GEOTHERMAL RISK MITIGATION FACILITY
FOR EASTERN AFRICA (GRMF)

Request for Application for
Surface Studies and Drilling Projects
(Fifth Edition)
26 March 2018

Project funded by:

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1 INTRODUCTION

The African Union Commission (AUC) on the one side and the German Federal Ministry for Economic Cooperation and Development (BMZ) and the EU-Africa Infrastructure Trust Fund via KfW Entwicklungsbank (KfW) on the other side have agreed to establish the Geothermal Risk Mitigation Facility (GRMF) for Eastern Africa (the Facility) to help fund geothermal exploration designed to facilitate development in Eastern Africa. In addition the UK Department for International Development (DFID) is making a contribution to the GRMF.

The GRMF is soliciting Applications for grants for surface studies relevant to determining the optimal location of reservoir confirmation wells at the most promising geothermal prospects and for drilling reservoir confirmation wells at the most promising geothermal prospects to assist Developers secure finance for subsequent reservoir confirmation and/or well field development wells.

The objective of this announcement is to encourage public and private investors as well as public private partnerships (developers/eligible entities) to develop geothermal prospects for power generation in the GRMF eligible countries of Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Zambia. The development of geothermal resources has the potential to provide low emission, baseload generation for the region, to improve security of supply, to reduce the frequency and severity of energy price fluctuations and to promote economic development in the region. Reduction of greenhouse gas emissions and adding low-cost power generation capacity in these countries constitute further advantages of geothermal energy projects. The geothermal projects will mainly have the objective of power generation based on high-enthalpy reservoirs, although projects based on low- and medium-enthalpy may also apply, if they can provide a comprehensive concept of heat use.

GRMF is managed by AUC’s Regional Geothermal Coordination Unit (RGCU) and provides financial instruments to assist in mitigating the geothermal exploration risk. It is thus expected to improve access to funding for public as well as private developers and play a catalytic role in establishing geothermal energy as a strategic option in power expansion planning of the participating countries of the region. The GRMF will provide grants for surface studies and exploration drilling and testing projects to a limited extent to both public and private developers as well as public private partnerships. Furthermore, grants for eligible infrastructure upgrades can be applied for within the grant contract and subject to an addendum to the grant contract a contingent Continuation Premium is also foreseen in case developers continue on short term with the development of their projects. As a result, reduced risks and costs for early stage geothermal development can be expected to encourage the development of further geothermal investments.

In order to limit the risk to the GRMF, the grants will be awarded on the basis of the proposed projects’ geological, technical, economic and financial viability and environmental acceptability. Applicants shall be required to provide sufficient data and
analytical reports regarding the geothermal prospect. Proprietary data will be kept confidential. The eligibility of the proposal will be determined by the RGCU based upon reviews of the Application submitted and the recommendations of a Technical Consultant. On behalf of the RGCU, the Technical Consultant will monitor surface studies and/or exploration drilling and testing activities and will assess the results of such activities. In addition, Independent E&S Due Diligence Assessments will be undertaken for Drilling Projects.

The GRMF will provide the grants to Developers through a competitive, transparent and rigorous two-stage Application process. At least five Application rounds are conducted. The Application procedure from application to grant award is expected to take approximately one year. There will be one Application round each year, which composes of two stages.

This document describes the Application process (second stage) which comprises the submission and the evaluation of the Application.

The RGCU will be supported by a Technical Consultant in day-to-day management of all aspects of Facility establishment and implementation (e.g. evaluation of Applications). The team of experts of the Technical Consultant, that will assess the Applications, will be selected individually for each project to avoid any conflicts of interest.

2 OBJECTIVES OF THE FUNDING

Hydropower and fossil fuel fired power generation currently provide over 95% of electricity in Eastern Africa. Years of sustained droughts have reduced the generation available from hydropower resulting in supply shortages, installation of emergency diesel generation and increased power prices. However, Eastern Africa has an estimated geothermal resource potential of over 15,000 MWₑ.

Despite this potential, geothermal resources in the region are largely unexploited primarily due to the high upfront cost and the associated risk of discovering and proving the resource.

Geothermal resources within East African countries are in general poorly defined with the exception of Kenya. Furthermore, the frameworks conditions (e.g. regulations together with financial and institutional arrangements), required to encourage geothermal development are insufficiently supportive.

These upfront costs require a major financial commitment by Project Developers in the face of a risk that a reservoir confirmation drilling programme may fail to identify an economically viable prospect, even when extensive surface investigations including geochemistry and geophysics indicate the potential for encountering a viable geothermal resource. Therefore, the GRMF has been established, which will partially share the resource risks of geothermal exploration and reservoir confirmation.
The GRMF (currently comprising USD 110 million), is a grant programme designed to cost share exploration work. The programme provides grants for the siting, drilling and testing of reservoir confirmation wells. The Facility is anticipated to be in place for a period of five years but has been extended since presently available funds have not been fully expended during that period. To-date the GRMF has been extended to the fifth application round.

Since the major focus of the Facility is on electricity generation, the majority of projects are expected to be related to high-temperature reservoirs. However, low-temperature reservoirs with lower resource potential and higher generation costs can be suggested as well, especially if there is a high benefit for the local communities (e.g. within rural electrification projects competing with and replacing electricity from diesel generators).

Joint funding by GRMF and other public bilateral and multilateral funding schemes or facilities (e.g. NEPAD-IPPF, ARGeo and Development Banks) is allowed.

3 INVITATION FOR APPLICATIONS AND NOTIFICATION OF SUBMISSION

The RGCU which is established by the AUC’s Department of Infrastructure and Energy [Roosevelt Street, W21K19, P.O. Box 3243, Addis Ababa, Ethiopia], as Project Executing Agency acting for and on behalf of the AUC, invites short-listed entities and consortia of entities to submit an Application for financing support to be given to eligible activities described in their corresponding Expression of Interest (EoI).

The submission of an Application requires the mandatory participation of at least one representative of the Applicant during the entire pre-bidding workshop from 26 to 27 March 2018 at the African Union Compound in Addis Ababa, Ethiopia. Short-listed Applicants have to inform the AUC and its’ RGCU whether or not they will participate at the workshop by sending emails to: abdallahr@africa-union.org and grmf@roedl.com.

The deadline for registration for the pre-bidding workshop will be provided to the Applicants who pre-qualified in the EoI stage along with the password for access to the secured area in the feedback letters.
4 INSTRUCTION TO APPLICANTS (ITA)

A. Introduction

1. Source of Funds

1.1 The African Union Commission (hereinafter called “the AUC”) has an approved budget towards the cost of the procurement specified in the Special Instructions to Applicants (SITA), and intends to apply a portion of the funding to eligible payments under a Grant Contract for which this Request for Applications (RfA) is issued.

2. Eligible Entities

2.1 This Request for Applications is open to all legal entities (public or private, or a combination thereof) for eligible activities (prescribed in ITA Clause 3) in eligible countries except as provided hereinafter.

2.2 Applicants should not be associated, directly or indirectly, with a firm or any of its’ affiliates which is engaged by the AUC/KfW to provide consulting services for the preparation of the design, specifications, and other documents to be used for the procurement of the goods and services to be purchased under this RfA. Should an Applicant suspect that a potential conflict of interest could arise from its engagement of sub-consultants or contractors, it needs to be clearly stated in the Application. Such involvement can be allowed under exceptional conditions but only after prior approval of both AUC and KfW.

2.3 Applicants must not be under a declaration of suspension for corrupt, fraudulent, collusive, coercive or obstructive practices as issued by the African Union or the KfW Group in accordance with ITA Clause 33.1.

2.4 Applicants or their sub-contractors must not be subject to UN, EU or AU sanctions.

3. Eligible Goods and Services

3.1 Eligible activities for support from the Facility comprise the following:

(a) Surface studies to determine the optimal sites for exploration wells at geothermal prospects once they have been extensively studied. Surface studies are geophysical surveys (e.g. seismic, gravity, magnetics or magnetotelluric or other resistivity surveys) including supplementary geological, hydrogeological and/or geochemical surveys and shallow temperature gradient wells if necessary and justifiable for siting exploration wells. In addition, a surface study programme may include infrastructure required for conducting surface studies (e.g. for providing access), if applicable. Surface studies shall include an integrated resource report interpreting and summarising the results of the surface studies in terms of a detailed three dimensional conceptual model of the resource and identification of high priority drill sites and
targets at depth

(b) Exploration drilling programmes at geothermal prospects are considered for funding once the optimal locations of reservoir confirmation wells as well as targets at depth have been determined. An exploration drilling programme for funding by the Facility may comprise

- up to three full size reservoir confirmation wells (≥ 5" diameter of the last casing or liner) or
- a combination of up to three slim hole wells (< 5" diameter of last casing or liner) and one full size reservoir confirmation well or
- a combination of up to two slim holes- and two full size reservoir confirmation wells.

In addition, a drilling programme may include mobilisation and demobilisation of drilling rigs, cutting analyses and well logging; well-testing and completion of a reservoir model. Furthermore, a drilling programme may incorporate a feasibility study that has the explicit aim of securing finance for subsequent confirmation (production) wells. As such, it is expected that a feasibility study would combine exploration drilling results and reservoir engineering together with market, regulatory and technical considerations.

(c) Infrastructure costs required for surface exploration or exploration drilling (e.g. access roads, water supply) are covered by a separate infrastructure grant, which can be applied for in conjunction with the surface study / drilling programme.

(d) Furthermore, in case Developers wish to continue to develop their project, a Continuation Premium grant is also foreseen, being restricted to specific activities-, a pre-defined timeline and a financial cap. The content of-, and process for accessing the Continuation Premium is outlined in the developer manual.

3.2 The Facility will not support activities other than those described above (paragraph 3.1 (a) and (b)). The Facility will therefore not provide grants for activities of a general nature, e.g. concession area reconnaissance, country-wide reconnaissance, university research, mitigation of political or legal risk or general entity’s overhead.

3.3 The maximum grant for each eligible activity is clearly outlined in the SITA.

3.4 All goods and related services to be supplied under the Grant Contract (synonymous with Contract and Agreement) shall have their origin in eligible source countries as defined in the SITA.
3.5 For purposes of this clause, “origin” means the place where the goods are mined, grown, or produced, or the place from which the related services are supplied. Goods are produced when, through manufacturing, processing, or substantial and major assembly of components, a commercially-recognised product results that is substantially different in basic characteristics or in purpose or utility from its components.

3.6 The origin of goods and services is distinct from the nationality of the Applicant.

4. Cost of Application

4.1 The Applicant shall bear all costs associated with the preparation and submission of its’ Application or cost incurred during workshops and the signing procedure of the Grant Contract. The AUC will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the Application process.

B. Documents of the Request for Application

5. Content of the Request for Application

5.1 The goods required and the Application procedures are prescribed in this Request for Application including all Annexes. In addition to the Invitation for Applications (section 3), the RfA includes:

(a) Instructions to Applicants (ITA)
(b) Special Instructions to Applicants (SITA)
(c) Evaluation Methodology and Criteria
(d) Form and Content of Application
(e) Conditions for Early Contracting
(f) Template for Cover Letter for Application
(g) Application Forms
(h) Procurement plan template

5.2 The Applicant is expected to examine all instructions, forms, terms, and specifications in the RfA. Failure to provide all information required by the RfA or submission of an Application not substantially responsive to the RfA in every respect will be at the Applicant’s risk and may result in a rejection of its Application.

6. Clarification of the Request for Application

6.1 A prospective Applicant requiring any clarification of any parts of the RfA may notify the AUC by sending an email to email to the following addresses: grmf@africa-union.org and grmf@roedl.com. The AUC will collect all inquiries and answers will be published, without eligible entity’s or inquirer’s details, on the GRMF website. Deadline for any inquiries for clarification of the RfA is no later than fourteen (14) days prior to the deadline for the submission of Applications prescribed in
ITA Clause 19.1.

7. Amendment of the Request for Application

7.1 At any time prior to the deadline for submission of Applications, the AUC for any reason, whether at its own initiative or in response to a clarification requested by a prospective Applicant, may modify the RfA by amendment.

7.2 All prospective Applicants that have received the RfA will be notified of the amendment in writing, and the amendment will be binding on them.

7.3 To allow prospective Applicants reasonable time in which to take the amendment into account for preparing their Applications, the AUC, at its discretion, may extend the deadline for the submission of Applications.

C. Preparation of Applications

8. Language of Application

8.1 The Application prepared by the Applicant, as well as all correspondence and documents relating to the Application exchanged between the Applicant and the AUC shall be written in the language specified in the SITA. Supporting documents and printed literature furnished by the Applicant may be in another language provided they are accompanied by an accurate translation of the relevant passages to the language specified in the SITA, in which case, for purposes of interpretation of the Application, the translation shall govern.

9. Documents Constituting the Application

9.1 The Application prepared by the Applicant shall comprise the following components:

(a) a Cover Letter for the Applications (Annex 1);

(b) an Application Form (Annex 2) including among others:

(i) Cost Estimate completed in accordance with ITA Clauses 10, 11 and 12

(ii) Documentary evidence established in accordance with ITA Clause 13 that the Applicant is eligible to apply and is qualified to perform the Contract once the Application is accepted

(iii) Documentary evidence established in accordance with ITA Clause 14 that the goods and services to be supplied by the Applicant are eligible goods and services and conform to the RfA;
10. Application Form

10.1 The Applicant shall complete and sign the Application Form including the appropriate Cost Estimate (available as Form F2) to be furnished in the RfA, indicating the goods and services to be supplied, a brief description of the goods and services, quantity, and prices. Additional information on requirements of filling the Application form are outlined in Chapter 7, which need to be adhered to in order to avoid to be subjected to rejection grounds.

10.2 Unless otherwise indicated in the SITA, alternative Applications shall not be considered.

11. Application Prices

11.1 The Applicant shall indicate on the appropriate Cost Estimate form the unit prices (where applicable) and total Application price in accordance with instructions given in the Cost Estimate.


11.3 Prices quoted by the Applicant shall be fixed during the Applicant’s performance of the Contract and not subject to variation on any account, unless otherwise specified in the SITA. An Application submitted with an adjustable price quotation will be treated as non-responsive and will be rejected, pursuant to ITA Clause 23.

12. Application Currencies

12.1 Prices shall be quoted in the following currencies:

(a) For goods and services that the Applicant will supply from within the Country specified for delivery, the prices shall be converted to United States Dollars as specified in the SITA.

(b) For goods and services that the Applicant will supply from outside the Country specified for delivery, the prices shall be quoted in United States Dollars as specified in the SITA.

13. Documents Establishing Applicant’s Eligibility and Qualification

13.1 Pursuant to ITA Clause 9, the Applicant shall furnish, as part of its Application, documents establishing the Applicant’s eligibility to apply and its qualifications to perform the Grant Contract if its Application is accepted.

13.2 The documentary evidence of the Applicant’s qualifications to perform the Contract if its Application is accepted shall be established to the AUC’s satisfaction:

(a) That the Applicant has the financial, technical, and managerial capability necessary to perform the Contract

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14. Documents Establishing Goods’ and Service’s Eligibility and Conformity to RfA

14.1 Pursuant to ITA Clause 9, the Applicant shall furnish, as part of its’ Application, documents establishing the eligibility and conformity to the RfA of all goods and services which the Applicant proposes to supply under the Contract.

14.2 The documentary evidence of conformity of the goods and services to the application documents may be in the form of literature, drawings, and data, and shall consist of:

(a) A detailed description of the essential technical and performance characteristics of the goods and services to be provided

(b) If applicable, comments and/or a statement of deviations and exceptions to the provisions of the specifications of eligible goods and services in the RfA.

15. N/A

16. Period of Validity of Applications

16.1 Applications shall remain valid for the period specified in the SITA Clause 16.1 after the date of Application submission prescribed by the AUC, pursuant to ITA Clause 19. An Application valid for a shorter period shall be rejected by the AUC as non-responsive.

16.2 In exceptional circumstances, the AUC may solicit the Applicant’s consent to an extension of the period of validity. The request and the responses thereto shall be made in writing. An Applicant granting the request will not be required nor permitted to modify its Application.

17. Format and Signing of Application

17.1 The Applicant shall prepare one signed original hard copy of the Cover Letter, and the two Declarations as indicated in the SITA, clearly marking “ORIGINAL” as appropriate.

17.2 The Applicant shall provide an electronic version of the Application as stated in the SITA, either on a CD-ROM, DVD, USB memory stick or external hard drive.

17.3 The Applicant has the full responsibility that the electronic version of the Cover Letter, and the two Declarations are in total compliance with the original hard copy. In the event of discrepancies between the printed original hard copy and the electronic version, the AUC reserves the right to exclude the Application from evaluation respectively to withdraw evaluation if these discrepancies outcrop after evaluation. Evaluation results coming up from discrepancies of submitted versions (original hard copy or electronic version) are not disputable. The
structure and denomination of the printed versions and the electronic version have to follow the instructions in the SITA. Non-compliance with these instructions may lead to a rejection of the Application.

17.4 The original hard copy of the Cover Letter, and the two Declarations shall be typed or written in indelible ink and shall be signed by the Applicant or someone duly authorised to bind the Applicant to the Contract. All sections of the Application requiring a signature by the applicant need to feature the signature in electronic version as well as in all hard copies. All pages of the original hard copy of the Cover Letter, and the two Declarations, except for not amended printed literature, shall be initialled by the person or persons signing the Cover Letter, and the two Declarations.

17.5 Any interlineations, erasures, or overwriting shall be valid only if they are initialled by the person or persons signing the Cover Letter, and the two Declarations.

D. Submission of Applications

18. Sealing and Marking of Applications

18.1 The Applicant shall seal the original hard copy of the Cover Letter, and the two Declarations, as well as the electronic version (as specified in the SITA), pursuant to ITA Clause 17.2, in an envelope, duly marking the envelope as “ORIGINAL”.

18.2 The envelope shall:

(a) Be addressed to the AUC at the address given in the SITA, and

(b) Bear the Project title, the Procurement Number, and the Application-ID as indicated in the SITA, and a statement: “DO NOT OPEN BEFORE”, to be completed with the time and the date specified in the SITA, pursuant to ITA Clause 22.1.

18.3 The envelope shall also indicate the name and address of the Applicant to enable the Application to be returned unopened in case it is declared “late” or it has not been sent to the specified location.

18.4 If the envelope is not sealed and marked as required by ITA Clause 18.2, the AUC will assume no responsibility for the Application’s misplacement or premature opening.

19. Deadline for Submission of Applications

19.1 Applications must be received at the address specified under ITA Clause 18.2 (a) by the time and date specified in the SITA.

19.2 The AUC may, at its discretion, extend this deadline for the submission of Applications by amending the RfA in accordance with ITA Clause 7, in which case all rights and obligations of the AUC and Applicants previously subject to the deadline will thereafter be subject to the deadline as extended.
20. Late Applications

20.1 Any Application received by the AUC after the deadline for submission of Applications prescribed by the AUC pursuant to ITA Clause 19 will be formally refused and returned unopened to the Applicant.

21. Modification Substitution and Withdrawal of Applications

21.1 An Applicant may modify, substitute or withdraw its Application after the Application’s submission, provided that written notice of the modification, including substitution or withdrawal of the Applications, is received by the AUC prior to the deadline prescribed for submission of Applications.

21.2 The Applicant’s modification or withdrawal notice shall be prepared, sealed, marked, and dispatched in accordance with the provisions of ITA Clause 18, but in addition the envelopes shall be clearly marked “WITHDRAWAL”, “MODIFICATION” or “REPLACEMENT APPLICATION”. A withdrawal notice may also be sent by email (grmf@africa-union.org and grmf@roedl.com), but followed by a signed confirmation copy, postmarked no later than the deadline for submission of Applications.

21.3 No Application may be replaced or modified after the deadline for submission of Applications.

21.4 Applications requested to be withdrawn in accordance with ITA Clause 21.1 shall be returned unopened to the Applicant.

21.5 No Application may be withdrawn in the interval between the deadline for submission of Applications and the expiration of the period of Application validity specified by the Applicant on the Application Form.
E. Opening and Evaluation of Applications

22. Opening of Applications by the AUC

22.1 The AUC will open the envelopes of all Applications in the presence of Applicants or Applicants’ representatives who choose to attend, at the time, on the date, and at the place specified in the SITA. The Applicants or Applicants’ representatives who are present shall sign an attendance sheet.

22.2 Envelopes marked “WITHDRAWAL” shall be opened and read out first. The envelopes of Applications for which an acceptable notice of withdrawal has been submitted pursuant to ITA Clause 21 shall be returned un-opened to the Applicant.

22.3 The Applicants’ names, Application modifications or withdrawals and other details as the AUC, at its discretion, may consider appropriate, will be announced at the opening. No Application shall be formally refused at Application opening, except for late Applications and those that have not arrived in the specified location, which shall be returned unopened to the Applicant pursuant to ITA Clause 20.

23. Preliminary Examination

23.1 Prior to the detailed evaluation, pursuant to ITA Clause 24, the AUC will determine the substantial responsiveness of each Application to the RfA. For purposes of these Clauses, a substantially responsive Application is one that conforms to all the terms and conditions of the RfA without material deviations. Deviations from, or objections or reservations to critical provisions, such as those concerning Applicable Law as well as Taxes and Duties, will be deemed to be a material deviation. The AUC’s determination of an Application’s responsiveness is to be based on the contents of the Application itself without recourse to extrinsic evidence.

23.2 In case of minor, formal omissions as defined in the SITA, a deficiency report (only one per Application and per Application round) will be prepared and provided to the respective Applicant. Applicants will have one week after the provision of the deficiency report to submit any supplements requested as specified in the SITA.

23.3 Written feedback on Applications that do not meet the requirements in ITA 23.1 or 23.2, and if applicable: still do not meet them after providing the supplements specified in the deficiency report, will be provided to the relevant Applicants. For the sake of clarity, such Applications will not further be considered for the respective Application Round.

23.4 If an Application is received for surface studies / drilling and testing programmes at a geothermal prospect that has applied to the Facility twice for the same site and by the same Applicant in the previous two years but has not been offered a Grant Contract in either year, the
Application will not be further considered for the same site. The relevant Applicants will be informed.

23.5 Arithmetical errors will be rectified on the following basis. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail, and the total price shall be corrected, unless there is an obvious discrepancy in placement of the decimal point. If there is a discrepancy between words and figures, the amount in words will prevail. If the Applicant does not accept the correction of the errors, its Application will be rejected.

24. Evaluation and Comparison of Applications

24.1 The AUC will evaluate and compare the Applications which have been determined to be substantially responsive, pursuant to ITA Clause 23.

24.2 AUC’s evaluation of an Application will be undertaken using the steps and evaluation criteria described in Evaluation Methodology and Criteria (please refer to Section 6). The criteria are weighted based on importance for development of a successful geothermal project.

24.3 The Application receives a score for each criterion. The overall score is summed up and adjusted with the criteria’s weights. There is an overall threshold that requires the Application to score 70% or more of the maximum achievable score.

24.4 All Applications that pass the technical and financial evaluation will be included in a project pipeline and subject to availability of funds offered a grant contract as soon as all project information as requested by the Facility is submitted.

24.5 Applications that pass the technical and financial evaluation but do not receive funding in one year due to funding limitations will be put on a waiting list such that Applications will automatically participate in a possible subsequent Application Round. Applicants will have the opportunity to update their Applications for a possible subsequent Application Round including consideration of feedback provided.

24.6 Applicants will be provided with feedback on the evaluation, presumably within 20 weeks after the submission deadline for Applications.

24.7 Applicants that passed the technical and financial evaluation will in the order of their rank, be offered a Grant Contract, subject to potential negotiations.
25. Financial Evaluation

25.1 During the financial evaluation, the Cost Estimates of the Applicants will be checked for completeness, eligibility and as of drilling projects, for compliance with the AWC Guidelines. Subsequently, the adequateness and reasonability of the Cost Estimates based on the justifications given will be determined. All contingencies stated will also be checked for eligibility and reasonableness. Any adjustments necessary as the basis for the grant level offered in the Contract will be proposed. For the sake of clarity, if the Cost Estimates or contingencies are found to be higher than the actual estimate of the evaluation experts, the grant level will be adjusted to match the estimated costs of the GRMF experts.

25.2 If the budget is unreasonably estimated, the financial evaluation will fail and the Application will be rejected.

25.3 AUC’s evaluation of an Application will exclude from the eligible costs claimed: customs duties, sales taxes and other taxes on the goods and services.

25.4 The AUC will evaluate and make a decision of how many percent of the Applicant’s eligible costs will be financed from the Project, based on the evaluated accuracy of cost estimates in the Pricing Schedule. The maximum share is pursuant to ITA Clause 3.3.

25.5 Costs omitted in the Application will not be considered after deadline for Applications even if they would be eligible for financing. The Applicant therefore needs to include all costs of shipping, inland transportation, insurance and incidentals in the prices used for the Application as indicated in the Application Form.

26. Contacting the AUC

26.2 From the time of deadline of Applications to the completion of evaluation, Applicants are not allowed to contact the AUC.

26.3 Any effort by an Applicant to influence the AUC or any of its consultants in its decisions on Application evaluation, Application comparison, or Contract award shall result in the rejection of the Applicant’s Application.

F. Award of Contract

27. Award Criteria

27.1 The AUC may decide to award several Contracts from this procurement.

27.2 The Applicant/Applicants with the highest technical ranking/rankings pursuant to ITA Clause 24.3, having provided a satisfactory Cost Estimate pursuant to ITA Clause 25, will be offered a Contract pursuant to ITA Clause 30. The Applicant will be informed by the AUC how large a share of the proposed eligible costs will be financed by the AUC pursuant to ITA Clause 25.4.
27.3 The Applicant has the right to accept the Contract on the terms stated in ITA Clause 27.2, or reject it for the same reason.

27.4 If the Applicant rejects the Contract, the next Applicant in the ranking will be offered a Contract.

28. AUC’s Right to Vary Quantities at Time of Award

28.1 The AUC reserves the right at the time of Contract award to increase or decrease, by the percentage indicated in the SITA, the quantity of goods and services originally specified in the Schedule of Requirements without any change in unit price or other terms and conditions.

29. AUC’s Right to Accept any Application and to Reject any or All Applications

29.1 The AUC reserves the right to accept or reject any Application, and to annul the Application process and reject all Applications at any time prior to Contract award, without thereby incurring any liability to the affected Applicant or Applicants.

30. Notification to the successful Applicant

30.1 Prior to the expiration of the period of Application validity, the AUC will notify the successful Applicant in writing by registered letter or courier service that its/their Application has been accepted and that the Applicant is offered a Grant Contract pursuant to ITA Clause 27.2.

30.2 All Applicants will receive a feedback letter, which includes grounds for award and rejection, respectively.

30.3 The documents and clarifications as requested in the feedback letter and required for grant contract signing, must be submitted by the applicant in one single package. Once the documents are submitted by the applicant to the RGCU, they will be evaluated and a comprehensive feedback will be sent to the applicant. If necessary, further documents and clarifications will be requested and evaluated, until all requirements for the grant contract signing are fulfilled by the applicant.

31. Signing of Contract

31.1 Within fourteen (14) days of receipt of the finalised Contract Form, the successful Applicant shall sign and date the Contract and return it to the AUC. The Contract will enter into force pursuant to the criteria specified in the SITA.

32. Performance Security

32.1 Failure of the successful Applicant to comply with the requirement of ITA Clause 31.1 shall constitute sufficient grounds for the annulment of the award, in which event the AUC may make the award to the next
ranked Applicant or call for new Applications.

33. Fraud and Corruption

33.1 The African Union requires that Officers of the AU, as well as Applicants/Suppliers/Contractors, observe the highest standard of ethics during the procurement and execution of such Contracts.¹ In pursuance of this policy the AU:

(a) Defines, for the purposes of this provision, the terms set forth below as follows:
   (i) “corrupt practice”² is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
   (ii) “fraudulent practice”³ is any act or omission including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
   (iii) “collusive practice”⁴ is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
   (iv) “coercive practice”⁵ is impairing or harming or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
   (v) “obstructive practice” is deliberately destroying, falsifying, altering or concealing of evidence material to any investigation or making false statements to investigators in order to materially impede any investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation.

¹ In this context, any action taken by an applicant, bidder, supplier, contractor, or a sub-contractor to influence the procurement process or Contract execution for undue advantage is improper.
² “another party” refers to an officer of the AU acting in relation to the procurement process or Contract execution. In this context, “officer of the AU” includes staff and employees of other organisations taking or reviewing procurement decisions.
³ a “party” refers to any officer of the AU; the terms “benefit” and “obligation” relate to the procurement process or Contract execution; and the “act or omission” is intended to influence the procurement process or Contract execution.
⁴ “parties” refers to any participants in the procurement process (including officers of the AU) attempting to establish application prices at artificial, non-competitive levels.
⁵ a “party” refers to any participant in the procurement process or Contract execution.
(b) Will reject a recommendation for award of Contract if it determines that the Applicant recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the Contract in question.

(c) Will declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded an African Union financed Contract if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, an African Union and/or KfW Group financed Contract, or if it has been debarred from business by the United Nations’ Security Council.

33.2 If the AUC determines that the Developer and/or any of its personnel, or its agents, or its sub-contractors, sub-consultants, services providers, suppliers and/or their employees has engaged in corrupt, fraudulent, collusive coercive, or obstructive practices, as defined in ITA Clause 33.1, in competing for or in executing the services described in the Grant Contract, then the AUC may terminate the Grant Contract. Termination for reasons described in ITA Clause 33.1 will not entitle the Developer to any form of compensation. Furthermore, all amounts received from the AUC under the terms of the Grant Contract must be reimbursed to the AUC without any deduction.
5 SPECIAL INSTRUCTIONS TO APPLICANTS (SITA)

The following specific data for the goods and services to be procured shall complement, supplement, or amend the provisions in the Instructions to Applicants (ITA). Whenever there is a conflict, the provisions herein shall prevail over those in the ITA.

A. Introduction

SITA Clause 1.1 Funding for this procurement is provided by the German Ministry for Economic Cooperation, the EU-Africa Infrastructure Trust Fund and the Department for International Development (DFID) of UK via KfW Entwicklungsbank.

Name of the Executing Agency: The African Union Commission (AUC)

The Procurement Number is: AUC/IED/AR05/001/17

Project Title: Geothermal Risk Mitigation Facility (GRMF)

SITA Clause 2.1 Only projects located in Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, Uganda and Zambia are eligible for funding under the GRMF.

SITA Clause 3.1 The eligible activities, timeline, the content of- and process for accessing the Continuation Premium are described in the Developer Manual and will be contractually agreed in an Addendum to the Grant Agreement.

SITA Clause 3.3 The upper limits for financial support of the allowable field expenditure (AFE) at the time of proposal submission (as stated in the eligible activities), in the form of a Grant Contract, to winning Applicants for surface studies and exploration drilling and testing programmes are as follow:

(i) Infrastructure grants: 20% of approved eligible costs for infrastructure required for eligible surface studies and eligible drilling programmes (e.g. access roads, water supply)

(ii) Surface studies grants: 80% of approved eligible costs (excluding infrastructure costs)

(iii) Drilling grants: 40% of approved eligible costs for the exploration drilling and testing programme for reservoir confirmation wells (excluding infrastructure costs)
Continuation Premium: up to 30% of the approved eligible and expended costs of continuation activities or up to 30% of the developer’s share of the eligible and expended costs incurred during the initial drilling and testing programme (whichever is lower applies) in case developers continue to develop their project and under condition of applying for support among a set of eligible activities.

The disbursements will be based on actual costs up to the limits stated above upon reaching pre-defined milestones.

SITA Clause 3.4
The eligible origin of goods and services shall be restricted to countries and territories that are Member States of the United Nations and that are not subject to UN, EU or AU sanctions.

SITA Clause 6.1
For inquiries for clarifications regarding the Application, Applicants shall send an email, noting ‘ask for clarification for AR5’ in the header, to: grmf@africa-union.org and grmf@roedl.com.

Deadline for all inquiries is on, or before 12:00 H (noon) on 21 May 2018, Ethiopian Time. Inquiries received after the deadline will not be considered.
Inquiries will be collected and answers will be provided to all Applicants via the GRMF webpage (answers will be published, without eligible entity’s or inquirer’s details).

SITA Clause 8.1
The Language of the Application has to be English.
B. Documents of the Request for Application

SITA Clause 12.1 (a) All prices for goods, services and components in the Application should be quoted in the original currency, as well as converted to United States (US) Dollars. US dollar values prevail throughout the course of the work.

The exchange rate when converting from other currencies to US Dollars shall be the UN Operational Rates of Exchange as published on [1 April 2018].

The UN Operational Rates of Exchange may be accessed through: https://treasury.un.org/operationalrates/OperationalRates.php

C. Preparation of Applications

SITA Clause 13.2 (b) The required documentary evidence to be submitted by the Applicant to confirm eligibility to Application is as follows:

(i) Certificate of Registration from relevant national authority of the entity (including all members of Joint Venture/Consortium, if applicable)

(ii) Information on the company and its core business

(iii) Organisational chart for the Applicant (including all members of Joint Venture/Consortium, major consultants and contractors, if applicable)

(iv) Audited annual statements for the last three years (including all members of Joint Venture/Consortium)

(v) Confirmation on tax registration/tax identification number

(vi) A letter from the legal entity granting the concession that all provisions including but not limited to work commitments have been met and that the concession shall remain in force during the term of the project.

SITA Clause 16.1 The period of Application validity shall be hundred and eighty (180) days from the deadline for submission of Applications.

SITA Clause 17.1 n/a

SITA Clause 17.2 The number of electronic copies of the Application required is one (1).
SITA Clause 17.3

The electronic version of the Application must strictly follow the Structure of the electronic files (SES). The SES can be downloaded from the GRMF webpage (www.grmf-eastafrica.org/application/application-stage).

As of the Forms, to be filled in or provided, there should be a separate folder for each Form named in accordance with the Form number and title.

The electronic files shall be searchable with exception of the declarations and securities which have to be scanned after signing. All pages of the hard copies should be initialled. For the electronic files, the following denomination scheme needs to be applied:

FormReferenceNumber-Title
(NOTE: For administrative handling the length of the file names is not to exceed 20 digits)

D. Submission of Applications

SITA Clause 18.2 (a)
The address for submission of Applications is:
The Chairperson, Tender Board,
The African Union Commission,
Building C, 3rd Floor Reception,
Roosevelt Street, W21K19,
Box 3243,
Addis Ababa, Ethiopia
Attention: The Coordinator of the RGCU

SITA Clause 18.2 (b)
Project Title: Geothermal Risk Mitigation Facility for Eastern Africa (GRMF)
Procurement No: AUC/IED/AR05/001/17
Application-ID: Shown on the invitation letter to the pre-bidding workshop (Subject)

SITA Clause 19.1
The deadline for submission of Applications is 16:00H o’clock (4:00 PM Addis Ababa, local time) on 4 June 2018.

SITA Clause 22.1
The opening of Applications shall take place at 16:00 o’clock (4:00 PM Addis Ababa, local time) on 4 June 2018 at the address shown in SITA to Clause 18.2 (a).
0. Opening and Evaluation of Applications

SITA Clause 23.2 In the context of ITA 23.2, „minor, formal omissions“ are defined as:

- Original hard copies, as well as electronic version not submitted as requested
- Other minor omissions not affecting the technical Application or the Cost Estimate.

Under no circumstances can a situation listed in the related Form in Annex 2 („Declaration of Non-Existence of Grounds for Rejection“), missing signature(s) or missing initialling of hard copy on one or more pages that are otherwise completed or included in the Application be considered a „minor, formal omission“.

The supplement shall be submitted in one electronic version as CD, DVD, USB memory stick or external hard drive to the tender box as per ITA Clause 18.2. In addition, the envelope shall be clearly marked “SUPPLEMENT”. Supplements shall also be sent via email to: grmf@africa-union.org and grmf@roedl.com. In order to observe the deadline, the time of email arrival will be relevant.

F. Award of Contract

SITA Clause 28.1 Not applicable.

SITA Clause 31.1 The Contract will enter into force once signed by both Parties. The Contract will however only enter into force when all necessary permits and licences are in place and have been duly presented to the AUC. If this is not the case within four (4) weeks after Contract signing, the Contract will not enter into force. Thereafter, the next shortlisted Applicant will be offered a Contract. Under exceptional circumstances, the Applicant may ask for an extension of the time limit as long as such request is a one-time event. The extension of the time limit requires a prior approval of the AUC.
6 EVALUATION METHODOLOGY AND CRITERIA

A general overview of the evaluation procedure for Applications is given in Figure 1 below.

![Diagram](image)

**Figure 1:** Overview of the evaluation procedure
### 6.1 Evaluation Methodology – Surface Studies

The evaluation criteria 1, 2, 3, 5, 6 and 7 are classified as main criteria. Applications which score in the lowest category in these main criteria will therefore not be considered further in the current application round but will be provided with feedback accordingly. The overall minimum score for all criteria is 70%.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting Factor (x)</th>
<th>Status/ Criteria</th>
<th>Points to be Awarded (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Indication of the existence and nature of geothermal resource based on results from previous studies</td>
<td>4.0</td>
<td>Good evidence of the existence and nature of a geothermal resource</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some evidence of the existence and nature of a geothermal resource</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Limited evidence of the existence and nature of a geothermal resource</td>
<td>0-3</td>
</tr>
<tr>
<td>2 Robustness of work programme and schedules for surface studies</td>
<td>2.0</td>
<td>Detailed, thoroughly presented and technically feasible as well as appropriate work programme and justification</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feasible work programme but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incomplete or unfeasible work programme</td>
<td>0-3</td>
</tr>
<tr>
<td>3 Appropriate authorisation for exploration activities, social and environmental documentation (Inception Report, Draft Stakeholder Engagement Plan, Scoping Report with ToR for ESIA, updated Stakeholder Engagement Plan, in line with Applicable standards as listed in the Developer Manual, section 11, access rights and any other relevant permits/licenses/rights in place or under negotiation</td>
<td>0.1</td>
<td>Majority of authorisations and permits/licenses/rights in place or not required; negotiations for missing authorisations/permits/licenses/rights underway</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some authorisations/permits/licenses/rights in place or not required; negotiations for missing authorisation and permits/licenses/rights underway</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No/few authorisations/permits/licenses/rights in place; no/few negotiations for missing authorisations/permits/licenses/rights underway: no details specified</td>
<td>0-3</td>
</tr>
<tr>
<td>4 Description of market for future power plant output</td>
<td>0.6</td>
<td>Robust and well thought out market strategy</td>
<td>7-10</td>
</tr>
<tr>
<td>Evaluation Criteria</td>
<td>Weighting Factor (x)</td>
<td>Status/ Criteria</td>
<td>Points to be Awarded (P)</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>5 Plan for financing the Developer’s portion of the surface studies budget</td>
<td>0.3</td>
<td>Feasible market strategy but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incomplete or unfeasible market strategy</td>
<td>0-3</td>
</tr>
<tr>
<td></td>
<td>7-10</td>
<td>Thoroughly presented, robust, feasible and adequate financing plan</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td>4-6</td>
<td>Fair financing plan, but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td>0-3</td>
<td>No or limited financing plan</td>
<td>0-3</td>
</tr>
<tr>
<td>6 Geothermal exploration experience and expertise of the Developer including private sector partners and engaged consultants as demonstrated in the key personnel CVs</td>
<td>1.3</td>
<td>Qualified working experience of key personnel in comparable geothermal projects ≥10 years including experience in East Africa</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td>4-6</td>
<td>Qualified working experience of key personnel in comparable geothermal projects ≥ 5 including experience in East Africa</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td>0-3</td>
<td>Qualified working experience of key personnel in comparable geothermal projects &lt; 5 years</td>
<td>0-3</td>
</tr>
<tr>
<td>7 Geothermal exploration experience and expertise of the Developer including private sector partners and engaged consultants as demonstrated in the project references</td>
<td>1.0</td>
<td>Good track record of successful geothermal exploration and development</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td>4-6</td>
<td>Some experience but some gaps and/or limited track record</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td>0-3</td>
<td>Unproven or inexperienced company</td>
<td>0-3</td>
</tr>
<tr>
<td>8 Financial, management and organisational capabilities</td>
<td>0.4</td>
<td>High financing, management and organisational capabilities in place to carry out programme</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td>4-6</td>
<td>Fair financial, management or organisational capabilities, but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td>0-3</td>
<td>Low financial, management or organisational capabilities</td>
<td>0-3</td>
</tr>
<tr>
<td>9 Plans for obtaining expertise, finance and equipment for reservoir</td>
<td>0.2</td>
<td>Robust and well thought out plans for subsequent reservoir confirmation drilling</td>
<td>7-10</td>
</tr>
<tr>
<td>Evaluation Criteria</td>
<td>Weighting Factor ($x$)</td>
<td>Status/ Criteria</td>
<td>Points to be Awarded ($P_i$)</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------</td>
<td>------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>confirmation drilling</td>
<td></td>
<td>Fair plans for subsequent reservoir confirmation drilling but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No or limited plans for subsequent reservoir confirmation drilling</td>
<td>0-3</td>
</tr>
<tr>
<td>Total</td>
<td>0.1</td>
<td>High quality</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair quality</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Poor quality</td>
<td>0-3</td>
</tr>
<tr>
<td>MAXIMUM POINTS</td>
<td></td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>MINIMUM POINTS TO REACH THRESHOLD</td>
<td></td>
<td></td>
<td>70</td>
</tr>
</tbody>
</table>

$^6$ Total points will be calculated as sum of weighted awarded points: $P_{total} = \sum_{i=1}^{n} x_i * P_i$
6.2 Evaluation Methodology – Drilling Projects

The evaluation criteria 1, 2, 3, 5, 6, 11 and 12 are classified as main criteria. Applications which score in the lowest category in these main criteria will therefore not be considered further in the current application round but will be provided with feedback accordingly. The overall minimum score for all criteria is 70%.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting Factor (x)</th>
<th>Status/ Criteria</th>
<th>Points to be Awarded (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Indication of appropriate drill sites in geothermal resources area selected based on results from all previous studies with emphasis on geophysics and geological studies, especially tectonics</td>
<td>3.0</td>
<td>Very good, well-documented and robust evidence from extensive geophysical and geological studies of a geothermal resource / multiple sites identified with good justification for drill site selection</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good, well-documented evidence from a moderate geophysical and geological resource evaluation programme / fair justification for drill site selection</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some evidence of a geothermal resource / little or no geophysical and geological studies completed / poor justification for drill site selection</td>
<td>0-3</td>
</tr>
<tr>
<td>2 Robustness of plans, adequateness of proposed equipment and schedules for confirmation drilling and testing programme for support by the Facility</td>
<td>2.0</td>
<td>Thoroughly presented and technically feasible work programme</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feasible work programme but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incomplete or unfeasible work programme</td>
<td>0-3</td>
</tr>
<tr>
<td>3 Appropriate authorisation for exploration activities, full and diligent environmental and social documentation/management plan as required by the Developer Manual, section 11, in line with the Applicable Standards as listed in the Developer Manual, section 11, access rights and any other relevant permits/licences/rights in place or under negotiation</td>
<td>0.7</td>
<td>Majority of authorisations and permits/licences/rights in place or not required; negotiations for missing authorisations/permits/licences/rights underway</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some authorisations/permits/licences/ rights in place or not required; negotiations for missing authorisation and permits/licences/rights underway</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No/few authorisations/permits/licences/ rights in place; no/few negotiations for missing authorisations/ /permits/ licences/ rights underway: no details specified</td>
<td>0-3</td>
</tr>
<tr>
<td>Evaluation Criteria</td>
<td>Weighting Factor ($x$)</td>
<td>Status/ Criteria</td>
<td>Points to be Awarded ($P$)</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------</td>
<td>------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>4 Description of market for future power plant output / Offtake agreement or equivalent in place or under negotiation</td>
<td>0.5</td>
<td>Market strategy / Offtake agreement in place or not required</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Negotiations for offtake agreement underway</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No evidence that offtake agreement negotiations are underway</td>
<td>0-3</td>
</tr>
<tr>
<td>5 Plan for financing the Developer’s portion of the drilling programme budget</td>
<td>0.5</td>
<td>Thoroughly presented, robust, feasible and adequate financing plan</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair financing plan, but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No or limited financing plan</td>
<td>0-3</td>
</tr>
<tr>
<td>6 Robustness of business plan for development of geothermal resource and power plant after completion of drilling program.(^7)</td>
<td>0.8</td>
<td>Robust and well thought out business plan</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feasible business plan but lacking some detail</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incomplete or unfeasible business plan</td>
<td>0-3</td>
</tr>
<tr>
<td>7 Likely installed capacity of envisaged geothermal power development at the site</td>
<td>0.1</td>
<td>Potential geothermal power development at the site &gt; 100 MW(_e)</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Potential geothermal power development at the site 10-100 MW(_e)</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Potential geothermal power development at the site &lt; 10 MW(_e)</td>
<td>0-3</td>
</tr>
<tr>
<td>8 Monte Carlo Volumetric estimates of the electricity potential of the resource for the economic potential</td>
<td>0.1</td>
<td>Greater than 90% certainty</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 – 90% certainty</td>
<td>4-6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less than 50% certainty</td>
<td>0-3</td>
</tr>
<tr>
<td>9 Percentage increase of total installed geothermal power generation capacity in country at the time of Application by likely installed capacity of envisaged geothermal</td>
<td>0.2</td>
<td>Percentage increase by planned plant of total installed geothermal power generation capacity in country &gt; 50 %</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage increase by planned plant of total installed geothermal power generation capacity in country 10-50 %</td>
<td>4-6</td>
</tr>
</tbody>
</table>

\(^7\) Reference to the offtaker price has to be submitted such as a power-purchase-agreement, a letter of intent, a letter of relevant Ministry, or if possible an offtaker agreement
<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting Factor (x)</th>
<th>Status/ Criteria</th>
<th>Points to be Awarded (P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>power development at the site</td>
<td></td>
<td>Percentage increase by planned plant of total installed geothermal power generation capacity in country &lt; 10 %</td>
<td>0-3</td>
</tr>
<tr>
<td>Combined heat and power / rural electrification / project benefits for communities</td>
<td>0.3</td>
<td>Robust, feasible and adequate plan for CHP or rural electrification or other identified benefits for local community</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fair plan for CHP or rural electrification or some other benefits identified for local community but lacking some detail</td>
<td>4-6</td>
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<tr>
<td></td>
<td></td>
<td>No plans for CHP or rural electrification and no identified benefits for local community</td>
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<tr>
<td>Geothermal exploration experience and expertise of the Developer including private sector partners and engaged consultants as demonstrated in the key personnel CVs</td>
<td>1.0</td>
<td>Qualified working experience of key personnel in comparable geothermal projects ≥10 years including experience in East Africa</td>
<td>7-10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some experienced staff available, qualified working experience of key personnel in comparable geothermal projects but &lt; 10 years including experience in East Africa</td>
<td>4-6</td>
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<tr>
<td></td>
<td></td>
<td>Key personnel inexperienced in comparable geothermal projects</td>
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<tr>
<td>Geothermal exploration experience and expertise of the Developer including private sector partners and engaged consultants as demonstrated in the project references</td>
<td>0.5</td>
<td>Good track record of successful geothermal exploration and development</td>
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<td>Some experience but some gaps and/or limited track record</td>
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<td></td>
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<td>Unproven or inexperienced company</td>
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<tr>
<td>Financial, management and organisational capabilities</td>
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<td>High financing, management and organisational capabilities in place to carry out programme</td>
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<tr>
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<td>Fair financial, management or organisational capabilities, but lacking some detail</td>
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<tr>
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<td>Low financial, management or organisational capabilities</td>
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<td>Quality of the provided</td>
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<td>High quality</td>
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<td>Evaluation Criteria</td>
<td>Weighting Factor (x)</td>
<td>Status/ Criteria</td>
<td>Points to be Awarded (P)</td>
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<tr>
<td>application</td>
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<td>Fair quality</td>
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<tr>
<td></td>
<td></td>
<td>Poor quality</td>
<td>0-3</td>
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MAXIMUM POINTS\(^8\) 100
MINIMUM POINTS TO REACH THRESHOLD 70

\(^8\) Total points will be calculated as sum of weighted awarded points according to: 
\[ P_{total} = \sum_{i=1}^{n} x_i * P_i \]
FORM AND CONTENT OF APPLICATION

The Applicant shall fill in the Application Forms provided in Annex 2-A for surface studies and Annex 2-B for drilling projects and include all information requested. The Application Forms specify the information to be included and reflect the Evaluation Methodology described in Section 6.

This section gives further guidance on the Application Forms found in Annex 2 A and B. The instructions below shall be considered when completing the Application Forms. In Annex 2 the following forms will be found.

<table>
<thead>
<tr>
<th>Annex 2-A Surface Study</th>
<th>Annex 2-B Drilling Programme</th>
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<tbody>
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<td>F5-D</td>
</tr>
<tr>
<td>G1</td>
<td>G1</td>
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</tbody>
</table>

| Content list                    | Content list                    |
| Information table about entity  | Information table about entity  |
| Project data sheet              | Project data sheet              |
| Application summary             | Application summary             |
| Resource data                   | Resource data                   |
| Project description             | Project description             |
| Generic surface survey          | Generic surface survey          |
| Project description             | Project description             |
| Drilling programme              | Drilling programme              |
| Concession agreement details    | Concession agreement details    |
| Exploration licence             | Exploration licence             |
| Environmental permits           | Environmental permits           |
| Market viability                | Market viability                |
| Business plan                   | Business plan                   |
| Installed capacity              | Installed capacity              |
| Increase in generation capacity | Increase in generation capacity |
| CHP/rural electrification       | CHP/rural electrification       |
| Project personnel / Staffing Plan | Project personnel / Staffing Plan |
| Personnel CV                    | Personnel CV                    |
| Project developer’s experience  | Project developer’s experience  |
| Statement on capabilities       | Statement on capabilities       |
| Plans for subsequent drilling   | Plans for subsequent drilling   |
| Financing plan                  | Financing plan                  |
| Cost estimate                   | Cost estimate                   |
| Project Financing Plan          | Project Financing Plan          |
| Cost table AWC items            | Cost table AWC items            |
| Key financials                  | Key financials                  |
| Declaration procurement standards | Declaration procurement standards |
Several forms are given for assuring an evaluation of comparable information provided for each Application in the same way and detail. When filling in the forms, the English language and SI units shall be used. The message shall be illustrated with self-explanatory diagrams as they are typically used in the geothermal community. Wherever possible, figures or clearly structured tables shall be used to substantiate the information provided. This reduces the additional explanatory text in each section to a necessary minimum. Whenever a maximum number of words is specified, this number shall not be exceeded. In case the maximum number of words is exceeded, only the text up to the stated limit of words will be considered in the evaluation.

The structure and order of the forms shall not be changed. Applicants shall give the reason(s) and evidence in case a mandatory data or information request is not applicable (N/A) to a specific proposed project, mandatory data or information is not available in the suggested project or amendments need to be made. Applicants may also state which other available information covers the requested aspect. Any non-requested, additional information can be provided, but will not be included in the evaluation process and is not encouraged.

All available information on the geothermal prospect in question is of major importance, i.e. good evidence of a significant geothermal resource in the subsurface should be given to justify funding by the Facility.

Applicants shall show that the proposed project will lead to the next step in project development, i.e. identification of sites for exploration drilling (in case of surface studies) or confirmation of the resource (in case of drilling projects). The strategy to achieve this needs to be presented in the surface studies / drilling plan.

It is expected that the majority of geological, hydrological, geochemical and geophysical data (the latter if already available for surface studies, mandatory for drilling projects) will already have been acquired by the Applicant for a sound planning of the proposed project. For drilling projects, the interpretation of the results of previous studies shall include the identification of and the justification for two or more appropriate drill sites in the geothermal prospect.

For the assessment of the Application, in addition to the interpretation of the results of any previous works as described above, also the underlying geothermal raw data may be requested for a raw data check. On a case to case decision it may be requested to submit specific raw data for re-interpretation and analysis in order to verify the conceptual model and the interpretation of the results provided by the Applicant. Therefore, the Applicant should be prepared to immediately send raw data as well as any unpublished reports in which the conceptual model is described in more detail, if requested. Such data shall not be submitted until requested.
Further guidance on the data requests of the Application are given directly in the Application Forms in Annex 2.

7.1 Project Data Sheet

A template for a project data sheet with a brief description of the project is provided as Form A1. The project data sheet will be published on the Facility’s webpage after signature of the Grant Agreement. It should therefore not contain confidential information (e.g. citations of internal reports, names of contractors).

The short characterisation of the resource should not contain narrative descriptions but a keyword-style summary e.g. amagmatic fault-hosted low-temperature system; mature high-temperature rift-related system with sustainable volcanic heat source; amagmatic deep sedimentary aquifer. For distinction between the two major categories of high- or low-temperature resources, take 190°C at an economically drillable depth as the boundary.

For defining the type of major survey(s) planned for surface studies, just mention the method (e.g. magnetotelluric [MT] survey).

Applicants of surface studies should give the co-ordinates of the midpoint (centre) of each surface study area in Latitude/Longitude (WGS 84): decimal degrees [°] with 5 positions after decimal point for display on the Facility’s geothermal database and should supply adequate maps providing a conclusive overview on the area of the concession.

Applicants for drilling projects should give the co-ordinates of each proposed well site in Latitude/Longitude (WGS 84): decimal degrees [°] with 5 positions after decimal point for display on the Facility’s geothermal database. They should further supply adequate maps providing a conclusive overview on the area of the concession.

7.2 Environmental and social information to be submitted

Both drilling programme and surface study applications, need to include evidence that the required environmental and social permits and approvals as per national legislation have been obtained or are in the process of being obtained.

For surface study applications an Inception Report and Stakeholder Engagement Plan (SEP) (as per Applicable Standards, see Developer manual Chapter 11.2) must be submitted together with the application.

For drilling programme applications a full ESIA report, ESMP, Stakeholder Engagement Plan (SEP), any other environmental and social management plans as identified as required and applicable (e.g. Resettlement Action Plan, Livelihood Restoration Plan, Water Resources Management Plan, Biodiversity Action Plan, Indigenous Peoples Plan), (as per Applicable Standards, see Chapter 11.3 in developer manual) must be submitted together with the application.
7.3 Cost Estimate

Applications shall, as part of their Application include a Cost Estimate containing a detailed breakdown of anticipated costs for surface studies / drilling projects which are eligible for support by the Facility. In order to allow for a judgement of the overall project costs, Applicants also need to state any non-eligible costs which need to be borne by the Applicant (e.g. taxes, duties, clearance costs etc.).

The project Cost Estimate (Form F2-S for surface studies, and Form F2-D for drilling programmes) has to be filled in accordance with the project plan presented in the Application Form (Form B1) and submitted in the requested format.

Applications shall demonstrate that anticipated costs are reasonable and adequate and that they represent value for money, i.e. that costs and quality of all goods and services are at a minimum consistent with market norms and country standards, and preferably represent a discount compared to market norms and country standards. As such, Applications should include as attachments documentation such as quotations or estimates from different suppliers of services and goods as well as costs of previous projects in the region and internationally or any other justification of costs that substantiate the cost estimate.

In the provided Cost Estimate, the Applicant may add cost categories where necessary (white cells), however the Applicant is encouraged not to change the structure of the budgeting form, nor to rename any pre-typed cost items or cost ID references (grey fields). All costs shall be accounted for by lower tier items, and then aggregated to the total. Aggregation of cost items shall be made for all tier levels.

In the cost estimate, quantity, units, and cost in original currency as well as in USD need to be specified. For higher tier items that are the result of aggregation of lower tier items this section is not mandatory but should be completed where possible.

Costs may not include taxes, duties or provisions for contingency. These budgeting provisions shall be entered in the designated fields. Contingencies are provisions to cover costs associated with consumption overrun or justifiable actions beyond the original project plan. Reasonable contingencies can be eligible. In the financial evaluation, the reasonableness of both costs and contingencies will be estimated as a basis for the proposed Grant amount.

Applicants shall clearly state the percentage of eligible costs which they request from the Facility and the total grant requested (only including eligible costs).

Applicants for drilling projects shall estimate the costs for their proposed drilling programme in line with the Anticipated Well Cost (AWC) Guidelines. The AWC Guidelines specify the allowable cost structure for standard drilling cost items, such as casing, cementing, rig hire, necessary services or consumables (so-called AWC items).

For each individual AWC item, the maximum allowable percentage of total AWC items cost that can be allocated to this item is stated. Different maximum percentages are given for wells of different types, diameters and depth intervals.
The AWC Guidelines also outline the maximum allowable total drilling metre costs taking into account the total cost of AWC items “A-X”. It is however to be noted that rig mobilisation and rig demobilisation do not need to be accounted for in the metre price calculation. Maximum allowable metre prices are stated for different types of wells, diameters and depths intervals.

Where an Applicant plans to use its own resources for drilling (for example if it owns the rig), those costs are eligible but will be rigorously verified to make sure they are reasonable and in line with market prices.

Variable costs for eligible drilling budget items which are not specified in the AWC Guidelines (so-called non-AWC items) need to be separately justified in the technical part of the Application Forms and priced in the Cost Estimate. They will be assessed for reasonableness separately.

### 7.3.1 Eligible Costs for Infrastructure

Eligible costs for infrastructure comprise the following activities on the condition that they are directly associated with an eligible surface study or drilling programme.

Eligible costs for infrastructure comprise the following activities:

- If applicable: Access roads and/or access road maintenance
- If applicable: water supply infrastructure (eligible is that part of the water supply system, which is required to operate a single rig)
- If applicable: transport and crew accommodation
- Eligible, reasonable and agreed contingencies

### 7.3.2 Eligible Costs for Surface Studies

Eligible costs for surface studies comprise the following activities on the condition that they are directly associated with the surface studies:

- Rental or provision of technical equipment (e.g. geophysical signal sources, geophysical sensors, recorders, receiver stations, GPS equipment, gravity equipment, magnetic equipment etc.). By provision it is meant that equipment owned by the applicant can be funded at the rates usually charged for rental, purchase of the equipment is not eligible cost
- Providers of specialist services (e.g. geological mapping, seismic surveys, electromagnetics, magnetotellurics, gravity, micro seismic, LiDAR, chemical and petrological sampling and analyses, soil geochemistry)
- Material and specialist services - such as drilling and logging, for shallow temperature gradient well(s)
- Personnel, on-site accommodation and transport - including vehicle leasing or rental
- Purchase of aerial photography, remote sensing data or equivalent
- Consumables (e.g. fuel, chemicals used during sampling / measurements)
- Environmental / social studies and –assessments as per Applicable Standards (see Chapter 11 below) as part of the surface studies (scoping studies)
establishment of stakeholder engagement plan and corresponding stakeholder engagement activities,
(viii) Activities/costs to obtain environmental/social permits and licences (for subsequent drilling),
(ix) Environmental / social studies / –assessments and –management plans (including RAPs if applicable) and update of Stakeholder Engagement Plan as per Applicable Standards (see Chapter 11 below) in the course of the preparation of the subsequent drilling phase,
(x) Well Design and Drilling Programme (for subsequent drilling),
(xi) Documentation and reports
(xii) Project management costs
(xiii) Mandatory insurances and bonds to be taken out and maintained during the entire project period including but not limited to the following items:
  a) General liability including third party liability
  b) All risks (physical loss or damage)
  c) Construction
  d) Fire
  e) All medical, cars, and housing insurances for the personnel at site
  f) Workers compensation insurance
  g) Relevant insurance so the beneficiary can guarantee that there will not be any liability whatsoever for the contracting authority arising out of or in connection with the grant contract against the contracting authority.
(xiv) Eligible, reasonable and agreed contingencies

7.3.3 Eligible Costs for Drilling Projects

Eligible costs for drilling projects comprise the following activities on the condition that they are directly associated with the drilling and testing programme:

(i) Site preparation (well pads and sumps)
(ii) Mobilisation and demobilisation costs
(iii) Rental or provision of drilling rigs and associated equipment (e.g. pumps)\(^9\)
(iv) Mandatory insurances and bonds to be taken out and to maintained during the entire project period including but not limited to the following items:
  a) General liability including third party liability
  b) All risks (physical loss or damage)
  c) Construction
  d) Fire
  e) All medical, cars, and housing insurances for the personnel at site
  f) Workers compensation insurance
  g) Relevant insurance so the beneficiary can guarantee that there will not be any liability whatsoever for the contracting authority arising

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\(^9\) “Provision” means that equipment owned by the applicant can be funded at the rates usually charged for rental. Purchasing equipment is not an eligible cost.
out of or in connection with the grant contract against the contracting authority.

(v) Mandatory drilling insurances as specified in the Request Grant Contract, in particular:
   a) Drilling (well control, blowout and side-tracking further to a drilling accident)
   b) Environmental bonds for environmental damage caused by blowout, soil or water pollution by the geothermal fluid or surface equipment or subsidence of the drilling platform
   c) Drilling bonds
   d) “Lost-in-hole” insurance coverage has to be requested from and provided by any service or tool provider, when purchasing the particular service or tool. The coverage should comprise at least the tool costs.

   In the case that the above requested drilling insurances are not available for the particular project, a confirmation from a specialised insurance company has to be submitted stating this fact.

(vi) Providers of specialist services (e.g. reservoir engineering, well stimulation, directional drilling, tubular inspections, mud logging, H2S monitoring, cementing, mud engineering, wireline services, geophysical logging, well site geology, petrology, chemical sampling and analysis, coring, underbalanced drilling, environmentally acceptable disposal of waste including hazardous material according to applicable regulations)

(vii) Rig-on, injection, production as well as interference testing and post-drilling downhole surveys and follow-up research on the core or cuttings (e.g. XRD, thin sections)

(viii) Cost of temporary abandonment so as to leave the well in an environmentally safe condition

(ix) Personnel, on-site accommodation and transport including vehicle leasing or rental

(x) Purchase of aerial photography, remote sensing data or equivalent, mapping etc.

(xi) Consumables (e.g. fuel, casing, wellheads, bits, cement, mud)

(xii) Environmental and Social Management: Implementation of the Environmental and Social Action Plan (ESAP), implementation of Stakeholder Engagement Plan, implementation of land acquisition and compensation plan/resettlement action plan/livelihood restoration plan (if applicable),

(xiii) Environmental / social studies / –assessments and –management plans (including RAPs if applicable) and update of Stakeholder Engagement Plan as per Applicable Standards (see Chapter 11, Developer Manual) in the course of the preparation of the subsequent construction of production facilities,

(xiv) For Developers who only join GRMF for the Drilling Phase: Environmental / social studies/ –assessments and –management plans (including RAPs if
applicable) and Stakeholder Engagement Plan as per Applicable Standards (see Chapter 11 below) for the drilling phase, Documentation and reports

(xv) Project management costs

(xvi) A feasibility study that has the explicit aim of securing financing for subsequent reservoir confirmation and/or well field development wells. As such, it is expected that a feasibility study would combine exploration drilling results and reservoir engineering together with market, regulatory and technical considerations

(xvii) Eligible, reasonable and agreed contingencies

7.3.4 Non-Eligible Costs

All costs which are not explicitly mentioned in Sections 7.3.1 to 7.3.3 will not be covered by the Facility. These non-eligible costs have to be covered by the developer, including but not be limited to:

(i) All costs in excess of the amount stated in the grant contract,
(ii) Concession (and other permit/licence related) fees,
(iii) Developer overheads (e.g. office costs, legal costs),
(iv) Costs of permanent abandonment of well(s),
(v) Third party liability and claims, including claims by the drilling contractor and environmental damage or clean-up costs,
(vi) Debts and provisions for losses or debts,
(vii) Interest and project developer financial obligations owed,
(viii) Financial fees,
(ix) Items already financed by other parties (e.g. governments, donors),
(x) Purchases of land, buildings or vehicles,
(xi) Currency exchange losses,
(xii) Taxes, including VAT,
(xiii) Cost of preparing applications or cost incurred during negotiations of the grant contract,
(xiv) Costs for participation at meetings and workshops,
(xv) Training and capacity building,
(xvi) Costs incurred prior to grant award (such as costs for studies, concessions and concession related items such as rental payments etc.), except for “early contracting”\(^{10}\).
(xvii) Costs resulting from tender procedures not following the GRMF procurement regulations.

\(^{10}\) Please refer to document “Conditions for Early Contracting” for specification.
8 EARLY CONTRACTING

It is to be noted that according to general GRMF rules, the time for commencement of Services and sub-contracting shall be according to the agreed Time Schedule forming a part of the Grant Contract but no earlier than the effective date of the Grant Contract. It is required that surface studies commence within 6 months of signing the Grant Contract and that drilling commence within 12 months of signing the Grant Contract. On an exceptional basis, alternative commencement dates can be negotiated.

However, the Applicant is allowed to appoint contractors after submission deadline of the Expression of Interest (EoI) and to commence services after submission deadline of the full Application (RfA) but before signing of the GRMF Grant Contract.

Exception: Activities relating to the preparation of the Environmental & Social documentation that needs to be submitted with the full application may already start after the 1st cut-off date (for further exceptions related to the cut-off dates for E&S reporting please contact the GRMF management).

For the case of “Early Contracting” the following conditions shall apply:

(i) The Applicant has to comply with all duties and liabilities covered in the GRMF Grant Contract even before signing the Grant Contract (like following all procurement guidelines, monitoring and reporting requirements and all other guidelines relevant to the Applicant etc.) and will be excluded from funding if before or after signing of a GRMF Grant Contract it becomes clear that these have not been followed in an appropriate manner.

(ii) With the full application a procurement plan (template provided) has to be submitted by the beneficiary which has to include all early contracted activities.

(iii) The Applicant takes the full risk that:

   a) He will not reach the threshold of 70 points in the Application procedure and therefore will not be considered for a GRMF Grant

   b) He will not be considered for a GRMF Grant due to limited funding even in case of reaching the threshold of 70 points or more

   c) The GRMF Grant Contract covers only parts of the project that has been applied for, or

   d) The GRMF Grant Contract will not be signed for any other reason.