



APPLICATION GUIDELINES

Last-Mile RBF Pilot

1. Background

The Private Sector Foundation Uganda (PSFU) in partnership with Energising Development (EnDev) Uganda (GIZ) and funding from United States Agency for International Development (USAID) and Swiss Agency for Development and Cooperation (SDC) is piloting a Result-Based Financing (RBF) scheme for off-grid solar companies in Uganda. The project's objective is to increase energy access through solar home systems (SHS) to last-mile households in Uganda by incentivising off-grid solar companies to develop sustainable business models towards reaching the last mile. The RBF scheme is designed to provide economic incentives to companies selling solar home systems to expand reach into more rural and remote areas that are associated with prohibitive barriers in terms of higher costs and risks. The incentives under the RBF scheme will support solar companies to offset part of the cost and risk players experience when targeting new and more remote geographical segments. Eligible participants will be required to sign participant agreements with the Fund Manager (PSFU).

The Last-Mile RBF scheme is open to all off-grid solar companies operating in Uganda.

The project strategy is to temporarily lower the cost of extending off-grid solar companies service coverage for SHS to last-mile areas and provide a risk protection mechanism for customer payment defaults.

2. Description of the Last-mile RBF Incentives

The Last-Mile RBF scheme offers three (3) lines of support for SHS companies:

Customer Remoteness RBF – this is intended to mitigate higher cost of customer acquisition and after sales service sales made to remote customers, with an incentive based on customer location using the project's Remoteness Index and adjustment for the duration of warranty contract.

Asset Financing RBF – mitigates risk of reduced repayment/increased payment default rates, with incentives based on longer shelf time for systems bought on cash basis, and, delayed payments for PAYG systems.

Customer Default RBF (Optional) – to pay customer-specific partial compensation for losses made due to customer default on payments.

Note: The Customer Remoteness RBF is offered for all systems. The Asset Financing RBF is offered for Tier 2 and Tier 3 systems only. The Customer Default RBF is offered to Tier 2 and Tier 3 sales with PAYG model or similar payment plan options.

3. Eligibility criteria

The following shall be considered to approve participants and products under the RBF scheme:

3.1 Evidence for participant approval

To participate in the Last-Mile RBF pilot, the entity must fulfill the following conditions:

- a) Must be duly registered and operating in Uganda.
- b) Must be for-profit company. The company must provide documentation that it is a **registered for-profit company** in Uganda, for example the Memorandum & articles of association (shareholding pages & Directors).
- c) Must be tax compliant and not have any open tax or fraud issues (Attach tax compliance certificate)
- d) Shall provide other relevant evidence, for example to understand the extent to which the sales are subsidized by another project/donor.

3.2 Evidence for Product eligibility

Products that qualify for registration in this scheme should meet the following criteria:

- a) Must be Tier 1, Tier 2 or Tier 3 systems (Attach proving documents)
- b) Must provide evidence that system delivers ESMAP criteria (Tier 1, Tier 2 or 3). The ESMAP Tier categories are described in detail in this [link](#).

3.3 Evidence that quality is sufficiently high

Eligible products must have at least one of the following documentation for approval:

1. Proof that product is Lighting Global (LG) approved. Send test or provide link to LG page.
2. Full test results of the Lighting Global Initial Screening Method (ISM) with an indication that the product would likely have passed a full LG test
 - The full test results must be submitted with the application.
 - The test results must clearly indicate that the system “would likely have passed” the LG test.
 - In addition, the participant shall provide evidence of two-year back-to-back battery warranty
3. Proof that product has a valid certificate (All checks with “PASS” or “complies”) from the Uganda Bureau of Standard, combined with ICE certification on the batteries.
 - The test results should be attached.
 - Also, the participant shall provide evidence of two-year back-to-back battery warranty.

Note: Participants with component-based systems (i.e. not complete kits) cannot be certified using the Lighting Global framework and are limited to option (3) above.

If a product doesn't apply for the capacity criteria for a Tier 2 system, it could still confirm to Tier 2 by service. In this case, sufficient evidence must be submitted, that the solar system covers the energy demand for at least 4 hours during daytime and 2 hours at night.

General product eligibility guidelines:

- a) The participating solar company (the participant) includes the full product and operational costs (initial fee, payment plan and import costs) in the end-user price of a solar product.
- b) If the company's sales are already subsidized through another donor project, they cannot be eligible for incentives under the RBF scheme.
- c) If a participant receives funding for marketing, market entry, organisational development, etc. they therefore do not subsidise the products, but the operational costs of product delivery. This is temporarily allowed, if the participant explains how they plan to move away from this in the future.

- d) A participant must register with at least one eligible product from the outset.
- e) New products can be added throughout the RBF period by submitting the form with relevant certificates to PSFU.

4. Application Process

The application form and guidelines shall be made available to the public through newspaper adverts, the PSFU website, and the Sun Connect newsletter. PSFU will also circulate the call for applications through Uganda Solar Energy Association (USEA) and contacting known solar companies by email. PSFU will also host an information workshop at the start of each application period.

A two-stage application process shall be applied.

In the **first application stage**, interested companies shall complete the Application Form and submit the signed application form to PSFU. PSFU and EnDev shall review the applications and shortlist successful applicants. Shortlisted applicants will then be invited to submit detailed product information.

In the **second application stage**, eligible companies shall give prove about the eligibility of their products, as it is described under 3.2 and 3.3.

Review of the product application shall be done jointly by the PSFU and EnDev. Upon approval, successful applicants will be asked to sign a Service Contract with PSFU which includes information on deadlines for claim submission, minimum claim size and last possible claim submission under the agreement. In addition, the successful applicants shall receive the participant excel file upon signing of the agreement. PSFU will communicate to unsuccessful applicants the results of the process including future opportunities.

5. Claim submission

The participant excel file is going to be provided to every participating company. In this file, all sales and defaults must be documented in the giving structure. In the excel sheet, it is explained which information are necessary for each customer.

Claims can be submitted quarterly, must include at least 200 sales (a maximum of 125 Tier 1 sales can be included). In the first claim companies can submit at least 100 sales.

5. Reporting Requirements for Verification

All sales and defaults are going to be checked by an Independent Verification Agent (IVA). This is done by paper trail, phone verification and site visits.

Participants must therefore provide the following information/data for verification purposes:

- Clear record of sales to client, including name, gender, location (GPS and address) and phone number of the end-customer; the type of the products sold; sales price, cost and installation date.
- Record of warranty statements for the products

Note: The percentage of eligible and ineligible sales has a direct influence on the amount of paid out incentive.

6. How to apply

- The application form and guidelines are available on the PSFU website at www.psfuganda.org

- All Interested Enterprises shall complete the application form and submit their applications electronically to; procurement@psfuganda.org.ug , fkajura@psfuganda.org.ug ,
CC: phillip.rohloff@giz.de

7. Application deadline

The first application phase¹ shall commence on **Monday 9th November 2020** and close on **22nd November 2020, 5:00pm.**

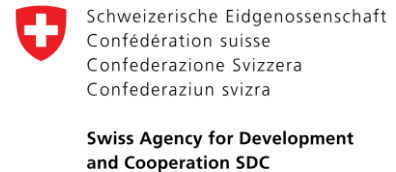
Note:

A virtual information workshop will be held on **17th November 2020 at 10:00 AM.** During this workshop, interested companies will be able to ask questions and get clarification on the RBF.

For inquiries, please contact:

The Fund Officer, Results Based Financing (RBF) pilot.
Private sector Foundation Uganda
Email: fkajura@psfuganda.org.ug
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Financed by:



EnDev is funded by:



EnDev is coordinated by:



¹ The application process shall be conducted three (3) times during the course of the project.