Annex I to the Contribution Agreement

CRIS No. NDICI AFRICA/2024/456-258

Description of the Action



Renewable Lesotho

Access to Affordable and Renewable Energy

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Project Details	
Project title	Renewable Lesotho: Access to Affordable and Renewable Energy
CRIS No.:	NDICI AFRICA/2024/456-258
Team Europe Initiative	Green Deal Team Europe Initiative – Lesotho
Renewable Lesotho Objective	*Specific Objective 1*: Increase renewable energy **generation capacity** and **energy efficiency**. *Specific Objective 2:* Promoting a more equitable and gender-transformative **access** to clean energy. *Specific objective 3:* Improve Lesotho's **energy sector leadership** and institutional capacity is improved
Project Outputs	**Output 1 :** A funding mechanism (i.e. Energy Fund) to support the energy transition is established and operational **Output 2 :** Improved access to clean cooking and electricity including, mini-grid electricity, improved cook-stoves, solar water heaters, energy efficient lamps, PAYGO SHS, etc.) in a gender-responsive and socially inclusive manner. **Output 3 :** Public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions.
Expected results	52% of population with access to clean energy and fuels for cooking (50% female) 4194 of new biomasses cookstoves provided (60% to female) 3402 Solar House Systems (SHSs) installed 4400 Green Mini-Grids (GMG) connections to households 24 off-grid rural schools/ clinics building electrified 100 kWp of solar installed on commercial and industrial facilities 98 Solar Water Pumps (SWP) installed in rural areas 100 of mixed Productive Use of Energy (PUE) solutions installed
Total budget:	USD 4,313,120
EU Contribution:	Euro 3,700,000
UNDP Contribution	USD 200,000
Ireland Contribution	Euro 100,000
Project Duration:	48 months
Country/ies:	Lesotho

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ABBREVIATIONS & FIGURES

AFD	Agence Française de Développement
C&I	Commercial & Industrial
DFI	Development Finance Institution
DoE	Department of Energy
EE	Energy Efficiency
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
ElectriFI	The Electrification Financing Initiative
ESCO	Energy Services Company
EUD	European Union Delegation to Lesotho
GMG	Green Mini grids
GoL	Government of Lesotho
ICS	Improved Cookstoves
IPP	Independent Power Producer
KfW	Kreditanstalt fur Wiederaufbau
LREBRE	Renewable Energy-based Rural Electrification Project
M&E	Monitoring and Evaluation
MW	Megawatt
NEF	National Electrification Fund
NISSA	National Information System for Social Assistance
PBP	Performance Based Payment
PPA	Power Purchasing Agreement
PUE	Productive use of energy
RBF	Results Based Finance
RE	Renewable energy
REPP	Renewable Energy Performance Platform

RMT	RBF Management Team
SADC	Southern Africa Development Community
SDGs	Sustainable Development Goals
SE4All	Sustainable Energy for All
SHS	Solar Home Systems
SWH	Solar Water Heating
ToC	Theory of Change
UNDP	United Nations Development Programme
UNDP CO	UNDP Country Office

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1 EXECUTIVE SUMMARY

The Government of Lesotho (GoL) has prioritized universal access to electricity in accordance with the United Nations Sustainable Development Goals (SDGs) and through several national policy commitments including the Lesotho Energy Policy 2015-2025 and the National Strategic Development Plan II. While Lesotho faces similar challenges to other developing countries including lack of infrastructure, financial constraints, inadequate electrification planning, energy pricing and affordability, and so on, it also confronts a rather more peculiar challenge relating to the difficult terrain of scattered communities and numerous mountain areas. While contributing to the country's reputation for stunning natural beauty, it at the same time makes developing infrastructure and delivering services hugely challenging.

Besides the challenges of supplying these remote areas, the GoL is further facing significant generation constraints, relying heavily on electricity imports. The country has an installed capacity of around 102MW[1] which is about 50% of its peak electricity demand of 203.43MW[2]. While much of the balance of power demand is met through imports from South Africa and Mozambique which until recently amounted to over 60MW combined[3], deficits remain. Numerous studies have been undertaken to estimate the resource potential of various renewable energy sources including hydro, wind and solar[4]. It is estimated that hydro-electric power resources are in the region of 450MW[5], wind energy potential of around 16,000MW[6] while solar energy resources were estimated at 7,520MJ/m2[7]. There are more than enough renewable energy resources for Lesotho to become completely energy independent and, indeed, a net exporter of electricity.

In this context, the EUD's Renewable Lesotho programme[8] is a particularly welcomed and aligned intervention. Universal access to grid electricity in this mountainous country with its dispersed rural population would be prohibitively expensive. The importance of the EUD's programme is that it aims to, amongst other things, encourage *least cost* electrification which

[1] https://www.doe.gov.ls/.

[2] https://www.doe.gov.ls/

[3] https://newsdayonline.co.ls/lesotho-to-import-more-electricity/

[4] https://www.aieesymposium.eu/wp-content/uploads/2021/12/ENEA_DISIDORO.pdf

[5] https://www.lndc.org.ls/content/hydro-power

[6] https://www.lndc.org.ls/content/wind-energy

[7] https://www.lndc.org.ls/content/solar-energy

[8] https://www.eeas.europa.eu/sites/default/files/documents/2024/Action%20Document%20Renewable%20Lesotho.pdf

given the range of energy service options implied (grid, off-grid, etc.) will accelerate access to modern energy services. The GoL has committed[9] to supporting a range of electricity/energy access solutions and the Renewable Lesotho programme is well positioned to advance and consolidate this agenda.

Renewable Lesotho will contribute to a green and resilient economy by promoting energy security, access to reliable and affordable clean energy, and green growth. Renewable Lesotho has three specific objectives:

1. Increase renewable energy generation production and energy efficiency;
2. Promote more reliable, equitable, and gender-transformative access to clean energy;
3. Improve Lesotho's energy sector leadership and institutional capacity.

To achieve these objectives, Renewable Lesotho foresees three components. The first component supports Lesotho's energy sector, including public entities as well as the private sector through business catalyst and matchmaking support provided by European multi-donor platforms, GET.transform and GET.invest, to stimulate renewable energy investments in Lesotho.

The second and third components, in partnership with the United Nations Development Programme (UNDP) and the association of bilateral European Development Finance Institutions (EDFI), will facilitate financial innovations in the sector and set up a funding mechanism for renewable energy generation and energy efficiency. This will include the establishment of a Results Based Finance Mechanism and/or Performance Based Payment/PBP modalities .

This Action relates to the implementation of the second component of Renewable Lesotho and the achievement of **Specific Objectives 1 and 2** with a particular focus on promoting more equitable and gender transformative access to clean energy.

Theory of Change for Renewable Lesotho with a particular focus on component 2

Lesotho currently faces significant challenges in ensuring energy security, providing access to reliable and affordable clean energy, and fostering green growth within its energy sector. The energy projects' implementation and support or the Results Based Finance Mechanism will

[9] Demonstrated through a range of policy commitments including the Lesotho Energy Policy 2015-2025, Lesotho Renewable Energy Policy as well as the National Strategic Development Plan II and an anticipated Integrated Energy Plan.

contribute towards promoting a more equitable and gender-transformative access to clean energy through the following three outputs:

Output 1: A funding mechanism (i.e. Energy Fund) to support the energy transition is established and operational.

Output 2 : Improved access to clean cooking and electricity including, mini-grid electricity, improved cook-stoves, solar water heaters, energy efficient lamps, PAYGO SHS, etc.) in a gender responsive and socially inclusive manner.

Output 3: Public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions.The various outputs described above will collectively ensure enhanced developer participation in the sector. This includes the application of the RBF granting instrument which will assist in de-risking market entry by developers as well as the establishment, operation and monitoring of two distinct off-grid technology tender windows. The establishment of the RBF Instrument, including the necessary capacity building of DoE to effectively operationalise, communicate and educate stakeholders about the instrument and links with the envisaged National Energy Fund (Output 1) will be inspired by the design and operations of existing RBF Facilities in the off-grid sector[10] which will support the two technology tender windows separately focusing on Energy Access (Output 2) and Energy Application (Output 3).

[10] For instance, Universal Energy Facility https://www.seforall.org/our-work/initiatives-projects/UEF and the Clean Energy and Energy Inclusion for Africa https://cei-africa.com/

2 CONTEXT

2.1 Background

Renewable Lesotho[11] was officially launched in 2023, in the framework of the Lesotho-EU Multiannual Indicative Programme 2021-2027, and the Global Gateway, Europe's strategy to boost smart, clean and secure connections in digital, energy and transport sectors, and to strengthen health, education and research systems across the world.

Renewable Lesotho aims to increase renewable energy generation capacity and energy efficiency, promote a more equitable and gender-transformative access to clean energy, and improve Lesotho's energy sector leadership and institutional capacity.

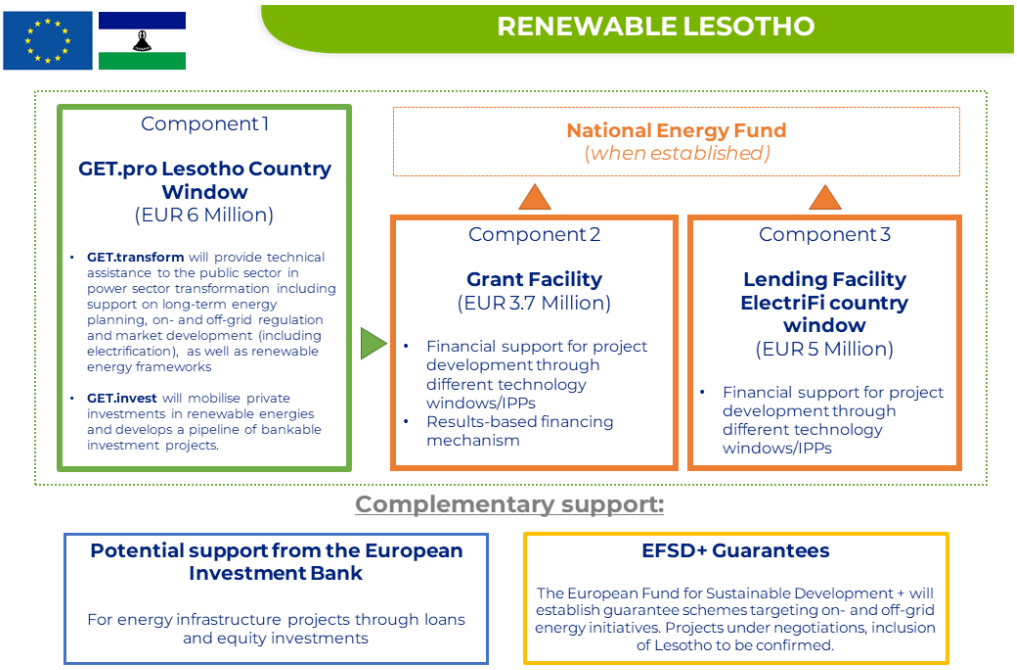


Figure 1: Renewable Lesotho Structure

Renewable Lesotho is a well-timed and targeted intervention in the Lesotho energy sector. The country suffers from a debilitating power deficit (peak demand exceeds installed capacity by over 100%) and presents some of the lowest connection rates in the SADC region (around 47%)[12]. With several Independent Power Producer (IPP) initiatives emerging (1Power's 20MW solar initiative, Exim Bank's 70MW solar IPP et al) and off-grid initiatives underway

[11] The Action Document for Renewable Lesotho can be downloaded at: https://international-partnerships.ec.europa.eu/document/download/de099b70-361a-4456-b800-e8f1a0d31cf2_en?filename=aap-2022-c2022-8416-lesotho_en.zip

[12] https://www.undp.org/lesotho/stories/clean-electricity-700-households-and-clinics-rural-communities-lesotho#:~:text=%E2%80%9COnly%2047%20percent%20of%20Lesotho's,to%20have%20access%20to%20electricity%E2%80%9D.

through UNDP-GEF and the World Bank's *Lesotho Renewable Energy & Energy Access Project*[13], the timing of the intervention and its objectives is favourable. Renewable Lesotho will initially support the public and private energy sector, and later establish financing mechanisms to support initiatives in the energy sector. The proposed two-phased approach makes strategic sense. The preparation phase will put the necessary institutional architecture, planning, market knowledge and capacity in place with the subsequent implementation phase leveraging off these developments to ensure enhanced implementation outcomes.

Renewable Lesotho acknowledges an important balance in investment and support opportunities across both the grid and off-grid sectors. While additional renewable energy (RE) generation is both suited to Lesotho's RE resource regime and addressing the generation deficit, Lesotho remains a challenging country within which to over-prioritise costly grid electrification. Vast mountainous areas with dispersed rural populations are expensive and time consuming to grid electrify. A mix of grid and off-grid and a range of solutions within these sub-sectors appears well aligned with both the realities and priorities of Lesotho[14].

The emphasis and objectives of *Renewable Lesotho* endorse the policy commitments and intent of the Government of Lesotho (GoL). The Lesotho Energy Policy (2015-2025) pays close attention to security of supply, institutional and regulatory frameworks, renewable energy, energy efficiency, amongst others. The policy, like the *Renewable Lesotho* initiative, envisages a strong role for the private sector and an enhanced capacity to engage with the market through IPPs and Power Purchase Agreements (PPAs) focusing on a range of RE resources and scales of application (large, small-scale, etc.). The country's National Strategic Development Plan (NSDP II) which includes focus areas on rural energy access, mini-grids, grid expansion and on-grid generation capacity further aligns with the objectives of *Renewable Lesotho*. In addition to the correspondence with domestic policies and strategies, *Renewable Lesotho* also aligns with broader sustainable development frameworks such as the African Union Agenda 2063 and the UN's Sustainable Development Goals particular in the areas of RE, energy efficiency (EE) and energy access.

[13] https://projects.worldbank.org/en/projects-operations/project-detail/P166936

[14] Affirmed both by recent off-grid programmes in Lesotho as well as the Lesotho Energy Policy (2015-2025) and the Grid Development Plan which can be downloaded from https://erc.nul.ls/publications/reports

UNDP is well positioned as a partner of *Renewable Lesotho*. UNDP through their local country programmes, regional platforms, and global initiatives, is accomplished in the full eco-system of requirements for advancing a green and sustainable energy sector. With sound experience in energy access initiatives in Lesotho, including the Renewable Energy-based Rural Electrification Project (LREBRE) and Sustainable Energy for All (SE4All) programmes (green mini-grids and distributed energy service options such as SHSs, pico-solar products, improved cookstoves amongst others[15]), the organisation presents a solid track record in establishing and supporting the enabling frameworks required to strengthen and guide sustainable energy transitions. Experience includes institutional design and capacity development, policy/regulatory frameworks, market research and mobilisation, improving access to finance, establishing and operating financial service schemes, working with development finance institutions (DFIs), engaging the private sector, and strengthening technical standards, amongst others.

2.2 Problem Analysis

The key challenges in Lesotho include low access to energy, particularly in rural areas, an immature track record with successful and sustainable off-grid energy service developments, low level of private sector participation and lack of enabling environment and infrastructure. The solution, as acknowledged in the design of the Renewable Lesotho programme, is a more systematic and cohesive national plan or framework that includes the establishment of a broader enabling environment and the operational strategy and experience to achieve this vision with appropriate infrastructure and funding mechanism.

Lesotho currently faces significant challenges in providing access to reliable and affordable clean energy, and fostering green growth within its energy sector. Rural electrification rate is still very low at around 11%. This low electrification rate relates to the challenges associated with delivering services in rural areas including, high capital costs, inadequate policy and regulatory frameworks, limited access to finance, high levels of rural poverty, challenging infrastructure (both physical and communications), amongst others. These factors combined ensure that the off-grid market remains under-developed and requires a significant level of technical assistance and support to de-risk the market and facilitate investment. The problem

[15] Through the SE4All programme a portfolio of 10 GMGs was supported which will ultimately lead to 7,000 connections. A number of smaller distributed energy solutions were supported as well which collectively resulted in sales of approximately 1,000 units.

is also attributed to lack of affordable energy services in the rural off-grid areas. The initial capital cost for infrastructure such as mini-grids, renewable technologies and related energy services is still excessively high making it difficult for energy developers and companies to provide affordable energy services in rural off-grid areas. Due to such low level of access, the multiplier effect and transformative capacity of energy is lacking both at household and productive sector levels. Through the Renewable Lesotho initiative, the EUD has committed to partnering with the government of Lesotho beyond a singular 'off-grid' initiative, aiming instead to create the necessary infrastructure and capacity to foster ongoing support and development for the off-grid sector even after the conclusion of the initiative. Renewable Lesotho through its Component 2, is designed to address the energy access challenges by making targeted subsidies available in form of catalytic funding to energy developers and companies.

***Renewable Lesotho*: shaping the solution**

The Government of Lesotho has committed to expanding the suite of potential energy access options to include a clearer commitment to off-grid solutions. While there is an important prelude to the off-grid focus of the EUD's Renewable Lesotho initiative – most notably the LREBRE[16], the EUD's energy centre initiatives[17] and the UNDP SE4All programme[18] – the task of Renewable Lesotho is to consolidate these lessons and experiences and build more for the future. These initiatives coupled with several recent technical assistance efforts should provide the building blocks for mainstreaming and enabling the GoL's off-grid commitments. There are relevant policy commitments (Lesotho Energy Policy 2015-2025). There are also emerging regulations (Mini-grid Power Generation, Distribution and Supply Regulation, 2021), a pioneering off-grid programmes, and targeted technical assistance initiatives building capacity and institutional realignment. What there arguably has not been, is a systematic and cohesive national plan that incorporates both a vision and an operational strategy. Without this in place, the Lesotho off-grid sector will always be reactive, accommodating disparate yet welcome opportunities that do not necessarily advance the strategy but keep the sector *active*. What is required is a strategy, tools, capacity and infrastructure for implementation and the initial momentum to jump-start the process through innovative financing.

These requirements are contained in the *Renewable Lesotho* programme. The programme includes a detailed focus on developing and securing the enabling conditions required to

[16] https://www.gefieo.org/sites/default/files/documents/projects/tes/1245-terminal-evaluation.pdf

[17] https://www.eeas.europa.eu/delegations/lesotho/lesotho-rural-energy-hubs-programme_en?s=103

[18] https://www.thegef.org/projects-operations/projects/5742

support an ongoing (and sustainable) off-grid strategy. Indeed, component 1 of *Renewable Lesotho* (implemented by GIZ under a GET.Pro Country Window) includes ensuring both the public and private sectors are prepared to play their respective roles and make their respective contributions to establishing a sustainable market for grid connected and off-grid energy investment.

Component 2 of the *Renewable Lesotho* programme, to which this Description of Action (DoA) includes the development of the more practical mechanisms that will assist in the operationalisation of this programme, as well as future off-grid initiatives supported by the GoL. The tasks focuses on developing and operationalising a Results Based Finance (RBF) facility that will be used, in conjunction with other commercial finance partners[19], to catalyse investment and enhance sustainability in the Lesotho off-grid sector.

While an RBF mechanism is certainly an appropriate financing strategy for a relatively immature market such as Lesotho, it comes with design and management requirements that will have to be addressed. The RBF will have to be established on a sustainable basis both in terms of effective performance and overall management. The former refers largely to the RBF design/operations with key questions around sector mobilisation, developer eligibility, setting realistic targets and incentives as well as effectively monitoring and evaluation. In getting these key questions right, the RBF operations are more likely to ensure greater connectivity and improved access to clean energy. Fortunately, there are precedents with UNDP Country Office Lesotho (UNDP CO) having managed an RBF under the SE4All Cornerstone programme. Key lessons from this experience will have to be taken on in the design of the RBF instrument for Renewable Lesotho. Lessons include ensuring incentives (RBF grants) are sufficient to attract interest from potential developers, that RBP targets are realistic and achievable, that monitoring and evaluation are conducted efficiently and timeously, that public sector stakeholders drive the initiative from a policy/regulatory perspective, that customer communities are mobilised and informed about the impending arrival of energy service developers and so on.

The design and implementation of the RBF is critical to achieving the associated outcomes of this action. The two-window approach (Access and Application) will ensure a more manageable approach to a complex suite of off-grid technology service options. However, the market will require activation through effective information and communication to ensure sufficient market response to the technology windows (with the Digital Administrator playing

[19] Most likely development finance institutions operating as implementation partners of the European Fund for Sustainable Development Plus (EFSD+). Partners include the European Investment Bank (EIB), Agence Française de Développement (AFD), the KfW Development Bank (KfW) and other Team Europe partners.

an important role in this regard). Central to managing these challenges is effective monitoring and data management. With multiple contracts, technologies and milestones, data management will be crucial for tracking performance, triggering payments (and fund management) and generating data analytics for programme management.

The effective functioning of the RBF will rely significantly on building market sensitivities into its design and operation and ensuring that the process is effectively monitored by the Digital Administrator. However, these are short-term challenges. The long-term responsibility of this action is to successfully migrate the RBF Instrument into the future NEF. The RBF will effectively be operated as a pilot: demonstrating and advancing the operation of an RBF which will later be integrated into and operated by the NEF. The effective integration is to ensure the lasting impact of *Renewable Lesotho*. The right technical capacities will have to be developed and the operation of the RBF instrument will have to comply with the public sector governance and policy requirements of the GoL.

2.3 Relevance of the action

The Action is relevant to the ability to operationalise the *Renewable Lesotho*'s more practical investment commitments and is aligned to the experience and expertise of the UNDP CO (Lesotho) and the GoL's NSDP II. Overall, the Action is consistent with United Nations' 2030 Sustainable Development Goals (SDGs) and the African Union Agenda 2063. Specifically, it aims to carry out catalytic and targeted activities to contribute to establishing the necessary conditions for achieving the SDG7 (sustainable energy) and SDG 13 (climate action).

This Action is relevant to the specific objectives (SO) of the Renewable Lesotho programme, including:

- Increase renewable energy generation capacity and energy efficiency.
- Promote a more equitable and gender-transformative access to clean energy.
- Improve Lesotho's energy sector leadership and institutional capacity.

This Action centres on the establishment of an RBF/Performance-Based Payment (PBP) instrument and the tactical investment of funds, across different off-grid technologies, to assist with the de-risking of the market (further supported by the outcomes of component 1 of *Renewable Lesotho*) and encouraging further investment. The Lesotho off-grid market is still considered relatively immature and requires both technical assistances to strengthen the enabling environment (both public and private sector) as well as targeted subsidies to catalyse

investment and promote sustainability. The development and deployment of the RBF instrument will enable targeted granting, to provide ongoing monitoring and evaluation (M&E) related to RBF performance as well as ensure that the lessons learnt and the facility itself are migrated into the future National Energy Fund proposed under the draft Energy Bill.

UNDP CO is strategically well positioned to implement component 2 of the EUD's *Renewable Lesotho* programme. The UNDP CO has developed the broad-based experience required to ensure the successful implementation of the required actions (Outputs 1.3, 2.1, 2.2 and 2.3 of the Action Document[20]). UNDP CO has implemented several pioneering energy access programmes in Lesotho including the LREBRE and the SE4All programmes. The LREBRE initiative pioneered the introduction of SHSs on a programme scale into Lesotho while the SE4All programme achieved the first private sector owned and operated GMG as well as advancing the commercial distribution of energy solutions such as small-scale home lighting systems and improved cookstoves. Additionally, the UNDP CO has access to expertise and experiences of a vast portfolio of energy access initiatives undertaken by regional and international UNDP counterparts[21].

- UNDP CO has worked with local and regional developers/service providers in Lesotho covering technologies such as Green Mini grids (GMGs), Solar Home Systems (SHSs), Improved Cookstoves (ICS), insulated cookers, pico-solar solutions, amongst others. Regional and international UNDP colleagues are also available to share relevant information and expertise.
- UNDP CO has worked with the entire energy sector complex including public, donor/development community, private sector, academic/NGOs, etc.
- UNDP CO has designed and facilitated an PBP solution within Lesotho. Through this PBP and associated programme (SE4All) the UNDP CO successfully leveraged approximately $10 million in additional commercial finance (both debt and equity) associated with the development of GMGs in the country[22].

[20] The Action Document for Renewable Lesotho can be downloaded at: https://www.eeas.europa.eu/delegations/lesotho/renewable-lesotho_en

[21] Relevant examples would include UNDP's Africa Minigrids Programme https://www.undp.org/energy/our-flagship-initiatives/africa-minigrids-program as well as a relatively new initiative – Power Equality – which is injecting investment and support on gender equity into existing large scale energy programmes in Africa. https://www.undp.org/sites/g/files/zskgke326/files/2023-07/Powering%20Equality_concept%20and%20EoI%20template%20final.pdf

[22] This amount includes both Debt and Equity investments made by both the Renewable Energy Performance Platform (REPP) and the European Union's (EU) The Electrification Financing Initiative (ElectriFI)

- UNDP CO has developed the full suite of legal and financing agreements[23] that are aligned with the relevant laws of the country.
- UNDP enacted a policy on Performance-Based Payment contract and agreemeents i.e., disbursements to a Responsible Party (RP) to the achievement of measurable results ("Result(s)") and related deliverables ("Deliverable(s)"). Similar to RBF, Performance-Based Payment agreements (PBPAs) provide greater incentives to Responsible Parties in exchange for greater accountability for achieving results as well as de-risk the investment of the private sector.

2.4 Synergies with other relevant actions

UNDP CO has been extensively involved in programmatic support for enhancing energy access in Lesotho's off-grid sector. These initiatives, in addition to others, will be important in terms of lessons learnt as well as offering more direct synergies with the actions and intents of the *Renewable Lesotho* programme. The synergy helps to complement each other and also avoid duplication of efforts and investments.

Table 1: Energy Initiatives with Synergies to Renewable Lesotho

Donors/lead	Relevant actions	Complementarity
UNDP CO (Lesotho), EDFI (European Development Finance Institutions)	SE4ALL Programme & ElectriFI	Mini-grid focus (portfolio of 10) as well as distributed RE technologies. Market understanding, RBF experience, understanding of policy/TA requirements.
EU Delegation to Lesotho	Support to Reform in the Energy Sector in Lesotho (SSRP)	Ensure continuity and alignment with the results emerging from the project (incl. the technical assistance provided to the public sector and the granting initiative to the private sector)
EU, UNICEF	Equitable Lesotho	Ensure effort towards improving energy access through this Action do not leave vulnerable children behind by application of National Information System for Social Assistence (NISSA) for targeting. Outcome 1 of the *Equitable Lesotho - Ntlafatsa Bana*

[23] These include Concession Agreements, Financing contracts as well as Cession agreements.

		initiative includes linking the Childs Grant Programme with access to services with specific reference to energy. The RBF can be calibrated to incentivise developers to ensure services are extended to households participating in this UNICEF initiative.
World Bank	LREEAP	Policy dialogue and financing in the energy sector. Specific Objective 2 includes significant investment in rural electrification through GMGs utilising a Private-Public Partnership (PPP) business framework.
SOLTRAIN	Thermal Road Map	Conducting demonstrations on solar thermal technologies, developing roadmaps, working with local institutions (NUL/ERC) on integrating thermal technologies
NUL-ERC	Mini-grid pilot	Pilot innovative community centred business models. The ERC is implementing two pilot mini grids at Linkeng and Motete. The model combines a mini-grid with a set of tailored productivity-enhancing technologies and services (water pumping, grain milling, entrepreneurship, etc.).

3 DESIGN OF THE ACTION

3.1 Theory of Change

Guided by the envisaged impact by *Renewable Lesotho*, the overall goal of the programme is expected to enhance energy security in Lesotho, improve access to reliable and affordable clean energy, and promote green growth through the successful implementation of energy projects and support mechanisms.

Renewable Lesotho is framed around the following three Specific Objectives:

Specific Objective 1: Increased renewable energy generation capacity and energy efficiency.

Specific Objective 2: A more equitable and gender-transformative access to clean energy is promoted

Specific objective 3: Improve Lesotho's energy sector leadership and institutional capacity is improved

This Action contributes to the specific objectives of *Renewable Lesotho*, with a particular focus on Specific Objective 2.

The associated outputs of this Action are as follows:

Output 1: A funding mechanism (i.e. Energy Fund) to support the energy transition is established and operational.

Output 2 : Improved access to clean cooking and electricity including, mini-grid electricity, improved cook-stoves, solar water heaters, energy efficient lamps, PAYGO SHS, etc.) in a gender responsive and socially inclusive manner.

Output 3: Public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions. This window will prioritise solutions that promote more equiteable and gender-transformative outcomes.

As is customary the ToC is built on assumptions (IF and BECAUSE). The assumptions are both outcome-specific and cut across all outcomes. They are:

1. By establishing and operationalising a Results-based funding mechanism (linked to the National Energy Fund) with dedicated technology lots and windows, access to commercial finance and other financing instruments will be facilitated.
2. The implementation of this mechanism will lead to increased renewable energy access achieved in a gender sensitive manner.

To achieve these outputs, the following activities will be undertaken as indicated in the commensurate activities with required inputs as enumerated and indicated in the subsequent figure 1.

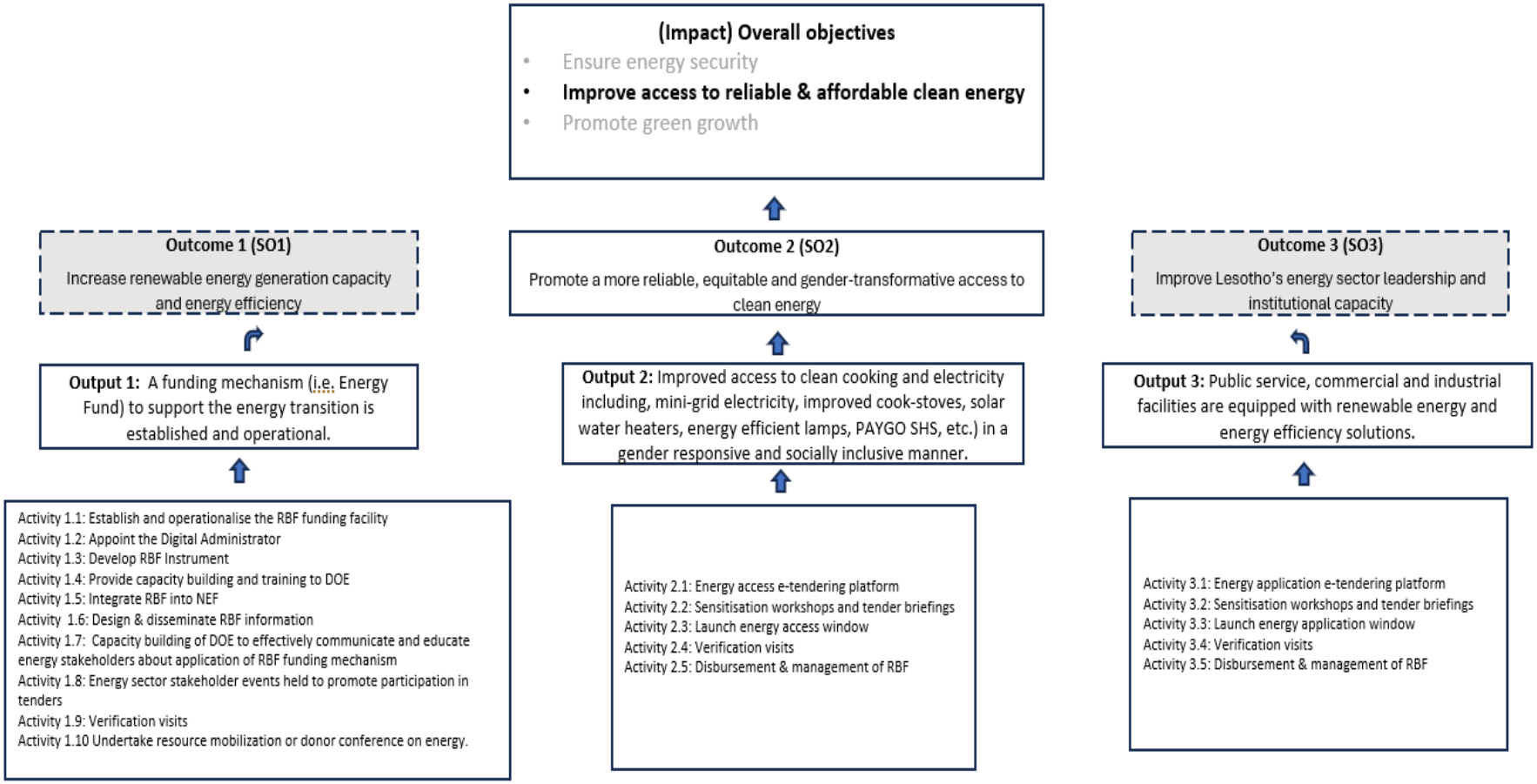


Figure 2: Result Chain

4 METHODOLOGY & IMPLEMENTATION OF THE ACTION

4.1 Output 1: A funding mechanism (i.e. Energy Fund) to support the energy transition is established and operational.Solutions and Approaches:

Under output 1, UNDP will effectively implement a complementary set of activities to establishing and operationalising the RBF funding facility which is to be transitioned into the proposed National Energy Fund. Activities include:

- Activity 1.1: Establish and operationalise the RBF funding facility:

This includes setting up an RBF Management Team (RMT) with designated roles for a RBF manager, Energy Analyst, Finance and Administration officer, and Logistics Coordinator.

- Activity 1.2: Appoint the Digital Administrator

Appointing a Digital Administrator to manage the e-tendering platform and ongoing data requirements as a critical for the operation and management, particularly monitoring and evaluation, of the overall RBF programme.

- Activity 1.3: Develop RBF Instrument

Developing the RBF Instrument in consultation with the Department of Energy (DoE), and Digital Administrator will ensure alignment with project goals. What this entails is the development of an RBF Operations manual that both aligns with best practice[24] and is sensitive to the socio-economic realities of Lesotho.

- Activity 1.4: Provide capacity building and training to DOE

Providing capacity building and training to DoE staff on accessing and using the e-tendering platform, interpreting information, sharing analytics, and monitoring progress is essential for effective implementation and building capacity for the future.

- Activity 1.5: Integrate RBF into NEF

Enhancing DoE's capacity to support the RBF funding mechanism and integrating it into the National Energy Fund involves capacity building, legal/policy alignment, and long-term sustainability planning.

- Activity 1.6: Design & disseminate RBF information

Designing, developing, and disseminating information, education, and communication materials on RBF grant implementation is key to engaging stakeholders.

- Activity 1.7: Capacity building of DOE to effectively communicate and educate energy stakeholders about the application of RBF funding mechanism;

UNDP will provide, in close coordination with the activities foreseen under component 1 of Renewable Lesotho, capacity building for the Department of Energy (DoE) to enhance their communication and educational capabilities, enabling them to effectively engage and educate

[24] This process will include reviewing existing RBFs such the Universal Energy Facility https://www.seforall.org/our-work/initiatives-projects/UEF and the Clean Energy and Energy Inclusion for Africa https://cei-africa.com/

energy stakeholders about the application of the RBF funding mechanism. This will involve tailored training sessions, workshops, and knowledge-sharing initiatives to empower DoE staff with the necessary skills and knowledge

- Activity 1.8: Develop and execute energy stakeholder events to promote participation in tenders.

RBF Management Team will undertake, in close coordination with component 1 of Renewable Lesotho, a number of market awareness events to ensure that relevant stakeholders (private companies, NGOs, tertiary institutions, etc.) are informed of the RBF tenders, eligible technologies and processes. These will include market mobilisation events with potential developers. In addition, the RMT will host tender briefing sessions closer to the launch of the technology windows which will focus more on the actual application process, eligibility criteria and timeframes. These events will support both technology windows.

- Activity 1.9: Verification visits

Verification visits to targeted/service implementation sites will be carried out to ensure alignment with proposed plans and to address any discrepancies. While the e-Platform will enable a level of digital/remote verification certain technologies such as ICS are more challenging to monitor remotely. In addition, it is important from a programme management perspective to engage with local stakeholders and demonstrate a presence on the ground.

- Activity 1.10 Undertake resource mobilisation or donor conference on energy.

UNDP and its partners, in close coordination with component 1 of Renewable Lesotho, will organise donor conference or similar resource mobilisation effort to enhance energy accesses through RBF and related interventions.

Potential Risks and Mitigation Measures:

A potential risk could be the resistance or lack of buy-in from the energy stakeholders regarding the new e-tendering platform and RBF funding mechanism. To address this, UNDP would conduct thorough stakeholder engagement and communication strategies, ensuring that DoE staff understand the benefits and importance of these tools through targeted training sessions and ongoing support. Additionally, there may be a risk of inadequate funding or resources for sustaining the RBF facility and National Energy Fund post-implementation. To mitigate this, UNDP should develop a comprehensive sustainability plan, including diversifying funding

sources, engaging with potential donors through strategic partnerships, and advocating for continued financial support to ensure the long-term success and impact of the initiatives.

Another risk could be the lack of interest or engagement from energy stakeholders in the capacity building programmes, leading to limited uptake of skills and knowledge necessary for effective communication and education on the RBF funding mechanism. To mitigate this risk, UNDP and DOE will conduct stakeholder consultations (Activity 1.8) to understand the needs and preferences of energy stakeholders including DoE staff, tailor training sessions to their specific requirements, another risk could be the limited reach or impact of citizen awareness and public information programs on RE technologies due to ineffective communication strategies or low community engagement. To address this, the RBF Facility should conduct thorough audience analysis to identify target groups and their communication preferences, collaborate with local influencers or community leaders to amplify messaging, and leverage social media and digital platforms for wider dissemination of information. Additionally, there may be a risk of data inaccuracies or inconsistencies in monitoring and reporting mechanisms, leading to unreliable performance assessments and decision-making. To mitigate this, the RBF Facility should implement regular data quality checks, standardise reporting formats and indicators, and provide training to staff on data collection and analysis best practices. By proactively identifying and addressing these risks through targeted mitigation measures, UNDP can enhance the effectiveness of project activities, improve stakeholder engagement, and ensure accountability and transparency in energy access initiatives.

4.2 Output 2: Improved access to clean cooking and electricity including, mini-grid electricity, improved cook-stoves, solar water heaters, energy efficient lamps, PAYGO SHS, etc.) in a gender-responsive and socially inclusive manner.

Solutions and Approaches:

Under Output 2, UNDP will successfully implement activities with a structured approach.

- Activity 2.1: Energy access e-tendering platform

UNDP will finalize all requirements for the Energy Access Window on the e-Tendering platform involving collaborating with the DoE, and Digital Administrator to ensure seamless operationalization of the RBF Facility and DOE's needs including future integration with the National Energy Fund.

- Activity 2.2: Sensitisation workshops and tender briefings

Organising sensitisation workshops and tendering briefing sessions for energy developers is important to educate them about the RBF funding facility, the Energy Access Window, and the application processes, including guiding Call for Proposals (CfPs).

- Activity 2.3: Launch energy access window

Launching the Energy Access Window CfP, conducting proposal evaluations, and signing contracts with selected developers are key tasks under this activity.

- Activity 2.4: Verification visits

Verification visits to targeted/service implementation sites will be carried out to ensure alignment with proposed plans and to address any discrepancies. While the e-Platform will enable a level of digital/remote verification certain technologies such as ICS are more challenging to monitor remotely. In addition, it is important from a programme management perspective to engage with local stakeholders and demonstrate a presence on the ground

- Activity 2.5: Disbursement & management of RBF

Disbursement and management of RBF grants for energy access, including verifying Key Performance Indicators (KPIs), are essential to monitor progress, ensure accountability, and drive successful project outcomes.

Potential Risks and mitigation measures:

During the implementation of activities under Output 2, several risks may arise that could potentially impact the successful execution of the Energy Access Window initiatives. One risk could be the lack of participation or interest from energy developers in the tendering process, leading to a limited pool of quality project proposals. To mitigate this risk, UNDP should engage in targeted outreach and marketing campaigns to raise awareness among energy developers, highlighting the benefits of the RBF funding facility and the Energy Access Window. An appropriate incentive and de-risking mechanisms (appropriate regulations, community mobilisation, effective monitoring, etc.) will be put in place to attract potential private sector investment. Additionally, there may be a risk of delays in the proposal evaluation process, resulting in project timelines being compromised. To address this, UNDP in close collaboration with DOE and Digital Administrator should establish clear timelines and milestones for the evaluation process, allocate sufficient resources, and streamline decision-making procedures to ensure timely and efficient evaluations. Another risk could be the

misalignment between proposed project plans and on-the-ground realities during verification visits, leading to project implementation challenges. To mitigate this, UNDP through RBF Facility and collaboration with DOE should conduct thorough due diligence and verifications before project approval, engage local stakeholders in the planning process, and provide ongoing support and guidance to developers to address any discrepancies. By proactively identifying and addressing these risks through robust mitigation measures, UNDP can enhance the likelihood of successful project outcomes and promote transparency, accountability, and effective project delivery.

Technologies, targets and considerations

The Energy Access window will focus on improved, energy-efficient energy solutions for households (mini-grid electricity, improved cook-stoves, solar water heaters, PAYGO SHS, etc.) in a **gender responsive and socially inclusive** manner[25]. As indicated in the logframe, gender disaggregated data will be emplored including affirmative percentages for vulnerable groups of society while developing the RBF. The focus technologies and targets are under the Energy Access Window are :

Table 2: Targets for the energy access window

Energy Access Window	
GMG connections/customers	4400
SHS units	3402
ICS units	4194

While the focus is on households, institutions could be considered (within GMGs for instance) but not specifically targeted within this window. The supported technologies would include GMGs, PAYGO SHSs and ICS. The choice of technologies been has approved by the Department of Energy (DoE)[26] .

[25] The most effective way of promoting these cross-cutting issues is to incentivise them through the weighting of the RBF evaluation. This process may include working with development partners such as UNICEF's *Ntlafatsa Bana* https://www.unicef.org/executiveboard/media/17021/file/2023-PL21-Lesotho-CEP-EN-2023-06-13.pdf

[26] In recent meetings (April 2024) the DoE approved the concept of two tender windows with an emphasis on the Access window as well as approving the proposed technology focus.

The window would allow for integrated solutions with single developers applying for an RBF grant for more than one technology. For instance, if a GMG developer wanted to offer SHSs on a PAYGO basis to more peripheral customers (based on least cost planning) this would be acceptable.

It is further proposed that the RBF Fund consider focusing on bridging the subsidy gap of existing mini-grid operations in Lesotho. For instance, 1Power through its SPV (Sotho Minigrid Portfolio) has accessed an RBF subsidy through the now concluded UNDP SE4All programme. They accessed a subsidy of $900,000 for a total number of 7,000 connections with a resultant subsidy of approximately $130/connection. The benchmark subsidy rate per connection[27] is in the region of $500-$600 per connection which translates to around 50% CAPEX subsidy. An additional of $400 RBF per connection provided through the *Renewable Lesotho* programme would ensure that the total level of subsidy ($130 + $400 = **$530**) falls within the benchmark subsidy rate and enabling local mini-grid operators to reach the number of connections required. Not all the allocated GMG RBF funds should necessarily be committed to bridging the subsidy gap as greenfield GMGs will also be considered. Where greenfield connections are supported by the RBF, the subsidy should align with the accumulative subsidy awarded to existing mini-grid connections ($530).

SHS service providers as well as ICS distributors were engaged, and market potential and challenges discussed[28]. Solar Works has explored market entry opportunities in Lesotho previously and indicated continued interest going forward[29]. Solar Lights is a well-established ICS and small-scale solar lantern distributor in Lesotho and contributed towards establishing the market potential and RBF targets indicated in the above table. The geographic focus of these services is also important. It is recommended, particularly for GMGs, that the process will be 'bottom-up' in that the project should identify suitable sites which developers can apply to electrify. This is less critical for SHS and ICS service providers as these solutions are mobile and recoverable. However, general planning regardless of the technology should be favourably considered.

4.3 Output 3: Public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions.

[27] Based on conversations with African Minigrid Developers Association as well as existing RBF service providers (Universal Energy Facility and Clean Energy and Energy Inclusion for Africa – CEI).

[28] For a description of the market challenges and how the DoA has addressed them see 0Appendix B: lessons learnt from previous projects

[29] https://solar-works.co.za/

Solutions and Approaches:

- Activity 3.1: Energy application e-tendering platform

UNDP will finalize all requirements for the Energy Application Window on the e-tendering platform involving collaborating with the DoE, and Digital Administrator to ensure seamless operationalization of the RBF Facility and DOE's needs including future integration with the National Energy Fund.

- Activity 3.2: Sensitisation workshops and tender briefings

Organizing sensitization workshops and tendering briefing sessions for energy developers is important to educate them about the RBF funding facility, the Energy Application Window, and the application processes, including providing guidance on Call for Proposals (CfPs).

- Activity 3.3: Launch the energy application window

Launching the Energy Application Window CfP, conducting proposal evaluations, and signing contracts with selected developers are key tasks under this activity.

- Activity 3.4: Verification visits

Verification visits to targeted/service implementation sites will be carried out to ensure alignment with proposed plans and to address any discrepancies. While the e-platform will enable a level of digital/remote verification certain technologies such as ICS are more challenging to monitor remotely. In addition, it is important from a programme management perspective to engage with local stakeholders and demonstrate a presence on the ground

- Activity 3.5: Disbursement & management of RBF

Disbursement and management of RBF grants for energy application, including verifying Key Performance Indicators (KPIs), are essential to monitor progress, ensure accountability, and drive successful project outcomes.

Potential Risks and Mitigation Measures:

During the implementation of activities under Output 3, there are several risks that UNDP should be mindful of to ensure the successful execution of the Energy Application Window initiatives. One potential risk is the lack of clarity or ambiguity in the evaluation criteria for project proposals, leading to inconsistencies in the selection process and potential disputes from unsuccessful applicants. To mitigate this risk, UNDP through the RBF Facility will establish transparent and well-defined evaluation criteria upfront, communicate these criteria clearly to all stakeholders, and provide feedback to applicants on the reasons for their selection or

rejection. A further risk could be the inadequate capacity or expertise within the RBF Facility and/or DoE to effectively manage the disbursement of RBF grants and verify KPIs, resulting in delays or errors in project monitoring and reporting. To address this, UNDP through the RBF Facility should invest in capacity building and training programs for both the RBF Facility and DoE staff, provide ongoing support and guidance on grants management best practices, and implement robust monitoring and evaluation mechanisms to track progress and performance effectively. Additionally, there may be a risk of insufficient coordination and communication among stakeholders involved in the project implementation, leading to misunderstandings, delays, or duplication of efforts. To mitigate this, the RBF Facility should establish clear lines of communication, regular coordination meetings, and collaboration mechanisms to ensure alignment of goals, exchange of information, and efficient decision-making processes. By proactively identifying and addressing these risks through comprehensive mitigation measures, UNDP can enhance the likelihood of successful project outcomes, promote stakeholder engagement, and ensure effective project delivery.

Technologies, targets and considerations

The Energy Application Window (Output 3) will ensure public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions. This will be the second of two technology windows that will promote energy application solutions with the support of the RBF mechanism[30].

[30] The Access window may consider Solar Water Heaters (SWHs) if subsequent levels of interest warrant it. Market engagements did not include SWH as a priority technology, but the option will remain open.

Table3:Targets for the energy application window

Energy Application Window	
Schools/clinics electrified	24
SWP units	98
Mixed PUE solutions	100
C&I (kWp)	100

The application technology window would focus on solutions with specific applications and/or with more complex business models and market preparation requirements. For instance, the challenge with certain productive use of energy (PUE) interventions is that they often require the energy infrastructure to be established beforehand. For instance, PUE opportunities associated with GMGs, require that the mini grid is already operational. There is an optimal operating environment that needs to be established to maximise impacts. For instance, GMG connections made before energy can be used for productive use, business models established for 'standalone' PUE[31], etc. More work is required to prepare the market, develop appropriate funding frameworks, technical standards, etc. Similarly, for the off-grid electrification of public service infrastructure, there are no 'tried and tested' financing models. All these considerations need to be built into the design, evaluation and overall administration of the Energy Application Window. A further example would be, unlike private customer (domestic or commercial) service models which rely on monthly payments, public institutions arguably have less predictable budget allocations and pose greater revenue challenges to service providers. These risks need to be factored into developing an appropriate financing model. Technologies such as solar water heaters (SWH) in urban/peri-urban areas are often driven by efficiency considerations as opposed to access and investment should be aligned with the Solar Thermal Technology Roadmap[32]. Commercial and Industrial (C&I) interventions such as rooftop solar require amenable policies and regulations around feed-in-tariffs/net metering[33] to assist with their commercialisation.

[31] For instance, solar water pumps and refrigerators with own power source, i.e., 'standalone'.

[32] https://soltrain.org/news/first-solar-thermal-technology-roadmap-meeting-held-in-lesotho

[33] A draft policy for feed-in-tariffs has been developed for LEWA but is yet to be implemented. Support for these policies would fall under Component 1: Energy Sector Market Preparation

4.5 Target Groups

To ensure the inclusion of the target group with a focus on gender and adopting a "leave no one behind" approach for the activities under the DoA, UNDP will implement a comprehensive and participatory strategy. UNDP will conduct gender-sensitive assessments and consultations to understand the specific needs, challenges, and priorities of different gender groups within the targeted population while developing the RBF and the TOR. This will help in designing tailored capacity building programmes, awareness campaigns, and communication strategies that address the unique requirements of women, men, and other marginalised groups. Moreover, the RBF Facility should promote the active participation and leadership of women and marginalised individuals in decision-making processes, project planning, and implementation to ensure their voices are heard and their perspectives are considered. Additionally, UNDP through the RBF Facility will establish partnerships with local women's groups, community-based organisations, and other stakeholders to facilitate the engagement of diverse groups and promote inclusivity. By adopting a gender-responsive and inclusive approach that prioritises the needs of all individuals, especially women and marginalised groups, UNDP and DOE through DOE can effectively implement activities that promote sustainable energy solutions while ensuring that no one is left behind in the journey towards energy access and empowerment.

4.6 Gender mainstreaming and Leaving No One Behind

Gender equality and women's and girl's empowerment remains a significant objective of *Renewable Lesotho*. The RBF Instrument will be designed to encourage, through appropriate incentives and the entire evaluation process, specific outputs and objectives which will assist with achieving the gender outcomes required. For instance, the RBF Instrument can be calibrated to tactically promote gender sensitivities, including the number of women represented in leadership of SMMEs receiving RBF subsidies, the number of women employed by the RBF beneficiary businesses across the value chain as well as the number of energy access beneficiaries that are women. There are other less direct but no less impactful outcomes to be considered. For instance, it is very often women, and girl children that are responsible for collecting fuel wood, a requirement that is significant reduced where improved cookstoves are adopted as will the levels of indoor air-pollution when compared to tradition

open '3-stone' fires[34] which will benefit women and girl children. Furthermore, other disadvantages and vulnerable groups like people with disability, the elderly, HIV affected and infected people identified through socio-economic criteria such as NISSA classification will be considered and addressed through appropriate financing mechanism. There are several ways energy access programmes such as *Renewable Lesotho* can be more equitable, gender transformative and address those groups of community. Options include:

- Many of the targeted technologies and businesses will rely on sales-people to reach the final customers, particularly SHSs, ICS and a range of PUE interventions. The RBF Instrument and other capacity building initiatives, could support the prioritisation of women as sales agents[35].
- RBF subsidy amount could be adjusted to incentivise enhanced energy access for female-headed households and other disadvantaged group of people identified based on on socio-economic criteria such as NISSA classification. A premium incentive over and above the established subsidy amount could be considered where verified connections/sales are made to women-headed households.
- UNDP has established an initiative called Powering Equity which is providing dedicated financial and technical support for gender equality into existing energy programming in Africa. The four-country pilot has established a 'learning lab' which will develop knowledge and tools which can benefit and inform *Renewable Lesotho*[36].
- Apply gender sensitive marketing and publicity strategies to ensure women are alerted to the RBF technology windows and the opportunities presented.
- Where possible, ensure GoL's own gender policies are acknowledged in the design and operation of the RBF. The [Draft] Gender and Development Policy 2018 - 2030[37] includes a number of Policy Objectives that align with the objectives of *Renewable Lesotho*.

[34] See, for instance, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10138283/

[35] An initiative called *Solar Sisters* offers some insight into training requirements https://solarsister.org/

[36] https://www.undp.org/ethiopia/news/powering-equality

[37] https://genderlinks.org.za/wp-content/uploads/2020/03/Gender-and-Development-Policy-2018-2030.pdf

- SE4All commissioned a study[38] on Gender mainstreaming in the Energy Sector in Lesotho where several issues were highlighted for consideration when implementing energisation projects. These issues (including affordability, public awareness, employment opportunities, leadership, amongst others) will be reviewed and integrated (where possible) into the design and operation of the RBF.
- Establish links with the preference study on social protection and access to energy foreseen as part of the EU-funded and UNICEF-implemented *Equitable Lesotho - Ntafatsa Bana* programme.
- A suitable set of data analytics will be developed to track the impact of the project on women and girl children.

[38] https://www.undp.org/lesotho/publications/gender-mainstreaming-strategy-energy-sector-lesotho-2020-2024

5. PROJECT IMPLEMENTATION STRUCTURE AND CONTRACTING MODALITIES

5.1 Project Governance

The overall management of the project is guided by DIM procedures where both the UNDP Lesotho and the Ministry of Energy are collaborating for the achievement of the results. The Ministry and UNDP as co-chairs of the RBF board/Project Steering Committee will provide the overall strategic guidance and other relevant structures as deemed necessary for the effective implementation of the project. The UNDP CO as co-chair in collaboration with the Ministry responsible for energy will assume overall responsibility for managing the RBF/PBP programme including overseeing the design, implementation and integration of the RBF into the envisaged NEF. The task is not simply application but alignment as well. The *Renewable Lesotho* programme has the long-term vision of establishing robust planning capacities, suitable policy environments, developing energy infrastructure and processes, empowering developers and ensuring the market for off-grid energy services matures and becomes increasingly sustainable.

UNDP CO through Deputy Resident Representative and Programme Specialist will oversee the day-to-day management of the project implementation through the RBF Management Team. The RBF Management Team (**A**) (RMT) will include the RBF manager, the Energy Analyst, the Project Finance and Administration officer and the logistics Clerk/driver. While the RMT will be mandated with implementing the DoA, it will in addition report to a Technical Advisory Committee (TAC) or Board established as a sub-component or working group of the *Renewable Lesotho* Steering Committee (RLSC). The board will include UNDP, EUD, DoE and selected members of the umbrella Lesotho Renewable Lesotho Steering Committee (RLSC) and/or beneficiaries representatives, and it will be co-chaired by UNDP as per UNDP PBP policy. This will facilitate access to and participation in decisions relating to the management and performance of the RBF and, importantly, enable the GoL, through the DoE, to participate in the evaluation, contracting and performance of Responsible Parties supported under the RBF.

Responsibilities of the RMT will be the overall implementation of this component of the *Renewable Lesotho* programme, which will include among others:

- RBF Design and planning; develop a comprehensive Operational Manual covering all aspects of the RBF programme design and implementation. This would include a risk assessment framework based on market experiences of preceding energy access initiatives in Lesotho as well as regional experiences with RBFs more generally.
- In consultation with the DoE and other stakeholders, build consensus around the quantum of subsidies available for the different technologies.
- Develop the required terms of reference or statement of works for the procurement of digital operators and energy service providers.
- Participate in the procurement of the service providers within the established UNDP rules and regulations.
- Oversee the budgeting, disbursement and utilisation of funds allocated to the RBF component.
- Develop a financial disbursement plan; indicate the rate at which RBF subsidies will be disbursed over the project timeframe.
- Stakeholder engagements; establish and maintain effective communications with key stakeholders including government ministries (particularly the DoE) and units, private sector companies and industry associations[39].
- Develop a monitoring and evaluation framework; design and implement a robust M&E framework to regularly assess and report on key performance indicators[40].
- Develop a web-based e-tendering platform: This portal will be the public face of the tender where all announcements to the public will be made and where program administrators will communicate with individual bidders.
- Develop tender documents: Prepare comprehensive tender documents that include a tender notice, instructions to bidders, terms and conditions, specifications, evaluation criteria, and any other relevant information. All accessed through the e-tendering platform.

[40] Monitoring by the appointed digital administrator would provide the basis for triggering payments and more generally indicate the level of performance of the contracted service providers.

- Legal and regulatory compliance: Ensure that the tender process complies with relevant laws, regulations, and organizational policies. This includes procurement regulations, competition laws, and any specific industry standards, etc. This will be a joint task led by the RBF Manager with support from the Digital administrator.
- Advertising and outreach: Advertise the tender widely to attract a diverse pool of qualified bidders. Utilize online platforms, industry networks, trade publications, and other relevant channels to reach potential service providers.
- Pre-bid conference: Hosting a pre-bid conference to provide bidders with an opportunity to ask questions and clarify their doubts regarding the tender requirements.
- Bid submission: Establish clear procedures for bid submission, including deadlines, formats, and required documentation (online in this case). Ensure that bidders have sufficient time to prepare and submit their bids.
- Bid evaluation: Establish an evaluation committee to review and assess the submitted bids based on predefined criteria such as technical compliance, price, experience, and financial stability. The Technical Advisory Committee (TAC) should be involved in this process.
- Negotiations: Enter negotiations with shortlisted bidders to clarify terms, resolve any issues, and finalise the contract.
- Contract award: Award the contract to the successful bidder and formally notify all bidders of the outcome.
- Monitoring: While this stage is initiated post the awarding of the contract, it remains a critical component of the launching and management of an RBF tender. This process will be managed largely by the Digital administrator but on terms agreed by the steering committee and TAC.
- Risk management: Identify potential risks and challenges associated with the implementation of the RBF programme and develop mitigation strategies[41].

[41] Such strategies would include market mobilisation and awareness, defining eligibility criteria which reduce risks of poor performance by developers, develop the right RBF grant amounts and the KPIs associated with achieving them, etc.

- Managing other service providers: Where the UNDP CO intends procuring the services of third party Service Providers or Individual Consultants, the TORs and KPIs of these service providers will be managed by the RMT.

The UNDP CO office will contract both the digital administration and developers/energy services companies (ESCOs) (in the case of SHS/ICS firms) directly based on the established UNDP rules and regulations. The UNDP CO/RMT will ensure contract management from origination to completion. The RMT members will also be the primary representative of the RBF initiative. The envisaged contract modality with the developers will be the corporate UNDP Performance Based Payment templates and/or agreements. The overall structure and organigramme of RBF governance arrangements is indicated below.

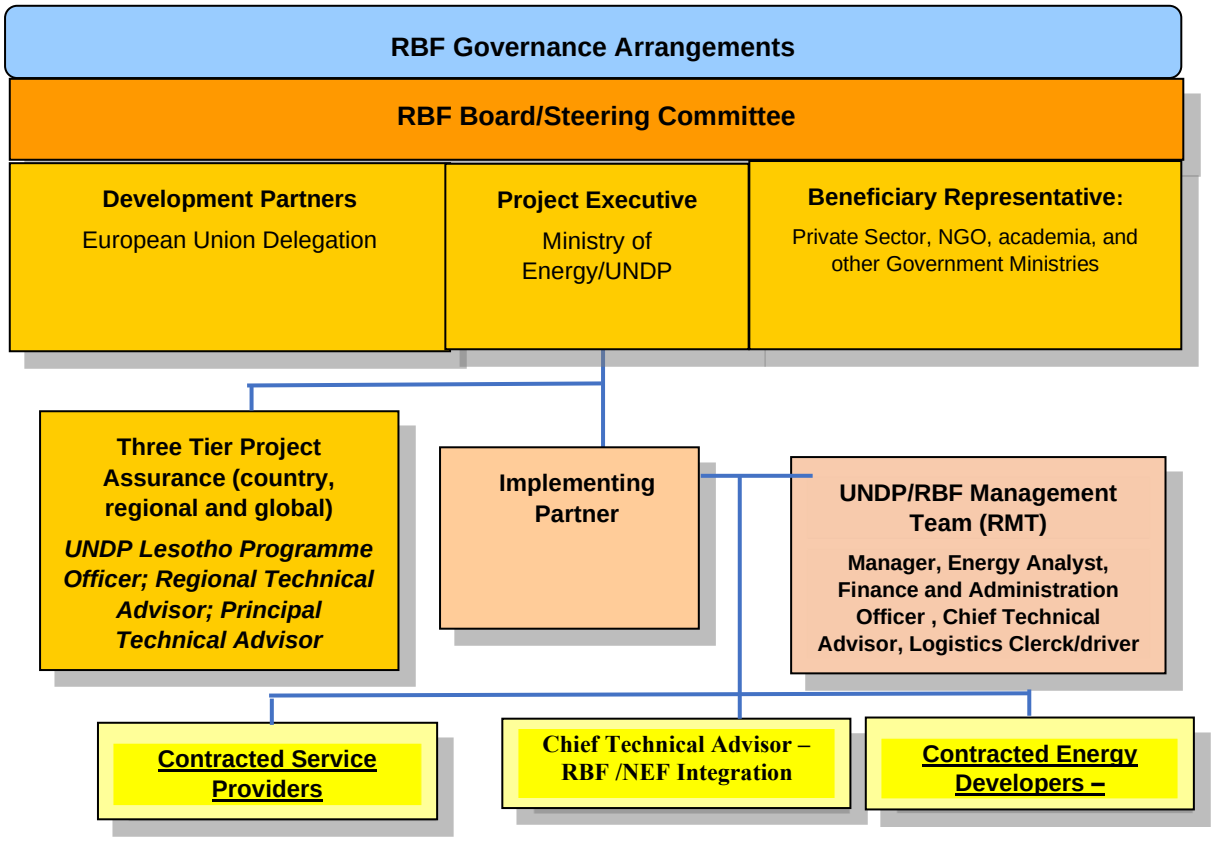


Figure 3: Organigramme of the Project structure

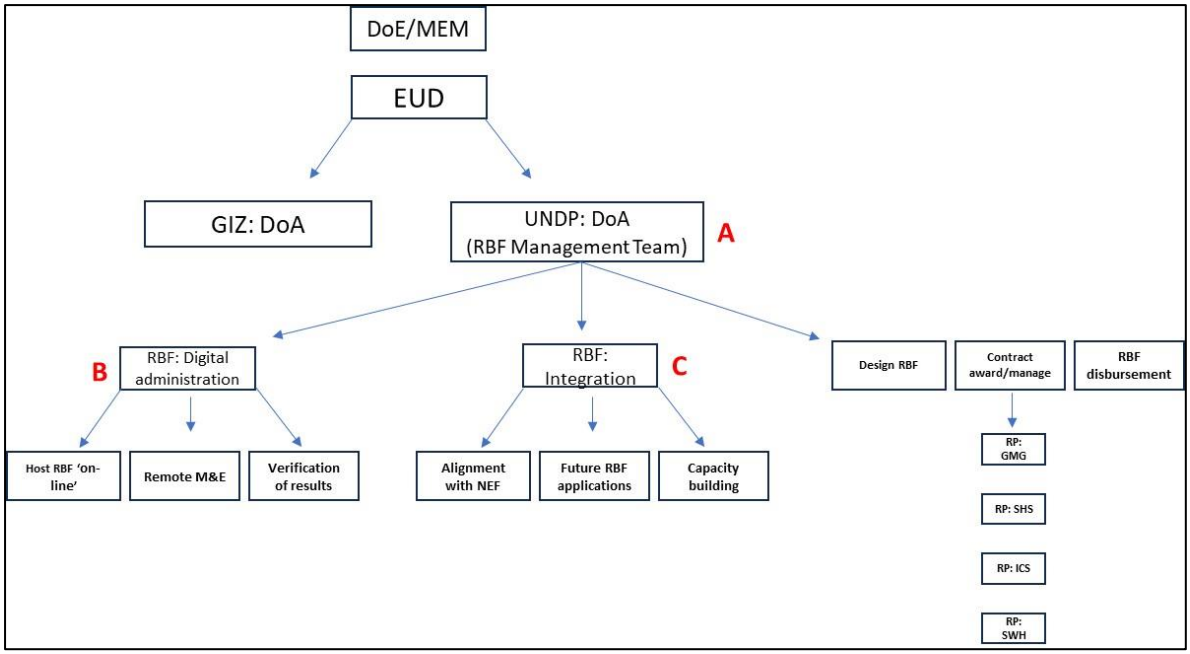


Figure 4: : Programme implementation structure

5.2 RBF digital administration (B)

Established RBF Programmes[42] are increasingly making use of digital platforms to manage (on-line) RBFs, to leverage the efficiencies of remote monitoring and verification as well as important data analytics. In countries like Lesotho, with its mountainous and often inaccessible terrain, monitoring and verification using more tradition, on-site, methods are time consuming, expensive and delay payments. Remote monitoring is far more efficient and increasingly represents best practice in the sector. The RBF Digital Operations service provider, a contracted 3rd Party entity, will host the RBF process on-line, will remotely monitor and verify progress against the RBF KPIs, will receive on-line claims submission forms, will verify these claims, and submit for approval by UNDP CO in consultation with the board/PSC for payment. The RBF digital administration will also help in development of the Terms of Reference and recruitment of the Energy Service providers.

The RBF digital solution will be available to the GoL to be operated within the future NEF. The intention to migrate the RBF into the future NEF includes sustained access to the digital platform to perform on-going digital management services to the future RBF activities of the NEF.

[42] For instance, UEF, CEI Africa, Nigeria's NEP.

Data analytics are also critical for measuring impacts and determining progress towards programme, national and international objectives. The appointed RBF digital operations company will customise programme data analytics to the needs of *Renewable Lesotho* as well as national objectives. Leading digital service companies have experience in most off-grid technologies including GMGs, SHSs, ICS, Commercial and Industrial (C&I), productive use of energy (PUE), among others. The role of the RBF digital administrator is equated as independent assessor or evaluator of the performance of the individual service providers engaged through UNDP Performance Based Payment (PBP) contract modality.

The appointed digital operator will play a significant advisory role in the development of the RBF instrument and operations manual. This will ensure the digital platform and the RBF are harmonised in terms of technologies supported, appropriate tender bulletin information is delivered, the RBF output requirements are measurable and verifiable, there is correspondence in terms of milestone payment triggers and the ongoing M&E requirements will be met. The data analytics produced by the digital operator will have to meet the requirements of the RBF and broader *Renewable Lesotho* stakeholders.

5.3 RBF Integration (C)

As indicated, the RBF designed and operationalised as part of component 2 of *Renewable Lesotho* needs to be aligned with and integrated into the future revised institutional framework that will govern the energy sector. The RBF Integration sub-component will utilise the services of a technical advisor to ensure that the overall RBF design will in the future be integrated into the NEF and broader institutional framework[43]. This will be an iterative process, with the RBF design being shaped by the proposed NEF and the NEF functionality being 'field tested' through the RBF design. The task is more detailed than alignment and includes building the necessary capacity within the proposed NEF framework and anticipating the future application of the RBF in line with the overall masterplan. The CTA will be procured and managed directly by the NDP CO.

Importantly, the RBF Integration task is not considered as a 'standalone' RBF service component but rather will be fulfilled by a CTA to RMT. The programme architecture presents

[43] For the sake of visibility and clarity of requirements, the RBF Integration tasks have been presented separately from the RBF: PMU although these functions will be undertaken by a Chief Technical Advisor accountable/part of the PMU.

the integration role separately to underline its importance and more effectively unpack the associated responsibilities.

5.4 Contracting off-grid service providers

The RBF through the UNDP PBP modality will contract qualifying private sector, government entities, Civil Society Organisation, etc. using a Low-value performance-based payment agreement[44]. Separate agreements will be signed between UNDP CO and each qualifying developer/service provider[45] and will align with the requirements (funding size, conditions of payment, capacity assessment, etc.) of the PBP modality[46] (see Appendex C). Sample of the agreement is attached herewith for ease of reference (see Annex 0)

5.5 Human resources and office costs

The Project will require a dedicated project staff which will comprise of the following types of personnel and costs:

5.5.1 Human resources:

As indicated on the preceding section, this will include staff responsible for providing technical assistance and carrying out administrative and management tasks. The human resources required for the implementation of the project comprise of **4 full-time project staff** (for 48 months) **and a part-time advisor** with matric arrangement to both the UNDP country office and DOE. The key staff profiles and roles are summarised below:

- A Project Team Leader/RBF Facility manager will be responsible for the overall management of the Project activities, developing and implementing a results-based work plan for the project. They shall be responsible for all substantive, managerial and

[44] These existing agreements provide a template for RBF contracts within *Renewable Lesotho* programme and will be adjusted and aligned to the ultimate legal contracting requirements of the GoL as the implementation of the RBF ultimately transitions into the National Energy Fund

[45] This will be based on the outcomes of a competitive tender managed through the e-Tendering platform with support from the RMT.

37. PBPs are a type of agreement between UNDP and a Responsible Party to provide funding upon the verified achievement of an agreed, measurable development result

financial reporting for the project. They will provide overall supervision of all project staff in the project management unit as well as in field offices if any. They will be guiding and supervising all UNDP and Government reporting requirements and ensuring policy-based alignment between the project and the Government of Lesotho.

- An Energy Analyst - The individual is responsible for the day-to-day follow-up of the implementation of the RBF activities aligned to Project document, AWP, etc. S/he will service as the first entry to the delivery and financial management of the project. The incumbent is also responsible for communication, visibility, advocacy and monitoring and evaluation.

- Finance and Administration Associate (50%), based in the UNDP country office. The job holder will ensure transparent and efficient administration services and systems throughout the whole project implementation period. The Finance and Administration Associate will work in close collaboration with other RBF staff to resolve administration-related issues and ensures full compliance of the Project's administration with UNDP rules and regulations.
- A Logistics clerk/driver – will provide logistics support and driving service to the RBF PMU operations as and when required.

- A Chief Technical Advisor – Engaged on part-time basis as individual consultant, the Chief Technical Advisor(CTA) will provide technical inputs into the design of the RBF and provide backstopping of RMT during the RBF operationalisation. The CTA will also provide technical support towards integration of the RBF into envisaged NEF including capacity building of DoE.

The summary of the personnel or human resources is indicated in below table 4

No	Job description	Contract type	Level	Proforma cost/annum	Remark
1	RBF Facility Manager	Fixed Term Appointment (International)	P3	$160,000	Fulltime
2	Energy Analyst (Comms and M&E)	National Personnel Service Agreement	NPSA 8	$32,000	Fulltime
3	Finance and Administration Associate	National Personnel Service Agreement	NPSA 6	$12,500	50%
4	Logistic clerk/driver	National Personnel Service Agreement	NPSA 3	$9,600	Fulltime
5	Chief Technical Advisor	International Consultant	Individual Consultant	*7750	The cost is average as the IC is a part-time service on a lumpsum price

5.5.2 Equipment and Office

The key resources required in this budget category are:

- The Project will make use of the furniture, computer and other equipment, as well as audio visual equipment, printing and stationary, software, purchased within the *Renewable Lesotho* programme. Some items will be purchased to replace the outdated or disposed items for local staff at country office level to replace discarded ones.
- The project will also require a frequent monitoring and supervision. While the digital administration will be used for mostly for tracking of the services after the installation of the technology, regular follow-up, monitoring, and supervision is extremely important at the development stage. Therefore, the project will acquire a vehicle either through procurement or transfer from other project by commensurate transfer value.

5.5.3 Local office: the key resources related to this budget category include:

- In Maseru, a total of 21 m^2 for 3 working stations (i.e., 7 m^2/working station) will be required. These costs include utilities, cleaning, ITC support, IT infrastructure upgrade, reception, connectivity charges (internet, phone calls), and minor office supplies. The availability of the office source at DOE will be explored.

6. RBF SUBSIDIES

An estimated RBF contribution for each technology based on benchmarking/best practice and at the same time sensitive to the maturity of the market is presented in Table 4.

Table 4: Estimated Subsidies

Energy Access window	**Estimated total RBF/unit** (subsidy)	**Estimated portion of CAPEX contribution**	**Rationale**
GMGs	$400/connection	40%+	Benchmark subsidies per connection on the continent range between $500 - $600[47]. When previous subsidies are included, subsidy will be $530.
SHSs (Paygo)	$75/unit	75%	These are the subsidies available through the BRILHO programme in Mozambique[48]
ICS	$60/unit	30-40%	These levels of subsidy have been applied successfully in other ICS initiatives in Lesotho[49]
Solar PV schools/clinics	$15,000	125%[50]	The grant 1 Power received through a separate initiative with USAID to electrify clinics in Lesotho was of that order.
Solar Water Pumps (SWP)	$450/unit	40-50%	These are the subsidy levels applied in the BRILHO programme in Mozambique.

[47] This range is derived from the subsidies provided by the two leading regional RBF facilities on the continent including SE4All's Universal Energy Facility and the Clean Energy Energy Inclusion Africa (CEI).

[48] Communications with CEO of SolarWorks, a PAYGO SHS company, who are active participants/beneficiaries in the BRILHO

[49] Communications with Solar Lights in Lesotho

[50] Public service infrastructure will require a different business model to services offered to the private sector. The 125% of CAPEX subsidy will include 12-18 months post installation O&M which provides time and opportunity to develop a more sustainable model, including securing payment agreements from relevant ministries (health, education, etc.) and/or the national fiscus.

Mixed PUE solutions[51]	$100/unit	50%	The subsidy assumptions are based on SWP experiences.
C&I	$400/unit	35 – 40%	As C&I has clearer commercial intent, the subsidy rates proposed are less than the average CAPEX subsidy proposed for GMGs for rural electrification (40%).

[51] The Energy Application window should be open to a range of PUE solutions. The $200 is the estimated average costs of these solutions. Some will be cheaper others more expensive.

7. RISK ASSESSMENT AND MANAGEMENT

The risk assessment and management categories have been adapted from the risk framework presented in the *Renewable Lesotho* Action Document and adapted to the specific risk profile associated with implementing this component of the programme.

Table 4: Risk assessment

Category	Risks	Likelihood (H/M/L	Impact (H/M/L	Mitigating measures
External environment	Ensuring sufficient participation by local developers/ companies due to limited technical and financial capacities.	High	Medium	Evaluation criteria need to incentivise local participation in the RBF tenders as well as joint ventures between international and local partners.
External environment	Facilitating sufficient investment in the off-grid sector in Lesotho will require regional/international developers who may be unfamiliar with the Lesotho off-grid RE market.	Medium	High	Publication/sharing of the broader supportive framework of the Renewable Lesotho programme. Direct engagement with developers and develop/technology associations, showcasing success, improved market research, etc.
Off-grid Technologies	Insufficient technical standards for technologies supported through the RBF.	Low	Medium	The technology windows and RBF processes will ensure technical standards align with market best practice as promoted by various regional industry and development organisations. These would include AMDA for GMGs, VeraSol for SHSs, Clean Cooking Alliance for ICS, etc. Work with the emergent Lesotho

				Bureau of Standards to formalise these technical standards.
Planning processes and systems	Effective monitoring and evaluation are critical in an RBF but challenging given the mountainous terrain and remoteness of rural markets.	Medium	Medium	The Description of Action document for Component 2 has recommended a digital or remote monitoring solution to implement the required M&E. This solution will utilise remote monitoring digital solutions that increasing represent best-practice and will promote both accuracy and efficiency. Where products such as ICS are traditionally more challenging to digital monitor, there are other emerging options including Smart Sensors and Internet of Things (IoT) technology. But a level of on-site monitoring must be anticipated despite the remote technologies used.
Planning, processes and systems	Necessary legislation is not approved (Energy Bill).	Medium	Medium	The EUD is supporting the GoL with the process of drafting and bringing the Bill to parliament. If the bill's approval is delayed, the RBF mechanism will be designed to be able to migrate/integrate into the relevant government host agency (REU) at a later stage. The RBF will be designed to align with government policy and legal frameworks.
Planning, processes and systems	The development and approval of feed-in tariffs/Nett metering policies relating to the	Medium	High	Working with the DoE, LEWA, Get.PRO, etc to ensure these policies, which have been drafted, are implemented on time and/or to pilot

	sustainability of C&I installations.			these proposed policies within a legal contract framework to further demonstrate the requirements.
Environment and social	Lack of community acceptance or resistance from local communities.	Medium	High	The Renewable Lesotho programme, its implementation partners and public partners need to ensure that communities are suitably engaged and that local government representatives are actively involved in the implementation of the programme. In addition, pricing proposals presented by service providers will be assessed on affordability considerations.
To legality and regulatory aspects	Key political measures and required policy reforms are not implemented.	Medium	High	Improve sector dialogue with the Government, including the private sector, Local Authorities, CSOs and donors.
To legality and regulatory aspects	Enabling environment barriers such as licencing, permitting, cost-reflective tariffs, lack of technical standards.	Medium	High	A number of the proposed actions under the MIP and Action Document are designed to address these issues as is the on-going Sector Reform programme in Lesotho. Further encourage, through the RBF Mechanism, the establishment of a single 'one-stop-shop' for developers to access the necessary licences and permits.

8 MONITORING AND EVALUATION

At the centre of the proposed RBF solution is the digital monitoring service that will provide the technical foundations for the M&E requirements of the RBF. The appointed digital administrator service provider will specialise in remote monitoring (and verification) which will be supplemented or calibrated by site visits and practical verification[52]. They will ensure remote monitoring using smart meter technologies to verify connections and system performance, be able to transparently track progress and create a single integrated platform for all stakeholders to interact. Faults and under-performance of the portfolio of energy service options will be presented in the data analytics (of the digital monitoring platform) which will be accessible to participating developers and relevant stakeholders (for instance, DoE). All RBF financing contracts (PBG agreements) will include a service level agreement which if not met (as confirmed through digital monitoring) will contractually require action from the developers.

M&E will be applied to all stages of the implementation and operation of the RBF including monitoring the RBF application phase through both the energy access and application windows. This would include bid notifications, uploaded EOIs and proposals, proposal evaluation, contract awarding, measuring KPI progress, verification of KPI achievements, data analytics, developing data dashboards, etc.

The M&E framework will be developed to the needs of *Renewable Lesotho*. While much of data will be generated and analysed by the appointed Digital Administrator, the overall responsibility for the M&E framework will lie with the RMT with reporting responsibilities to the RBF Board /Steering Committee. To ensure alignment, the M&E framework will be

[52] Remote monitoring can be blended with actual site visits to both validate the accuracy of digital monitoring as well as offering more practical means for verifying technologies less amenable to digital verification (for instance, ICS). Three (3) monitoring visits to the relevant sites are planned for each of the technology windows. The responsible parties will include RMT and DoE representatives. Visits will involve engaging with local authorities, customer/beneficiary visits to verify services delivered and levels of satisfaction, engage with developers, document processes (audio/visual), etc.

developed in collaboration with the Digital Administrator. The RBF will undergo a Mid-term Review/Evaluation in July 2026 and a Terminal Evaluation will be conducted in 2028.

9 INDICATIVE ACTION PLAN

	Year 1												Year 2												Year 3												Year 4											
Key Actions	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Output 1																																															
Output 2																																															
Output 3																																															

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10 LEVERAGING EFFECT

Through tactical partnerships with EFSD+ as well as Component 3 of *Renewable Lesotho*, it is envisaged that this project will leverage additional investment through two principal means: balance of costs (Capex/Opex) invested by developers - relating to the unfunded cost components as well as additional technology/service expansion[53] brought about by the de-risking of the market and enhanced ability to scale. We would estimate the leveraging effect to be around $10m or close to 3x the original RBF contributions.

The balance of costs calculations is based on the unfunded portion of the total unit costs of the different technologies. For instance, if GMG developers receive an RBF with an estimated CAPEX value of 40%, the balance of costs contributions (60%) of every successful connection are the responsibility of the developer (or other external funding sources). The number of units is based on the Logframe.

The second source of leveraging is associated with non-grant (RBF) supported sales/connections, which would be enabled by the de-risking of the market achieved through the RBF and affiliated programme interventions (TA, etc.). Additional sales or market penetration facilitated by the *Renewable Lesotho* programme is estimated to be 40% additional sales over and above the total number of units supported under the RBF[54].

Table 5: Leveraging effect.

Own equity/investment		
GMG	$	5 500 000,00
SHS	$	112 500,00
ICS	$	360 000,00
SWP	$	66 000,00
PUE	$	20 000,00
C&I	$	120 000,00
Total	**$**	**6 178 500,00**

Capex leveraged on additional units		
GMG	$	3 000 000,00
SHS	$	180 000,00
ICS	$	240 000,00
SWP	$	48 000,00
PUE	$	16 000,00
C&I	$	80 000,00
Total	**$**	**3 564 000,00**

[53] The very purpose of RBF Grant programmes is to catalyse additional private sector investment through de-risking markets and promoting costs efficiencies. However, it is near impossible to predict the actual amounts of additional service technologies and infrastructure that will be leveraged. For indicative purposes, we have estimated that developers will be able to sell or invest in an additional 40% of the original number of units directly supported by the Renewable Lesotho (RBF) programme over 5 years ***post*** programme.

[54] To illustrate, if the total number of GMG connections supported through the Renewable Lesotho's RBF is 5,000 then the additional 'unsupported' sales that will be 40% of that figure – or 2,000 additional connections.

11 SUSTAINABILITY

As indicated, the RBF designed and operationalised as part of component 2 of *Renewable Lesotho* will be integrated into the future revised institutional framework that will govern the energy sector. The RBF Integration sub-component will utilise the services of the CTA to ensure that the overall RBF design will in the future be integrated into the NEF and broader institutional framework. This will be an iterative process, with the RBF design being shaped by the proposed NEF and the NEF functionality being 'field tested' through the RBF design. The task is more detailed than alignment and includes building the necessary capacity within the proposed NEF framework and anticipating the future application of the RBF in line with the overall masterplan. The functions/objectives of the integration consultant will be managed directly by the RMT.

The longer-term sustainability of the NEF (and through this the RBF) will depend on the GoL ability to capitalise the fund. While the *draft* Energy Bill includes reference to revenue streams including surcharges from electrification projects as well as 'administration charges, levies, or other charges imposed'[55] it seems more likely that in the short-medium term the fund will have to rely on Donor contributions. Donor contributions would be of a sovereign nature which aligns more with the World Bank, AfDB, amongst others. The task of Output 2 (Activity 2.7) is to organise a Donor conference presenting an opportunity to discuss funding options with select stakeholders and ensure that the NEF (and associated RBF Instrument) has the capacity, systems and mandate to attract donor funding.

With regard to continued interest of the private sector in the Lesotho off-grid energy market, the *Renewable Lesotho* programme will assist with de-risking the market, through policy support, targeted subsidies (and blended financing solutions), will assist with developing the necessary off-grid strategic framework as well as showcasing different technologies, business frameworks and sub-markets.

Acceptable environmental, health and safety management will be applied. All developers awarded RBF will do so on the basis that (amongst other things) they have an ESG policy in

[55] Unpublished Draft Energy Bill 2023 p38

place. Environment and Social Screening policy and guideline will be applied in due course of the implementation.

12 VISIBILITY AND COMMUNICATIONS

UNDP CO Lesotho acknowledges that the European Union (EU) regards visibility and communications as integral components of projects that it implements. In order to ensure effective and coherent communication on the ground, the various legal acts of EU funding programmes contain rules for communication and EU visibility. They are legally binding on recipients of EU funding and largely coherent across programmes and management modes. It is now crucial that the greatest possible awareness and proper implementation of the rules are ensured.

The UNDP CO will ensure that the EU emblem will be clearly displayed on all project related materials – both internal and public facing. As part of these requirements, UNDP CO will ensure that the EU's financial support for the *Renewable Lesotho* programme is prominently acknowledged as required, and forms part of an overall *Lesotho Renewable* energy communication strategy (to be defined). UNDP CO acknowledges that Communications strategies, including social media engagements, media events, press releases are encouraged to share project updates and achievements, will form part of the overall *Lesotho Renewable* communication strategy. The Energy Analyst will assume responsibility of coordinating the communication and visibility of communication and visibility. All the pertinent cost of the communication are included in the Annex III (budget of the project).

In addition, the UNDP CO will ensure that visibility actions are in accordance with the provisions of the Financial and Administrative Framework Agreement (FAFA) between EU-UN and the General Conditions of the EU-UNDP Contribution Agreement.

13 LOGFRAME

Results	Results chain:	Indicators	Baselines (Values and years)	Targets[56] (Values and years)	Sources of data	Assumptionsa
Impact	Ensure energy security in Lesotho, improve access to reliable and affordable clean energy, and promote green growth.	1. Percentage of the population who has access to electricity (with gender disaggregation) (**) 2.. Percentage of households with access to clean cooking solutions 3. Number of jobs created in Lesotho as a result of improved access to affordable and reliable energy (gender disaggregated) (*)	1. 47% (2018) 2. 1,8% (2023) 3. 0 jobs added (2022)	1. 100 % by 2030 2. 5% (2030) 3. At least 1,000 jobs created for both urban and rural communities by Year 4,	1. SDG 7 Indicator, SE4All, World Bank 2. Minister of Labour annual reports, Bureau of Statistics 3. Data from e-tendering platform	*Not applicable*
Outcome 1 (SO 1)[57]	SO1 - Increased renewable energy generation capacity and energy efficiency.	1.1. Renewable energy generation capacity installed (MW) with EU support	1.1. 50 kWp generated off-grid (2023) [TBC]	1.1. At least 1 MW added exist off-grid generation	1.1. Data from the digital administrator (e-tendering platform) Lesotho Electricity and Water Authority (LEWA), Department of Energy (DoE), Lesotho Electricity Company (LEC) reports	Reforms in the energy sector are implemented and international finance can be leveraged.
Outcome 2 (SO 2)	SO2 - A more equitable and gender-transformative access to clean energy is promoted.	2.1. a) Percentage of HH with access to clean electricity, b) industry-commerce and c) public institutions connected to the electricity (with gender disaggregation) (*) 2.2. Number of people with new access to electricity with EU	2.1.a) 48% of households (2022) 2.1 b) 45% of industries/commercial (2022) 2.1 c) Public institutions (2022): [unknown][58] 2.2. 0 (2022)	2.1.a) 52% of households (2028), 2.1 b) 50% of industries/commercial (Year 4) 2.1 c) Public institutions: 25 additional public institutions	2.1. LEWA, LEC, DoE and LMS Annual reports. BoS reports. 2.2. Final evaluation	The intervention succeeds in de-risking investments in the energy sector and overcome barriers, especially for marginalized groups

		support (gender disaggregation) (**)		2.2. 90,000 (Year 4), 50% female		
Outcome 3 (SO, 3)	SO3 - Improve Lesotho's energy sector leadership and institutional capacity is improved	3.1. Number of public sector and professional cadres trained (disaggregated by gender)	3.1. 0 (2022)	3.1. 10 (Year 4) 50% female	3.1. Project reports surveys	Continued reforms in the energy sector and coordination

50.Where the impacts of the actions described here will not contribute directly to these targets, the document has retained the original targets outlined in the Renewable Lesotho Action Document

[57] The DoA is not designed to contribute to the Specific Objectives 1 & 3 with its focus being squarely on Specific Objective 2

[58] There are over 2,000 schools registered and over 370 health facilities in Lesotho. The electrification status is hard to determine in both absolute numbers or percentages

Results	Results chain:	Indicators	Baselines (Values and years)	Targets (Values and years)	Sources of data	Assumptions
Output 1	A funding mechanism (i.e. Energy Fund) to support the energy transition is established and operational.	1.1. The RBF Instrument is effectively integrated into the NEF. 1.2. Co-contributions to NEF/RBF Instrument.	1.1. No (2023) 1.2. No (2023)	1.1. Yes (Year 4) 1.2. Yes (Year 4)	1.1. UNDP and DOE report/e-Tendering platform 1.2. Ministry/DoE reports	The adoption of the Energy Bill Act and the establishment of an Energy Fund indicate a commitment by the government to create a legal framework and financial mechanism to regulate and support the energy sector. This assumption implies that there is a structured approach towards governing the energy industry, promoting renewable energy sources, ensuring energy security, and facilitating investments in sustainable energy projects. Through component1 led by GET.Invest, adequate awareness raising about RBF and NEF will be conducted including resources mobilization from potential donors .
Output 2	Improved access to clean cooking and electricity including, mini-grid electricity, improved cook-stoves, solar water heaters, energy efficient lamps, PAYGO SHS, etc.) in a gender responsive and socially inclusive manner.	2.1. % Population with access to clean energy and fuels for cooking (with gender disaggregation) 2.2. *Number of* *individuals with access* *to electricity with EU* *support through:*	2.1 48% (2022)	2.1. 52% (Year 4) 50% female	2.1. SDG 7 Indicator, SE4All, World Bank 2.2. DoE Reports, Programme Reports	The adoption of the Energy Bill Act and the establishment of an Energy Fund indicate a commitment by the government to create a legal framework and financial mechanism to regulate and support the energy sector. This assumption implies that there is a structured approach towards governing the energy industry, promoting renewable energy sources, ensuring energy security, and facilitating investments in sustainable energy projects.

		a) new access, *b) improved access*	2.2 a) (i) 100 GMG connections and (ii) 0 SHSs ; b) 5,000 improved cook stoves c) 0 SWHs [tbd]	(i) 4400 GMG connections (ii) 3402 SHSs b) 9194 improved cook stoves, (60% for female) c) [tbc]	and e-tendering platform	
Output 3	Public service, commercial and industrial facilities are equipped with renewable energy and energy efficiency solutions.	3.1. Number of off-grid rural schools/ clinics building electrified 3.2 kWp of solar installed on commercial and industrial facilities with EU support. 3.3 Number of SWP in rural areas 3.4 Number of mixed PUE solutions	3.1. 0 (2022) 3.2 0 (2022) 3.3. 0 (2022) 3.4 0 (2022)	3.1. a) schools 20 b) clinics 4 (Year 4) 3.2 100kWp (Year 4) 3.3. 98 (Year 4) 3.4 100 (Year 4)	3.1. e-Tendering platform Mid-term and final evaluation 3.2. e-Tendering platform Mid-term and final evaluation 3.3. e-Tendering platform Mid-term and final evaluation 3.4. e-Tendering platform Mid-term and final evaluation	The establishment of a positive collaboration with the private sector and Lesotho National Development Corporation (LNDC) suggests a willingness to leverage external expertise, resources, and networks to drive innovation and growth in the energy sector. This assumption implies that there is a shared commitment to fostering partnerships, promoting investment opportunities, and implementing sustainable energy initiatives through a collaborative approach

						between the public and private sectors in Lesotho. Note: The DoE's preference for electrification of public service infrastructure is on schools not clinics – which is reflected in these targets

APPENDIX A: SAMPLE RBF OPERATIONAL MANUAL OUTLINE

Available Funding

- Results-based incentives
- Facility process
- Facility administration platform
- Facility size and duration
- Data-driven incentive value reductions

Applicant Eligibility

- Legal personality
- Registration jurisdiction
- Experience
- Existing Facility funding
- Size
- Compliance
- Partnerships

Project Eligibility

- Eligible countries
- Technology
    - **Generation technology**
    - **Customer metering technology**
    - **Technical standards**
- Eligible sites
- Number of connections
- Financing and pre-financing
- Available cash
- Existing concessional financing
- Duration

Application Process

- Pre-qualification
- Existing site verification
- Application Collections
- Clarification questions
- Proposal evaluation
- Approval

- Agreement negotiation

Project Implementation

- Reporting
- Remote verification
- Disbursement
- Random verification
- Penalties
- Project modifications

Governance

- Facility structure
- Board of Directors
- Facility manager
- Ethics

Terms and Conditions

- Applicant representations
- Facility rights
- Data transparency

APPENDIX B: LESSONS LEARNT FROM PREVIOUS PROJECTS

Lessons learnt	DoA response
GMG	
RBF subsidy was too low in UNDP's Se4All programme	Suggested subsidy has been increased to more closely align with international benchmarks
Verification of outputs was at times slow	The RBF will utilise an e-platform for remote verification which will be quicker
Supply chains were interrupted during Covid-19 and beyond	Global supply chains have generally settled, and GMG developers have developed new supply route including air cargo and direct purchasing in South Africa.
SHS	
SHS sales restricted by lack of PAYGO (consumer financing)	This will be a pre-requisite for the Renewable Lesotho programme
General sector challenge is SHS companies selling to cannot afford it (in the long run)	Proposal requirements and evaluation will look closely at the kinds of credit checks to be undertaken by SHS providers as well as long-term usage of the system by customers (which could be built into RBF payment design)
Distribution challenges	Proposal evaluation will closely consider how the applicants intend developing and servicing distribution chains – experience in managing SHS programmes elsewhere will be critical.
ICS	
The subsidy was considered too low under the UNDP SE4All programme	The subsidy has been raised
ICS companies struggled with early sales due to lack of awareness	Several customer awareness campaigns (Above and Below the Line) were carried out under the SE4All programme.
Verification of outputs was at times slow	The RBF will utilise an e-platform for remote verification which will be quicker

APPENDIX C: UNDP'S PERFORMANCE BASED PAYMENT MODALITY

- Performance-based payments (PBPs) are a type of agreement between UNDP and a responsible party to provide funding upon the verified achievement of an agreed measurable development result. No advances are provided, rather payments are made only upon the verified achievement of agreed results. This approach gives greater incentive to responsible parties to achieve results.
- A project that uses performance-based payments for select results may use additional agreements and methods to deliver other results. For performance-based payments, the achievement of specific, pre-agreed results (outputs and/or activities) must be validated through performance measures and quality certified by an independent assessor for agreements of more than $300,000. Given the cost associated with engaging an independent assessor, it is recommended to use performance-based payments for agreements of at least $1 million or more per annum. The project board may verify results in cases of $300,000 or less.
- Clarity of the result: A clear definition is essential since an achieved result is at the core of any performance-based payment.
- Payment-linked indicator(s): The achievement of a result is established based on agreed indicators that serve as a trigger for payment. Indicator(s) must measure the exact intended result. This ensures that UNDP disburses funds only when the responsible party has delivered results that are achieved through principled performance[59]. Some of the key performance indicator can be number of households connected, number of vulnerable communities (Disable people, elderly, women headed households, etc), estimated price per unit, free installation cost, etc.
- Self-financing: The responsible party will self-finance all or a significant portion of the project activities until pre-agreed results are achieved, verified and quality certified by the independent assessor or project board. No 'advances or 'pre-payments' are provided, although limited working capital reimbursements of expenses incurred can be made in select circumstances for large projects, subject to the achievement of pre-defined minimum progress thresholds certified by the assessor.
- Rebalancing of risks: While the financial risk shifts from UNDP to the responsible party, UNDP continues to carry reputational and other risks should a project not deliver its intended results. Non- or reduced payment by UNDP must be a credible consequence in case the development result is not achieved. In that sense, UNDP, the funding partner(s) and the responsible party must carefully consider the consequences of a possible non- or reduced payment before entering into such an agreement.
- Efficient resource use: Since performance-based payments are intended to optimize the achievement of results, the amount to be paid must be commensurate with that result. Agreeing on targets and amount paid for attaining them will require detailed negotiations between UNDP and the responsible party in most instances.
- Sustainability of results: UNDP must be able to demonstrate that the results to be achieved are sustainable and of demonstrable quality. In this respect, post agreement covenants may be necessary when the results exceed the duration of the project activities to ensure the continuation of activities and results following the conclusion of the agreements. Part of the payment may be payable upon confirmation of delivery of sustained results after a pre-agreed period has elapsed.

Responsibility for result achievement: Multiple development partners often work on the same or a linked development result. The responsible party must be in a credible position to bring about the stipulated development result.

Provision for non-results: The non-achievement of results will result in the responsible party receiving no payment or only partial payment, depending on the terms of the contribution agreement with the funding partner(s). Funding that is not released may be returned to the funding partner(s) or alternatively allocated to another responsible party.

[59] i.e., performance that is in line with the principles of UNDP's regulatory framework and Code of Ethics and is in adherence with UNDP's Social and Environmental Standards.

Early termination: Every performance-based payment agreement must contain a clear early termination provision for scenarios where it is determined that continuing the project will not achieve the required results. A monitoring schedule should indicate minimum progress thresholds. Where performance indicates that the responsible party cannot deliver the required level of results within the identified time frame, UNDP would terminate the agreement. Minimum progress thresholds must be defined for each year of the agreement. Early termination may also be triggered through lack of adherence to UNDP's Social and Environmental Standards.

The selection of a responsible party for performance-based payment is a programmatic decision. Policies for the selection of responsible parties apply, along with the following provisions, given the key features of performance-based payments stated above:

- Responsible parties, such as government entities, NGOs/community-based organizations, academic institutions, the private sector and non-UN intergovernmental organizations, require a capacity assessment, including the HACT assessment and assurance in line with prevailing policies. This includes completing due diligence for private sector entities.

- UNDP must assess the ability of the responsible party to deliver agreed results in the required time frame. As part of the selection process, the responsible party must deliver a proposal outlining how the results will be financed and delivered. This proposal will be assessed to review if the responsible party has the required access to financing, inputs, conditions and capacities to deliver. It will also assess if the approach includes relevant safeguards to protect people and the environment.

APPENDIX D: SAMPLE OF AGREEMENT

Rev: Oct 2017

LOW VALUE PERFORMANCE-BASED PAYMENT AGREEMENT

Between United Nations Development Programme and a Responsible Party

HOW TO USE THIS AGREEMENT

- This **LOW VALUE PERFORMANCE-BASED PAYMENT AGREEMENT** template is to be used when UNDP wishes to engage an NGO, CSO, non-UN IGO, Private Sector firm or Programme Government as a responsible party ("Responsible Party" or "RP") under a project for certain types of activities where payments will be made based on the RP's achievement of result(s) as defined in the Agreement. Payment by UNDP to the RP will be made in arrear, based on the RP's achievement of one or more results and completion of the related deliverable ("Deliverable(s)"), and is therefore a Performance-Based Payment. This form of agreement may be used under a project where UNDP (i) is the Implementing Partner of a project under the DIM modality; or (ii) is providing direct Country Office support to the national implementation under the NIM modality, and the activities towards achieving the Deliverable(s) covered by this Agreement are under the responsibility of UNDP (as set out in a Letter of Agreement signed between the government and the Country Office).
- This Low Value Performance-Based Payment Agreement sets forth the commitments, milestone results (if any) and target result(s) that the Responsible Party agrees to complete, as well as the related Deliverable(s) upon which payment to the RP is contingent. It should be made clear that it is the completion of the **Deliverable(s)** by the RP that triggers payment. Deliverable(s) may be composed of one or more milestone results and/or target results and must be clearly specified in the "Deliverable(s) and Performance-Based Payment Terms" (Annex C) such that it is clear to both parties when the RP qualifies for payment.
- The criteria and validation method that will be used to assess whether the Deliverable(s) has been completed must be attached to this agreement as part of the "Results Framework" (Annex B).
- Please make sure to complete the Face Sheet with correct information.
- Please make sure to attach all the annexes listed on the Face Sheet.
- This instruction page, as well as all footnotes and any other instructions in this template, are only for the Business Unit's guidance and should be deleted before the agreement is sent to the Responsible Party for review and signature.
- Any substantive changes to the provisions in this template agreement must be cleared with the Legal Office, Bureau for Management Services, UNDP.
- Please have two originals of this agreement signed. After signature, UNDP keeps one original and provides the Responsible Party with the other original.

LOW VALUE PERFORMANCE-BASED PAYMENT AGREEMENT

[**Reference No.** *insert reference number, if any; if none, delete bracketed text*]

1. Country: [Click **here** and enter Host Country name]
2. Responsible Party: "[Click here and enter full name of Responsible Party]" incorporated under the laws of "[Click here and enter jurisdiction of incorporation]" with address at "[Click here and enter full address of Responsible Party']"
3. Project Number and Title: "[Click here and enter Project number (if any) and title]"
4. Deliverable Implementation Period: From [Click **here** and enter date] to [Click **here** and enter date]
5. Maximum Payment under this Agreement: Up to the amount of US$ [Click **here** and enter amount] ([Click **here** and amount in words] United States Dollars)
6. Information for Responsible Party Bank Account into Which Payment Will Be Disbursed: Account Name: [Click **here** and enter Owner of Bank Account] Account Title: [Click **here** and enter Account Title] Account Number: [Click **here** and enter Account Number] Bank Name: [Click **here** and enter Bank name] Bank Address: [Click **here** and enter Bank Address] Bank SWIFT Code: [Click **here** and enter Bank SWIFT Code] Bank Code: [Click **here** and enter Bank Code] Routing instructions for disbursements: [Click **here** and enter any additional instructions]
7. Number of Deliverables: __ Deliverable(s) is/are fully described in "Deliverable(s) and Performance-Based Payment Terms" (Annex C).

8. Notices to Responsible Party: Name: Address: Tel: Fax: Email:	9. Notices to UNDP: Name: Address: Tel: Fax: Email:

10. Signed for **"[Click here and enter Responsible Party name]"** by its Authorized Representative Date: _____ Signature: _____
11. Signed for the **United Nations Development Programme** by its Authorized Representative Date: _____ Signature: _____
The following documents constitute the entire Agreement between the Parties and supersedes all prior agreements, understandings, communications and representations concerning the subject matter: **This face sheet ("Face Sheet")** **Standard Terms and Conditions** **Annex A – Project Document** **Annex B – Results Framework** **Annex C – Deliverable(s) and Performance-Based Payment Terms** **Annex D – Reporting Format** **Annex E – Request for Payment Format** **If there is inconsistency between any of the documents forming part of this Agreement, those documents will be interpreted in the above order of priority.**

STANDARD TERMS AND CONDITIONS

This **Low Value Performance-Based Payment Agreement** (hereinafter referred to as the "Agreement") is made between the United Nations Development Programme, a subsidiary organ of the United Nations established by the General Assembly of the United Nations (hereinafter "UNDP"), and the Responsible Party named in Block 2 of the Face Sheet (the "Responsible Party," and together with UNDP, the "Parties").

WHEREAS UNDP is the Implementing Partner or providing Country Office support to the national implementation of the project named in Block 3 of the Face Sheet (hereinafter referred to as "the Project") and more specifically described in project document [Insert project number and title] attached as **Annex A** (Project Document"), implemented at the request of the Government of the country named in Block 1 of the Face Sheet.

WHEREAS the Responsible Party understands and agrees that the overall goal of this Agreement is to contribute to producing the outputs and achieving the outcomes set forth in the Project Document.

NOW, THEREFORE, the Parties hereto agree as follows:

1.0 Responsibilities of the Responsible Party

1.1 The Responsible Party agrees to achieve the milestone results and target result(s) as specified in **Annex B** (entitled "Results Framework"), hereinafter collectively referred to as the "Result(s)", and for which the Responsible Party will be paid for the completion of related deliverable(s) as fully described in **Annex C** (entitled "Deliverable(s) and Performance-Based Payment Terms"), hereinafter referred to as the "Deliverable(s)". The Responsible Party will achieve the Result(s) and complete the Deliverable(s) in accordance with the terms and conditions of this Agreement, including the Project Document and UNDP financial regulations and rules and UNDP policies and procedures as set out in the UNDP Programme and Operations Policies and Procedures (POPP), which are incorporated herein by reference and form an integral part of this Agreement. The Responsible Party will achieve the Result(s) within the agreed timeframe described in **Annex B**, which will be verified through the application of the indicators and validation methodology also set forth in Annex B.

1.2 Where Annex B contains milestone results to be achieved by the Responsible Party prior to achievement of the target result(s), the Responsible Party understands that achievement of certain milestone results may be solely for monitoring purposes, whereas the achievement of other milestone results may trigger a payment by UNDP. Only those milestone

results that are specified in Annex C as or part of a Deliverable may trigger payment by UNDP once completed by the Responsible Party and validated in accordance with this Agreement.

1.3 The Responsible Party agrees to achieve the Result(s) specified and validated in accordance with this Agreement. If the Responsible Party (i) fails to meet its responsibilities outlined in Article 1.1 and 1.2 above, or (ii) where Annex B contains milestone result(s) that must be met within the period/s specified in Annex B, and the Responsible Party fails to achieve at least 70% of that milestone result within the period specified, the Project Board (as such term in defined in the Project Document) may recommend that UNDP terminate this Agreement prior to the end of the Deliverable Implementation Period specified in Block 4 of the Face Sheet. In addition, termination of the Agreement may be triggered in cases where UNDP's Social and Environmental Standards are not adhered to, potentially or actually resulting in adverse impacts on people or the environment. All claims to or expectations of payment of any unpaid performance-based payment as specified in Annex C shall cease upon UNDP's decision to terminate this Agreement based on the Project Board's recommendation, irrespective of the stage of completion of the Deliverable(s) by the Responsible Party at such time. The Responsible Party acknowledges and agrees that any recommendation by the Project Board, and action thereon by UNDP, shall be final.

1.4 The Responsible Party shall inform the Project Board of any problems it may face in achieving the Result(s) and completing the Deliverable(s) agreed upon.

1.5 The Responsible Party acknowledges that it accepts full programmatic and financial responsibility for achieving the Result(s) and completing the Deliverable(s).

2.0 Duration

2.1 This Agreement shall become effective on the date of last signature by the Responsible Party and UNDP, acting through their duly Authorized Representatives, in Blocks 10 and 11 of the Face Sheet, and shall expire at the end of the Deliverable Implementation Period indicated in Block 4 of the Face Sheet, unless earlier terminated pursuant to Article 1.3 or 6.5 of this Agreement.

3.0 Payment(s)

3.1 UNDP agrees to make the performance-based payment/s (hereinafter referred to as the "PBPs") described in Annex C, to the Responsible Party upon its completion of the related Deliverable within the timeframe specified, once completion of the Deliverable is verified through the application of the indicators and validation methodology set forth in Annex B.

3.2 The Responsible Party is ready and willing to complete the Deliverable(s) in order to receive the PBPs subject to the terms and conditions of this Agreement.

3.3 Once the Responsible Party has completed a Deliverable, the Responsible Party shall submit to UNDP a request for payment in the format set forth in Annex E (entitled "Request for Payment Format"). The Responsible Party shall also submit to UNDP a report in the format set forth in Annex D ("Reporting Format") along with all relevant documentation available to it as may be necessary to support such request, such as survey reports, photographs, copies of reports, etc.

3.4 The total amount payable to the Responsible Party upon the completion of the Deliverable(s) shall not exceed the amount indicated in Block 5 of the Face Sheet.

3.5 Payment of PBPs by UNDP in accordance with the terms of this Agreement shall be deposited into the Responsible Party's bank account, the details of which are set forth in Block 6 of the Face Sheet.

3.6 Payment of PBPs by UNDP is/are not subject to any adjustment or revision due to price or currency fluctuations or the actual costs incurred by the Responsible Party in achieving the Deliverable(s) under this Agreement.

4.0 Records, Information and Reports

4.1 The Responsible Party shall maintain clear, accurate and complete records in respect of the payments received under this Agreement. Upon completion of the Deliverable Implementation Period, or the termination of this Agreement, the Responsible Party shall maintain the records for a period of at least five (5) years thereafter.

4.2 The Responsible Party shall report on its progress toward the achievement of the Result(s) in accordance with the reporting schedule and format included in **Annex D** of this Agreement. Where completion of the target result, as defined in Annex B, is expected to take more than one year from the commencement of this Agreement, the Responsible Party shall provide to the Project Board progress reports ("Performance Reports") with respect to the milestone results in accordance with the reporting schedule and format included in **Annex D** of this Agreement, and which shall be provided at least on an annual basis.

4.2 All correspondence regarding the implementation of this Agreement shall be addressed to the individuals indicated in Blocks 8 and 9 of the Face Sheet.

5.0 Audits and Investigations

5.1 All payments made by UNDP under this Agreement shall be subject to a post-payment audit by auditors, whether internal or external, of UNDP or by other authorized and qualified agents of UNDP at UNDP's expense, any time during the term of this Agreement and for a period of three (3) years following the completion of the Deliverable Implementation Period or the termination of this Agreement, whichever is earlier.

5.2 The Responsible Party acknowledges and agrees that UNDP may conduct investigations relating to any aspect of this Agreement (including the selection of the Responsible Party, the obligations performed under this Agreement, compliance with social and environmental commitments, and the operations of the Responsible Party generally relating to the performance of this Agreement) at any time during the term of the Agreement and for a period of three (3) years following the expiration or prior termination of the Agreement. The right of UNDP to conduct an investigation and the Responsible Party's obligation to cooperate with such an investigation shall not lapse upon the expiration or early termination of this Agreement.

5.3 The Responsible Party shall provide its full and timely cooperation with any post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the Responsible Party's obligation to make available its personnel (including officers, officials, employees, consultants, contractors, advisors and agents, hereinafter "Personnel") and any relevant documentation for such purposes at reasonable times and on reasonable conditions, and to grant to UNDP access to the Responsible Party's premises at reasonable times and on reasonable conditions. The Responsible Party shall ensure that its Personnel cooperate with any post-payment audits or investigations carried out by UNDP hereunder.

5.4 UNDP shall be entitled to a refund from the Responsible Party for any amounts shown by audits or investigations to have been paid by UNDP other than in accordance with the terms and conditions of this Agreement. The Responsible Party also agrees that, where applicable, donors to UNDP whose funding is the source of, in whole or in part, the funding for the Deliverable(s) under this Agreement, shall have direct recourse to the Responsible Party for the recovery of any funds determined by UNDP to have been used in violation of or inconsistent with this Agreement. However, there shall be no double recovery of funds under this provision.

6.0 Representations and Warranties

6.1 The Responsible Party represents and warrants that:

(a) it has not and shall not offer any direct or indirect benefit arising from or related to the performance of the Agreement or the award thereof to any representative, official, employee, or other agent of UNDP.

(b) neither it, its parent entities (if any), nor any of the Responsible Party's subsidiary or affiliated entities (if any) is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.

(c) neither it, its parent entities (if any), nor any of the Responsible Party's subsidiaries or affiliated entities (if any) is engaged in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.

(d) it shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by its employees or any other persons engaged and controlled by the Responsible Party to perform any services under the Agreement. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Responsible Party shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favors or activities, or from engaging any sexual activities that are exploitive or degrading to any person. UNDP shall not apply the foregoing standard relating to age in any case in which the Responsible Party's Personnel or any other person who may be engaged by the Responsible Party to perform any services under the Agreement is married to the person less than the age of eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Personnel or such other person who may be engaged by the Responsible Party to perform any services under the Agreement.

(e) neither it, its parent entities (if any), nor any of the Responsible Party's subsidiary, affiliated entities (if any), suppliers and subcontractors is engaged in any transactions with, and/or the provision of resources and support to, individuals and organizations associated with, receiving any type of training for, or engaged in, any act or offense described in Article 2, Sections 1, 3, 4 or 5 of the International Convention for the Suppression of the Financing of Terrorism, adopted by the General Assembly of the United Nations in Resolution 54/109 of 9 December 1999.

6.2 The Responsible Party shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the Agreement.

6.3 With respect to its obligations under this Agreement, the Responsible Party hereby acknowledges that it has read and agrees to be bound, mutatis mutandis, by the obligations and agreements set forth in the Project Document as applicable to the Implementing Partner or any party contracted by the Implementing Partner to perform some aspect of the Project, including, but not limited to, those set forth in the section entitled "Risk Management."

6.4 The Parties agree that it is important that all necessary precautions are taken to avoid conflicts of interest and corrupt practices. To this end, the Responsible Party shall maintain standards of conduct that govern the performance of the Responsible Party Personnel, including the prohibition of conflicts of interest and corrupt practices in connection with the award and administration of contracts, grants, or other benefits. The Responsible Party and persons affiliated with it, including the Responsible Party Personnel, shall not engage in the following practices:

a) participating in the selection, award, or administration of a contract, grant or other benefit or transaction funded by UNDP, in which the person, members of the person's immediate family or his or her business partners, or organizations controlled by or substantially involving such person, has or have a financial interest.

b) participating in such transactions involving organizations or entities with which or whom that person is negotiating or has any arrangement concerning prospective employment.

c) offering, giving, soliciting or receiving gratuities, favors, gifts or anything else of value to influence the action of any person involvement in a procurement process or contract execution.

d) misrepresenting or omitting facts in order to influence the procurement process or the execution of a contract.

e) engaging in a scheme or arrangement between two or more bidders, with or without the knowledge of the Responsible Party Personnel, designed to establish bid prices at artificial, non-competitive levels; or

f) participating in any other practice that is or could be construed as an illegal or corrupt practice under domestic law.

If the Responsible Party has knowledge or becomes aware of any of the practices outlined above undertaken by anyone affiliated with the Responsible Party, the Responsible Party shall immediately disclose the existence of such practices to UNDP.

6.5 The Responsible Party acknowledges and agrees that the provisions of this Article 6.0 constitute an essential term of the Agreement and that breach of any such representation and

warranty, or covenant shall entitle UNDP to terminate the Agreement immediately upon notice to the Responsible Party, without any liability for termination charges or any other liability of any kind.

7.0 General Provisions

7.1 This Agreement and the Annexes attached hereto shall form the entire Agreement between the Parties, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Agreement.

7.2 The Responsible Party shall carry out all activities toward the achievement of Result(s) with due diligence and efficiency. Subject to the express terms of this Agreement, it is understood that the Responsible Party shall have exclusive control over its activities toward the achievement of Result(s), and that UNDP shall not interfere in the exercise of such control. However, both the quality of work and the progress being made toward successful achievement of the Result(s) shall be subject to review by the Project Board. If at any time, the Project Board recommends the termination of this Agreement further to Article 1.3 above, the Project Board may advise UNDP to declare this Agreement terminated by giving thirty (30) days' written notice to the Responsible Party. The Project Board's determination as to the quality of work being performed and the progress being made toward the achievement of the Result(s) shall be based on the methodology set forth in Annex B, and such decision shall be conclusive, final, and binding upon the Responsible Party.

7.3 UNDP undertakes no responsibility in respect of life, health, accident, travel or any other insurance coverage for any person which may be necessary or desirable for the purpose of this Agreement or for any Personnel undertaking activities of the Responsible Party toward the achievement of the Result(s) or completion of the Deliverable(s) under this Agreement. Such responsibilities shall be borne by the Responsible Party.

7.4 The Responsible Party shall achieve the Result(s) as defined in Annex B and complete the Deliverable(s) within the Deliverable Implementation Period indicated in Block 4 of the Face Sheet.

7.5 The rights and obligations of the Responsible Party are limited to the terms and conditions of this Agreement. Accordingly, the Responsible Party and Personnel performing services on its behalf shall not be entitled to any benefit, payment, compensation or entitlement except as expressly provided in this Agreement.

7.6 The Responsible Party shall be fully responsible and liable for all services performed by its Personnel in completing the Deliverable(s) in relation to the Project on behalf of the Responsible Party and shall ensure that all of its obligations under this Agreement extend to the Responsible Party Personnel. The Responsible Party Personnel shall not be considered in any respect as being the officials, personnel, employees, staff or agents of UNDP or the United Nations. The Responsible Party agrees and shall ensure that the Responsible Party Personnel working to complete the Deliverable(s) under this Agreement (a) shall refrain from any conduct that would adversely reflect on UNDP or the United Nations, and shall not engage in any activity that is incompatible with the aims, objectives or mandate of UNDP or the United Nations; and (b) shall not use information that is considered confidential without the prior written authorization of UNDP, as required by Article 7.16 below. The Responsible Party may not assign, transfer, pledge, or make any other disposition of the Agreement, of any part of it, or of any of its rights, claims or obligations under the Agreement, except with the prior written authorization of UNDP. Any authorized assignee or transferee shall be bound by the terms and conditions of this Agreement. The Responsible Party may not use the services of subcontractor(s) unless prior written authorization is granted by UNDP. If such authorization is granted, the Responsible Party shall ensure that such subcontractor(s) do not use further tiers of subcontractors, unless prior written authorization is granted by UNDP. Any authorized subcontractor shall be bound by the terms and conditions of this Agreement. The use of subcontractors shall not relieve the Responsible Party of any of its obligations under this Agreement.

7.7 Title to any equipment and supplies that may be furnished by UNDP shall rest with UNDP and any such equipment shall be returned to UNDP within 30 days of expiration or termination of this Agreement, or when no longer needed by the Responsible Party. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Responsible Party, subject to normal wear and tear. The Responsible Party shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

7.8 The Responsible Party shall indemnify, hold and save harmless, and defend at its own expense, UNDP, its officials and persons performing services for UNDP, from and against all suits, claims, demands and liability of any nature and kind, including their cost and expenses, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) or relating to the acts or omissions of the Responsible Party, Responsible Party Personnel or other persons hired for the management of the present Agreement and the Project. The Responsible Party shall be responsible for, and deal with all claims brought against it by any Responsible Party Personnel.

7.9 Procurement of goods, services and technical assistance required by the Responsible Party toward the completion of the Deliverable(s) will be conducted by the Responsible Party in accordance with the principles of highest quality, transparency, economy and efficiency.

7.10 Except as may be otherwise agreed by the Parties in this Agreement, UNDP shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Responsible Party has developed for UNDP under this Agreement and which bear a direct relation to, or are produced, prepared or collected in consequence of, or during the course of, the performance of this Agreement. The Responsible Party acknowledges and agrees that such products, documents and other materials constitute works made for hire for UNDP.

7.11 The Responsible Party acknowledges that UNDP and its representatives have made no actual or implied promise of payment except for the amounts specified in this Agreement and subject to the terms hereof.

7.12 No modification of or change to this Agreement, waiver of any of its provisions or additional contractual provisions shall be valid or enforceable unless previously approved in writing by the Parties or their duly authorized representatives in the form of an amendment to this Agreement duly signed by the Parties hereto.

7.13 The Parties shall try to settle amicably through direct negotiations, any dispute, controversy or claim arising out of or relating to the present Agreement, including breach and termination of the Agreement. If these negotiations are unsuccessful, and except as provided for herein, the matter shall be referred to arbitration in accordance with United Nations Commission on International Trade Law Arbitration Rules. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy or claim.

7.14 Nothing in or relating to this Agreement shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations and UNDP.

7.15 Information and data that is considered proprietary by either Party and that is delivered or disclosed by one Party to the other Party during the term of this Agreement shall be considered confidential and shall be handled pursuant to the UNDP Information Disclosure Policy, not attached hereto but known to and in the possession of the Parties. The Responsible Party may disclose information to the extent required by law, provided that and without any waiver of the privileges and immunities of the United Nations, the Responsible Party will give UNDP sufficient prior notice of a request for the disclosure of information in order to allow UNDP to have a

reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made. UNDP may disclose information to the extent required pursuant to the Charter of the United Nations, resolutions or regulations of the General Assembly, or rules promulgated by the Secretary-General of the United Nations.

7.16 The responsibility for the safety and security of the Responsible Party and its Personnel and property, and of UNDP's property in the Responsible Party's custody, rests with the Responsible Party. The Responsible Party shall (i) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the activities toward completion of the Deliverable(s) are being provided; and (ii) assume all risks and liabilities related to the Responsible Party's security, and the full implementation of the security plan. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this Agreement. Notwithstanding the foregoing, the Responsible Party shall remain solely responsible for the security of its Personnel and for UNDP's property in its custody as set forth in Article 7.7 above.

7.17 In the event of, and as soon as possible after, the occurrence of any cause constituting *force majeure*, the Party affected by it shall give the other Party notice and full particulars in writing of such occurrence. If the affected Party is thereby rendered unable, in whole or in part, to perform its obligations or meet its responsibilities under this Agreement, the Parties shall consult on the appropriate action to be taken, which may include termination of this Agreement with at least seven (7) days written notice of such termination. *Force majeure* as used herein means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar nature or force, provided that such acts arise from causes beyond the control and without the fault or negligence of the Party invoking *force majeure*.

7.18 Social and Environmental Standards and Accountability Mechanism: Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards and related Accountability Mechanism as set forth in the Project Document (Annex A). In achieving the Result(s) and completing the Deliverable(s), the RP shall: (a) conduct itself in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan set out in the Project Document in order to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through UNDP's Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

7. 19 The Responsible Party shall only use the name (including abbreviations), emblem or official seal of the United Nations or UNDP in direct connection with the completion of the

Deliverable(s) under this Agreement and upon receiving prior written consent of UNDP. Under no circumstances shall such consent be provided in connection with the use of the name (including abbreviations), emblem or official seal of the United Nations or UNDP for commercial purposes or goodwill.

7.20 The Responsible Party represents and warrants that: (a) it is a legal entity validly existing under the laws of the jurisdiction in which it was formed and it has all the necessary powers, authority and legal capacity to: (i) own its assets, (ii) conduct activities under the Project, and (iii) enter into this Agreement; and (b) this Agreement has been duly executed and delivered by the Responsible Party and is enforceable against it in accordance with its terms.

7.21 Any notice, request, document, report, or other communication submitted by either the Responsible Party or UNDP shall be in writing and sent to the other party at the address information set forth in Block 8 or Block 9 of the Face Sheet, as appropriate.

7.22 The provisions of Article 4.1, Article 5.0, and Articles 7.6, 7.7, 7.8, 7.10, 7.12, 7.13, 7.14, 7.15 and 7.19 shall survive and remain in full force and effect regardless of the expiry of the Deliverable Implementation Period or the termination of this Agreement.

APPENDIX E: ESTIMATED OVERALL RBF INVESTMENT

The tables below present a possible scenario for the disbursement of the RBF funds against the recommended technology solutions across the proposed windows.

ENERGY ACCESS WINDOW	
Mini-grids	
# of GMG connections supported (EUD)	5000
# of GMG connections supported (IRE)	200
Ave cost/connection	$ 1 500,00
RBF/connection	$ 400,00
RBF as % of CAPEX	27%
RBF invested/connection	$ 400,00
RBF Contribution (EUD)	$ 2 000 000,00
RBF Contribution (IRE)	$ 80 000,00
Total RBF contribution	$ 2 080 000,00
SHS	
# of SHS supported	4 500
Ave unit cost	$ 100,00
RBF contribution/unit	$ 75,00
RBF as % of CAPEX	75%
Total contribution	$ 337 500,00
ICS	
# of ICS units supported (EUD)	4 000
# of ICS units supported (IRE)	420
Ave unit cost	$ 150,00
RBF contribution/unit	$ 60,00
RBF as % of CAPEX	40%
Contribution (EUD)	$ 240 000,00
Contribvution (IRE)	$ 25 200,00
Total contribution	$ 265 200,00
Total RBF contribution (Access)	$ 2 682 700,00

ENERGY APPLICATION WINDOW	
Schools/Clinics	
# of units supported	25
Ave unit cost (2kWp solar)	$ 12 000,00
RBF contribution/unit	$ 15 000,00
RBF as % of CAPEX	125%
Total contribution	$ 375 000,00
SWP	
# of units supported	120
Ave unit cost	$ 1 000,00
RBF contribution/unit	$ 450,00
RBF as % of CAPEX	45%
Total contribution	$ 54 000,00
Mixed PUE solutions	
# of units supported	200
Ave unit cost	$ 200,00
RBF contribution/unit	$ 100,00
RBF as % of CAPEX	50%
Total contribution	$ 20 000,00
C&I	
# of units supported (kWp)	200
Ave unit cost (kWp)	$ 1 000,00
RBF contribution/unit	$ 400,00
RBF as % of CAPEX	40%
Total contribution	$ 80 000,00
Total RBF contribution (Application)	$ 529 000,00

Energy Access Window	$ 2 682 700,00
Energy Application Window	$ 529 000,00
Total	**$ 3 211 700,00**

APPENDIX F: INDICATIVE STEPS REQUIRED FOR ESTABLISHING TENDER WINDOW

1. **Develop web-based e-tendering platform:** This portal will be the public face of the tender: where all announcements to the public will be made and where program administrators will communicate with individual bidders.
2. **Develop tender documents**: Prepare comprehensive tender documents that include a tender notice, instructions to bidders, terms and conditions, specifications, evaluation criteria, and any other relevant information. All accessed through the e-tendering platform.
3. **Legal and regulatory compliance**: Ensure that the tender process complies with relevant laws, regulations, and organizational policies. This includes procurement regulations, competition laws, and any specific industry standards, etc. This will be a joint task led by the RBF Manager with support from the Digital administrator.
4. **Advertising and outreach**: Advertise the tender widely to attract a diverse pool of qualified bidders. Utilize online platforms, industry networks, trade publications, and other relevant channels to reach potential service providers.
5. **Pre-bid conference**: Hosting a pre-bid conference to provide bidders with an opportunity to ask questions and clarify their doubts regarding the tender requirements.
6. **Bid submission**: Establish clear procedures for bid submission, including deadlines, formats, and required documentation (online in this case). Ensure that bidders have sufficient time to prepare and submit their bids.
7. **Bid evaluation**: Establish an evaluation committee to review and assess the submitted bids based on predefined criteria such as technical compliance, price, experience, and financial stability. The Technical advisory committee (TAC) should be involved in this process. Again, these submissions will be reviewed online (the TAC will have open access to the e-tendering platform).
8. **Negotiations:** Enter negotiations with shortlisted bidders to clarify terms, resolve any issues, and finalize the contract terms.
9. **Contract award**: Award the contract to the successful bidder and formally notify all bidders of the outcome.
10. **Monitoring:** While this stage is initiated post the awarding of the contract, it remains a critical component of the launching and management of an RBF tender. This process will be managed largely by the Digital administrator but on terms agreed by the steering committee and TAC.

APPENDIX G: STAKEHOLDERS

	Organisation	Area of intervention/Focus area	Potential partnership/contribution to the EU programme
Public sector			
Government	Ministry of Energy and Meteorology (MEM), Department of Energy (DoE)	Policy making, coordination, implementation	Management of Grants programmes, works contracts. On-Grid/Off-grid planning centre Integrate gender issues
	Ministry of Finance (MoF)	Manages budget contribution to energy sector	Underwriting of capital projects (guarantees), co-finance Validating budget contributions to ministries and programmes
Energy regulation	Lesotho Electricity and Water Authority (LEWA)	Regulation of the energy sector	Facilitate regulatory related interventions.
Energy generation	Lesotho Highlands Development Authority (LHDA)	Manage hydro-electric generation, water sales to RSA and energy/water nexus	Manage works contracts relating to generation developments, co-financing works contracts
	Lesotho Electricity Generation Company (LEGCO)	Newly formed generation company, will manage the 70MW solar plants at Ramarothole in the future (funded by EXIM Bank)	Influential in power generation decisions
Electricity supply	Lesotho Electricity Company (LEC)	Transmission, distribution and sales of electricity	Manage works contracts relating to grid extension/strengthen, co-financing works contracts. Facilitate gender targets
Rural electrification	Rural Electrification Unit (REU)	Manages rural electrification efforts and limited cross boarder electrification	Partner in transition to Rural Electrification Agency, develop gender mainstreaming skills for policies and programs
Data management	Bureau of statistics	Energy data management	Data-management. Develop skills and awareness on production of gender disaggregated data relevant to the energy sector
Planning	Lesotho National Development Corporation (LNDC)	Implementation of Lesotho's' industrial development polices, property manager. A conduit for concessional finance. Manages access to finance schemes in priority sectors – quasi-equity investments, a partial credit guarantee scheme for SMEs through local banks (also as Covid-19 relief support)	Confirmation of relevant national plans Access to finance

	Lesotho Highlands Water Commission (LHWC)	A joint commission (Lesotho/RSA) responsible for managing and planning the LHWP	Water/energy nexus Power generation authority
Energy operators			
Petroleum imports	Engen Lesotho BP Oil Lesotho	Import refined petroleum products into Lesotho from RSA	EU does not fund/support hydro-carbon fuels
Petroleum distribution	Engen Lesotho BP Oil Lesotho	Distribute refined petroleum products within Lesotho	EU does not fund/support hydro-carbon fuels
LPG	Afrox	Distribute LPG in Lesotho	EU does not fund LPG unless under exceptional circumstances
	H&P	Distribute LPG in Lesotho	EU does not fund LPG unless under exceptional circumstances
	National Energy Resource	Distribute LPG in Lesotho	EU does not fund LPG unless under exceptional circumstances
Private sector			
IPPs	1Power	Solar project developers (utility scale)	Potential project developers Insights into the IPP process, terms of financing, and where TA and other assistance required to public sector.
	PowerNet	Wind project developers (utility scale)	Potential project developers
	Hirundo.Energy	Wind project developers (utility scale)	Potential project developers
	Moscet	Wind project developers (utility scale)	Potential project developers
Mini grid/C&I developers	Moscet	Mini grid developer/C&I	Potential mini grid/C&I developer
	Sustain Solar (SA)	Containerised solar solutions	Possible solar C&I developer
	Bethel Business Centre	Design and install component based SHSs, ongoing training programs on technical skills and installation. Performing small commercial installations solar PV on demand	Possible solar C&I developer
	OnePower	Mini grid developer First licenced mini-grid operator in Lesotho	Potential mini grid
Small-scale RE/EE products (ICS, Pico-solar, lanterns, SHS, etc.)	African Clean Energy (ACE)	Develops and sell ICS in Lesotho and region	Potential ICS/small-scale developer
	Solar Lights	Develops, imports and distributes ICS and small-scale solar lighting units/systems	Potential partner for ICS and small-scale solar programmes
	KESI Business Solutions	Sells small-scale distributed solar solutions, mostly lanterns and home lighting systems	Potential partner for ICS and small-scale solar programmes

	Solar Works	SHS and productive uses (Moz, Malawi) – indicated interest in Lesotho SHS opportunities	Potential PAYGO SHS developer
Financial sector	Three foreign-owned banks One public bank Small non-bank FIs – microfinance, insurance, pension	Not active in the sector	Partner for access to finance in particular for SMEs Local Pension fund has indicated interest to refinance 1Power project
Civil society/Academic institutions			
NGOs, NPOs (prominent examples)	Technologies for Economic Development (TED)	TED educates communities, distributes/sells ICS and biogas solutions	Interested in community engagement, research, biogas and ICS – participation in any EUD supported rollout Raise awareness on the gender and energy nexus.
	Rural Self-help Development Association (RSDA)	Water/energy nexus	Opportunity to demonstrate water/energy nexus (SWPs) – would participate in roll-out of community centred RE solutions, work with subsistence farmers, pilot test of solar power cold chain solution for mining industry may pilot for dairy. Raise awareness on the gender and energy nexus.
	National University of Lesotho, Energy Research Centre	Focus on energy and climate change challenges	Assistance with energy policy and socio-economic research as well as M&E
	Lesotho Council of NGOs	NGO umbrella Organisation	Possible implementation partnership opportunities, particularly off-grid
Donors/implementing partners			
Multilateral	World Bank	• Grid extensions • Mini grids • Technical assistance WB manages ESMAP (a global Energy management sector assistance programme) •	Partnership for financing and policy dialogue in the energy sector. Strong co-ordination advised.
	UNDP	• Mini grids • Village energy centres	Potential implementation partner
	AfDB	• UDRTEP[60] • RE Generation Integration study • Shared Services Facility	Potential complementarity in RE integration study and shared services facility
EU DFI, financing instruments and Bilateral organisations			

[60] The Urban Distribution Rehabilitation and Transmission Expansion project

	KfW (no direct presence in Lesotho)	RE finance	Manage the regional GetFit programme for RE IPPs but Lesotho is not included.
	AFD	No energy programme in Lesotho Potential guarantee partner (EGRE non-sovereign)	Not active in Lesotho
	CDP	No energy programme in Lesotho Potential guarantee partner (EGRE non-sovereign)	Interested in reviewing project briefs for potential use of the EFSD guarantee for liquidity support for project developers for delayed payments by off-takers under project finance.
	EIB	RE/sustainable development related finance TA for the public and private sector. Example: They have invested in water supply and infrastructure (LLWDP II) - blended €82m loan - €41m grant	• Up-stream TA • EFSD+ windows • Blended finance
	ElectriFI	They have funded 1Power in Lesotho – mini-grids	Providing finance (both debt & equity) in mini-grid sector Possible partner for a country window
	REPP	Co-founded 1Power	Providing finance (both debt & equity) in mini-grid sector Possible partner for a country window Opportunity for including Lesotho in pipeline for a new platform for C&I - Spark
	FMO	Climate Investor 1[61] FMO Ventures programmes[62] NASIRA programme[63] for risk sharing with local financial institutors for Covid-19 impacted businesses. Access to Energy Fund[64]	Several FMO programmes and funds are suitable for supporting various technology windows. Access to finance
	Cofides[65]	EFSD guarantee for mini grids	Access to finance (subordinated debt)
	USAID	Mostly fund HIV/AIDS action in Lesotho – although limited Climate change initiatives as well	Little prospects for partnership
	Power Africa		Possible partnership for electrification of clinics (and schools?) and lessons in design of

[61] https://climatefundmanagers.com/funds/#CIO

[62] https://www.fmo.nl/venturesprogram

[63] http://www.nasira.info/

[64] https://aef.fmo.nl/

[65] https://www.cofides.es/en

		BUT: Power Africa grant to 1Power for electrification of remote clinics Southern Africa Energy Programme (SAEP) introduced an RBF pilot for off-grid solar in Malawi. Project is ending but phase II anticipated.	RBF schemes, as part of larger rural electrification programme
	GIZ	Some presence in Lesotho. Focus on water sector & governance, some work with SWPs.	Possible off-grid implementation partner. Synergies with water & sanitation sector Implementation partner for a potential Country window with Get.Invest
	Japanese Embassy / JICA	Have supported solar PV array at International Airport (280kWp) Data collection survey on small hydro	Partnership with EUD on rehabilitation of small hydro
	EnDev	Finances small scale energy access and gender-based initiatives in the renewable energy sector.	partnership options with the EUD for small scale projects and RBF schemes, but requires additional agreement as Lesotho is not a focus country
	EEP	Finances small scale energy access and gender-based initiatives in the renewable energy sector. Provided a small grant to 1Power for a pilot for productive uses equipment within mini grids.	Expressed interest in exploring partnership options with the EUD.
	Get.Invest. Get.Transform	Forms part of a global multi-donor European energy transformation platform (Get.Pro)[66] Get.Invest provides pipeline development support. Get.Tranform offers advisor services to advance sector transformations.	Potential to design a country window for Lesotho (Get.Invest) and provide advisory services to the public sector (Get.Transform)

[66] https://www.global-energy-transformation.eu