>Can you please confirm that the Performance Based Grant prequalification can occur anytime until funds have not been disbursed by the employer?</p> <p>In case one applicant or consortium will go through multiple stages of site-specific technical applications, should the applicant or consortium pre-qualify multiple times or only once?</p>	<p>Applications for the Performance Based Grant program are accepted on a rolling basis until funds are exhausted.</p> <p>Each Applicant need only qualify once regardless of the number of site-specific technical applications it will submit.</p>

Date of Clarification	Number	Question	Response
May 3 rd 2019	6	The requirement 3.2 requires the operation of 1 minigrid since January 2014. Is this a continuous operation requirement- in other words, it is required that the applicant has been operating the minigrid nonstop for the last 5 years straight- or is the requirement that the developer has spent some amount of time operating minigrids, and that operation wasn't all before 2014?	<p>There is no requirement of continuous operations of the mini grid in the past 5 years. The Applicant may have operated the mini grid during any period between January 2014 and the submission of the Application.</p> <p>There is no restriction as to the commissioning date of the mini grids operated by the Applicant.</p>
May 12 th 2019	7	On the financing: are there any guarantees or security against payment default provided by any DFI such as the WB?	There will be no guarantees provided to developers under this program.
July 13 th 2019	8	Eligibility Criteria 2.3 requires \$75,000 debt raise since January 2014. Our organization is a mini-grid developer 8 mini grids under operation or construction in Nigeria and Kenya. Our mini grids so far has been equity funded only. Will it be possible to meet criteria 2.2 Equity Raise and 2.3 Debt Raise jointly and not separately as alternatives and not separately? It is possible for a developer to use no debt and self-finance the development.	The Applicant may use equity to meet the requirements 2.2 (experience in raising equity) and 2.3 (experience in raising debt). The Applicant should thus demonstrate experience of having secured financing of at least US\$100,000 or its Nigerian Naira equivalent in equity, debt, or a combination of both, for at least one (1) project in infrastructure since 2014. The qualification instructions have been revised accordingly.
July 13 th 2019	9	In case 2.3 has to be satisfied then we have the following question: We did a one-time raise of \$4 million debt in 2011 for a project that is still being repaid. Although the raise date is prior to the date of January 2014 required in the eligibility criteria, it shows on our books currently as long-term debt. We also have lines of credits from banks that we have used for our projects time to time. We would like to know whether any of this will meet the criteria.	<p>The lines of credit are acceptable if opened after January 2014.</p> <p>Debt raised before January 2014 will not be accepted to meet the criterion of having secured US\$100,000 in financing.</p>
July 13 th 2019	10	Eligible Applicants criteria 4.2 (a) and 4.7 seem to contradict. Does the Applicant need to be registered in Nigeria?	The Applicant need not be registered in Nigeria at the time that it submits an Application. However, such an Applicant will be required to register the company in Nigeria prior to signing the Grant Agreement with REA.
July 13 th 2019	11	Our organization is USA based and we have a Nigeria-registered subsidiary through which we develop mini grids. In this case, will it be possible for our Nigerian subsidiary to be the "Applicant" while still using the USA parent entity to meet the eligibility criteria? If not, then the parent company will be the "Applicant" but it is not registered in Nigeria.	Yes, it is possible for the Nigerian subsidiary to be the "Applicant" while using the USA parent entity to meet the eligibility criteria. In such circumstance, the REA may reserve the right to ask for CVs of the management team of the Applicant.

Date of Clarification	Number	Question	Response
July 10 th 2019	12	<p>Could you please confirm that the qualifications of firms submitting as a Joint Venture (JV) will be assessed jointly and not individually in respect of meeting the threshold criteria for the assignment. Hence, confirm that the parties to a JV do not have to separately and on their own meet the threshold criteria, rather the qualifications of all parties to the JV would be assessed jointly with respect to the said threshold criteria.</p>	<p>For a joint venture association, members shall be jointly and severally liable for the execution of the assignment. This implies that each and every member shall be required to meet every stated criterion. All the parties combined must meet the criteria and each member must also meet individually for the JV to optimize its grading during evaluation.</p>
July 11 th 2019	13	<p>We note the criteria 'Qualification of the firm for the Assignment (Area of Specialization; Evidence showing that the firm is a legal entity; with minimum of 10 years working experience. Registration with Relevant bodies/Authorities).'</p> <p>Please advise on what registrations and which bodies/authorities this refers to.</p>	<p>By "Registration with Relevant Bodies/Authorities" we meant that the firm should demonstrate, with evidence, valid registration with the corporate affairs commission (CAC), Association for Consulting Engineers in Nigeria (ACEN) e.t.c or equivalent bodies/authorities in the firm's country of registration/operation.</p>