

**RESULTS BASED FINANCE MANUAL  
(PART C OF EASP PROJECT OPERATIONS MANUAL)**

**ELECTRICITY ACCESS SCALE-UP PROJECT (EASP)  
(UECCC SCOPE - EASP Components 2, 3 and 4)**

**July 2023**

## Acronyms

API	Application Program Interface
CRRF	Comprehensive Refugee Response Framework
CCS	Clean Cooking Solutions
DDP	District Development Plan
EASP	Electricity Access and Scale-Up Project
ECP	Electricity Connection Policy
ERA	Electricity Regulatory Authority
ESCO	Energy Supply Company (of energy goods and services)
FI	Financial Institution
GoU	Government of Uganda
IFC	International Finance Corporation
IVA	Independent Verification Agents
MEMD	Ministry of Energy and Mineral Development
MFI	Microfinance Institution
MIS	Management Information System
MoES	Ministry of Education and Sports
MoH	Ministry of Health
MoWE	Ministry of Water and Environment
NDP	National Development Plan
PUE	Productive Use of Energy
OGC	Off-grid Solar Energy Company
OGS	Off-Grid Solar Product
OPM	Office of the Prime Minister
PAD	Project Appraisal Document of the World Bank
PAYGO	Pay-As-You-Go
PCU	Project Coordination Unit
PIU	Project Implementation Unit
PUE	Productive Use of Energy
POM	Project Operations Manual
RBF	Results Based Financing
RHD	Refugee and Host Community Districts
SACCO	Savings and Credit Cooperative Society
UECCC	Uganda Energy Credit Capitalisation Company
UNHCR	United Nations High Commissioner for Refugees
WHR	Window for Host Communities and Refugees

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## 1 INTRODUCTION TO RBF MANUAL

This section of the EASP POM provides the guidelines for Results Based Finance (RBF) grants (performance-based grants), including defining the objectives, processes, eligibility criteria, incentive structures, selection process, disbursements, verification, and monitoring and evaluation.

The RBF manual constitutes PART C of the EASP Project Operations Manual for UECCC (EASP POM for UECCC) as shown in the table below.

**Table 1: Structure of EASP POM for UECCC**

<b>EASP POM PARTS</b>	<b>Contents</b>
PART A – Introduction & Annexes	Description of EASP, roles of stakeholders, and so on
PART B – Credit Support Facility Manual	Line of Credit (LoC) to participating financial institutions (PFIs), direct lending, guarantees
<b>PART C – RBF Manual</b>	<b>Results-based financings (RBFs) for solar home systems (SHS), clean cooking solutions (CCS), and productive use equipment (PUE)</b>
PART D – Public Institutions Manual	Solar Electrification and CCS for Public Institutions
PART E – Technical Assistance Manual	Scope and implementation of technical assistance program

It is intended as a standalone manual for the operation of the program for Results Based Financing for 3 separate RBF schemes within the overall RBF program:

1. Off-Grid Solar Products (OGS)
2. Clean Cooking Solutions (CCS)
3. Productive Use of Energy (PUE) technologies.

The first part of the manual details the general conditions which apply to all of the three (3) RBF schemes, followed by three (3) separate sections that outline specific conditions and processes for each of the three (3) RBF schemes. An Energy Service Company (ESCO) must make separate applications to each of the RBF schemes, using a separate application form for each one.

A key feature of the RBF is that payment of the grants will be made upon delivery of a result. Participating ESCOs are therefore expected to take the full risk until delivery of the contracted results. The targeted beneficiaries of the grants are end-users and enterprises. RBF instruments are generally characterized by the following principles:

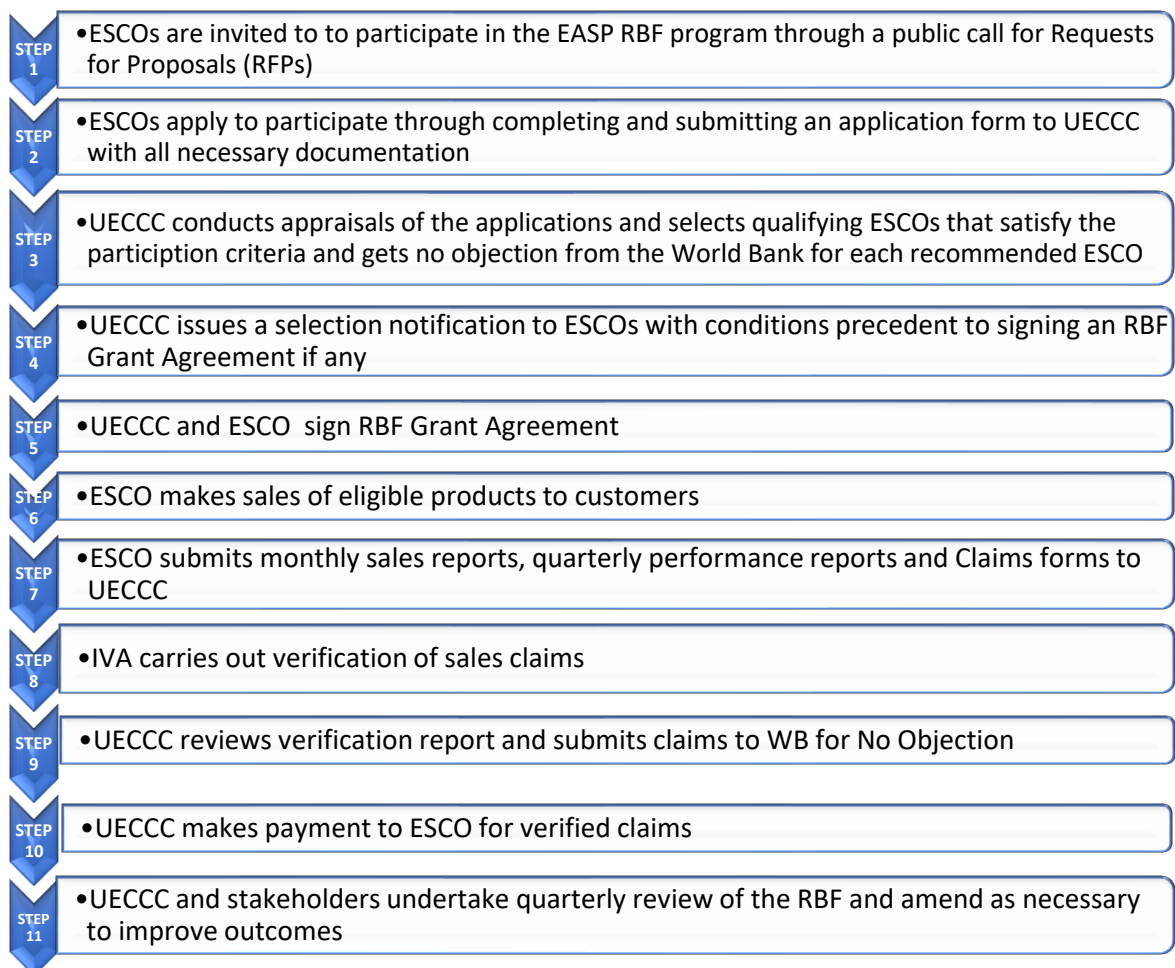
- Disbursement of funds is contingent on the delivery of pre-determined results
- Verification acts as the trigger for disbursement
- All eligible service providers can participate

This RBF is enhanced by additional instruments under EASP which provides support to ESCOs and Financial institutions through access to credit and technical assistance, each of which has a separate application process. ESCOs may participate in more than one of the RBF programs within EASP using a separate application form. ESCOs may also borrow under the CSF and may apply for Technical Assistance grants under EASP while participating in any of the RBF programs.

## 2 SUMMARY OF RBF PROCESSES

The following steps indicate the processes for participation in the EASP RBF program:

**Figure 1: Summary of RBF Processes**



### 3 GUIDING PRINCIPLES

The RBF design and implementation follows a set of principles guiding its actions:

**Cost sharing:** The RBF is designed to assist ESCOs to address the affordability gap, making energy products and service more affordable and accessible for households and businesses. It will also enable ESCOs to expand into new markets, including remote areas and widen their product range. The partial consumer price subsidy and ESCO incentives are intended to accelerate sustainable commercial market development and increased energy access, encouraging increased investment in the sector. The customer's contribution is fundamental to creating ownership, empowering beneficiaries, promoting sustainability, and motivating ESCOs to provide after-sales service.

**Access and Vulnerability:** The RBF is also designed to take account of the challenges that ESCOs may have in establishing/expanding businesses in remote, underserved areas. Additional incentives will be provided to ESCOs to target these areas, including but not restricted to RHDs. The same consumer price subsidy will be applied nationally for all sales. It is important to establish a solid business base before providing a higher level of subsidies or incentives targeting the poorest or most vulnerable. Following learnings from the initial phase, and through dialogue with key stakeholders, additional consumer subsidies may be applied to target the poorest and/or remotest sections of the population using a fair and transparent system.

#### **Data Protection**

All stakeholders shall adhere to the guidelines and principles of the Data Protection and Privacy Regulations of 2021 in the collection, storage, usage, processing, and disclosure of personal data for individuals, private and public sectors. Data protection is regulated by the Government of Uganda through the Personal Data Protection Office (PDPO). Stakeholders shall take account of any additional measures required to protect vulnerable communities or groups, including refugees. Information specific to individuals/organisations will be treated with confidentiality but the program may publish aggregated data on program performance.

**Program efficiency:** ESCOs will have some costs associated with the RBF documentation and claims. Delays in disbursement can increase costs, which the ESCOs may ultimately transfer to the customers. Therefore, the RBF will aim to disburse claim payments in the shortest possible time. The payments will be delivered to eligible ESCOs within a period of maximum 40 working days from the date of claim received by UECCC. The working days do not consider the time taken by ESCOs to submit additional information (such as sales contract) that may be required during the verification process. UECCC will develop a digital information management platform which will streamline and speed up this process.

**Transparency:** An independent Verification Agent (IVA) will be engaged by UECCC, and the POM is available on the UECCC website. The list of selected ESCOs will also be provided on the UECCC website and the RBF implementation progress report will also be publicly available.

**Quality control:** All eligible technologies need to meet UNBS standards, and/or international standards for the technology (project specific standards in the absence of a national standard). Another form of quality control is the verification and follow-up on the quality of installed technologies.

**GESI:** The RBF program will take into consideration Gender and Social Inclusion (GESI). It is expected that the participating ESCOs will focus on GESI throughout the implementation of the RBF program. An impact study will be conducted, focusing on the impact on GESI.

The scheme will take into consideration what targeted incentives are needed for wider GESI. Additionally, the participating ESCOs will include sensitive design/consultations for women, as part of the public awareness campaign and stakeholder consultations activities.

## 4 RBF STAKEHOLDER ROLES AND RESPONSIBILITIES

The EASP RBF program is a form of collaboration between different institutions within GoU and the private sector. The following is a summary of the roles and responsibilities of the stakeholders engaged in the RBF, further details on documentation are provided in later sections and the annexes:

### 4.4 UECCC

- Issues a public call for Requests for Proposal (RFP) in the RBF program. Following this call, ESCOs will be able to apply at any time for the duration of the RBF, unless otherwise advised. There may be further public calls for proposals during implementation if necessary.
- Receives and appraises ESCO's applications for enrollment. There will be a separate technical product evaluation and a business evaluation of the ESCO. Technical evaluations will be conducted prior to ESCO evaluations, and should a product fail technical evaluation, the business evaluation will not be carried out.
- Generates appraisal report for applying ESCOs. Appraisal reports for ESCOs recommended for Grant Agreements will be presented to the World Bank for no objection prior to signing Grant Agreement. This will include the reports of the product technical evaluation and the business evaluation of each recommended ESCO.
- Issues notification letters to approved ESCOs, and to non-approved ESCOs, explaining the issues that need to be addressed to participate in the program.
- Grant allocation to ESCOs will be based on annual targets in proposals submitted as part of the RBF applications.
- Signs RBF Grant Agreements with ESCOs that are accepted in the RBF program with the addendum for additional RBF funding to the agreement with ESCOs as and when necessary.
- Procures a capable IVA.



- Reviews and approves verification reports and disbursement requests from the IVA.
- Makes disbursements to ESCOs from UECCC's designated bank account.
- Communicates to the ESCOs immediately after the disbursement (initially through an email, subsequently through the RBF's digital platform). The communication will include the amount disbursed, date of disbursement made, and the claim number; The proof of disbursement will be attached whenever possible.
- In consultation with World Bank, determines potential suspension/removal of the ESCO from the program.
- Manages the monthly reporting from ESCOs and ensures consistency of the information provided for the purposes of the verification process through interaction with the ESCOs.
- Is responsible for the verification process and manages an Independent Verification Agency (IVA).
- In consultation with the World Bank and project stakeholders, review the subsidy and incentive levels, as required but in any case, not more than twice a year, to ensure target markets are reached effectively, to reflect market changes (such as rate of inflation, foreign currency fluctuation, overall cost of living, etc.) and to ensure sustainability of the program.
- Works with MEMD for matters related to any technical issues including but not limited to technical standards, policy direction, market assessments.
- Conducts impact studies and shares the findings with the World Bank, government agencies and other relevant stakeholders.
- Provides technical assistance for activities related to capacity building, mass-user awareness, training etc.
- The GRM committee at UECCC will handle complaints from ESCOs, end-beneficiaries, and other relevant stakeholders.
- Participates in EASP Steering Committee (led by MEMD) meetings and shares the progress, issues, and challenges.
- Prepares monthly internal RBF progress report.
- Submit quarterly Reports to MEMD PCU, including summary of sales (per product and district) grant agreements, claims, verification reports and payments.
- Manage the RBF grant facilities
- Manage project funds in USD and UGX
- Ensure that project funds are used for eligible purposes
- Coordinate with the MEMD PCU and PIU.
- Coordinate with MoFPED on funding, FX management and budget
- Update the POM as needed, with the revised POM submitted to the World Bank for 'no objection'
- Require and monitor that ESCOs have and adhere to implement an Environmental and Social Management Strategy (ESMS) and good governance principles to comply with the World Bank safeguards policies.

- Coordinate with OPM, UNHCR, local government and other stakeholders to support activities in RHDs

#### **4.5 MEMD**

- Overall coordination of the EASP Project through the Project Coordination Unit (PCU).
- Coordinate with UECCC, donors, development partners and electricity providers in planning on-grid and off-grid electrification activities, including public awareness campaigns, which may affect types of products sold in selected locations
- Ensures an enabling environment for ESCOs and off-grid market developments.
- Provides overall monitoring of off-grid market developments and national grid development.
- Provides overall guidance and technical backup to UECCC.
- Assist in coordinating EASP activities to align with NDP, SEDP, SERP and other national strategies and plans, in addition to multi-sectoral programs.

#### **4.6 MoFPED**

- Channel EASP project drawdowns from the World Bank to UECCC

#### **4.7 World Bank**

- Review project performance reports from UECCC
- Consider “no objection” requests for changes to the POM
- Consider “no objection” requests for ESCOs participation (based on appraisal reports) or suspension/removal from the RBF
- Consider “no objection” requests to verification reports submitted by the UECCC for each claim.
- Conduct periodic supervision missions to review project performance
- Monitor compliance with the POM and the World Bank’s fiduciary and operational policies and procedures

#### **4.8 OPM, UNHCR and Partners**

- Support project stakeholders and activities targeting refugees and host communities
- Coordinate with government ministries, including at local levels to align with other humanitarian and development programs
- Support the promotion of market-based activities and actively discourage free distribution of energy products and services in RHDs (except emergency assistance)
- Provide easy access to refugee settlements and reduce any administrative barriers

#### **4.9 Energy Service Companies (ESCOs)**

- Submit required RFPs documents for RBF grants
- Ensure all EASP funds are used for eligible purposes
- Provide quality, eligible products fit for purpose
- Identify eligible households and supply eligible products

- Provide after sales service and maintenance
- Provide adequate data for verification in timely manner
- Implement satisfactory ESMS and good governance principles
- Provide reports on the sales and customer portfolio as in the report template in annex.

**The ESCOs are expected to fulfil the following responsibilities:**

- a) The ESCOs are required to provide basic training and awareness to beneficiary households and enterprises on:
  - proper handling of the system;
  - conditions for warranty/guarantee;
  - basic features of the system;
  - product benefits;
  - regular maintenance of the system and component parts;
  - contact information for after-sales-service;
  - Amount of customer contribution and payments terms, including explanation of the government-funded price subsidy ;
  - Instructions to consumers on product disposal/recycling at end of life.
- b) ESCOs shall provide the information in brochure/user manual for each customer. This shall be designed to be understood without the need for specific language or reading skills.
- c) At the time of pre-registration and installation, the agent of the ESCO should clearly communicate that the following acts from the household or enterprise are strictly prohibited:
  - Reselling the acquired subsidized product to another customer;
  - Using national ID of another household to benefit from the subsidy;
  - Giving wrong location to benefit from a subsidized product;
- d) The ESCO is required to clearly communicate to the household during marketing/pre-registration and installation about the above prohibited activities and the possible consequences. The ESCOs are required to include the above misconduct in the Sales receipt as terms and conditions of sale to minimize the prohibited activities from the customers and the ESCO agents.
- e) The subsidy will not be disbursed if the above cases are identified during verification. These households will be considered failed and permanently ineligible for the subsidy.
- f) The ESCOs will have right to repossess the product or modify the Sales receipt with the customer's consent to allow them as a normal sale, outside the RBF.
- g) The ESCOS are required to inform the households that they will not be eligible for another subsidized product if the ESCOs repossess the system under the above prohibited activities. The ESCOS are to include this as a condition in the Sales receipt.
- h) Resolution of beneficiary complaints
 

All participating ESCOs are required to have a functioning customer service number system in place, either directly or through an agent, that has the capacity to log complaints and requests for service. The ESCO should provide adequate

customer care/after-sales-service within 2 weeks after the complaint is registered. Customer to be informed about complaints mechanism and customer support phone numbers at time of sale.

i) ESCO reporting requirements

ESCOs are required to provide a quarterly sales report by email to UECCC not later than the 7th day of the following calendar month, which will include the following information:

- Total Sales for the previous month (number of units, total sales revenue, total subsidy and incentives, cash sales, PAYGO sales, default rates)
- Total sales per product type
- Total sales per district
- Key challenges encountered and proposed solutions

The ESCO shall use the reporting template provided in Annex 6.

j) ESCOs will also need to be able to show the following documentation at any time during the contract period, if requested by UECCC:

- Sales records, copies of customers sales receipts, default records and import records;
- Warranty records/certification for products, including name, address and phone number of dealers, importers and / or manufacturers providing that warranty.

#### 4.10 Suspension of ESCOs

Whenever an ESCO deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by ESCO and approved by UECCC. UECCC reserves the right to suspend or remove an ESCO's participation in the RBF if the eligibility criteria remain unfulfilled and for poor performance against the agreed action plan.

If an ESCO is suspended from the RBF, then they will not be eligible for RBF subsidies or incentives on any sales made during their suspension period. They will also be ineligible for payments of the 2<sup>nd</sup> disbursement during their suspension period or if removed from participation in the RBF.

The ESCOs may also be suspended from the program for poor performance, specifically if >10% of the total sample size fail in two consecutive claims.

The suspension will follow the following procedure:

- If the ESCO is found to have the poor performance and/or failure rate is >10% of the total sample size in two consecutive claims, UECCC will conduct further investigation and prepare a report. This will be discussed with the ESCO and further field investigation will be conducted if necessary.

- UECCC shares the report with the World Bank for No-Objection with recommendation to suspend or not to suspend the ESCO, including the reason and proposed duration of the suspension. The recommendation includes the reason and duration for suspension or no suspension.
- If suspended, the duration of the suspension depends on the severity of the issues and the level of the fraud observed, as assessed by the UECCC.
- UECCC will issue a notice of suspension to the ESCO.

The ESCOs are allowed to submit the claim to UECCC for those products sold prior to the effective date and time of the suspension. The IVA will perform the verification of these claims and recommend disbursement (minus failed customers) to UECCC.

Should ESCO fail to provide the information required in Claim Form or consistently misreport the information, this may ultimately result in suspension from the program.

The UECCC reserves right to cancel the Grant Agreement with an ESCO that has been suspended twice or more under the RBF program, or if the issues assessed by UECCC are severe.

## 4.11 Customers

### 4.11.1 Warranty services by ESCOs

The customers who face technical issues with the product, will have the right to demand the ESCOs for warranty provision, as per the ESCO's warranty coverage. The ESCO has to provide such services for free, within the specified product warranty period. The ESCOs may charge a fee for any after sale service that the customer may require. The fee shall be agreed upon between customer and ESCO. Customers that are found to have technical issues during the verification will not be disbursed until the technical issues have been satisfactorily resolved.

### 4.11.2 Registering a complaint

If the beneficiary household does not receive a response from the ESCO in the case of a malfunction within 2 weeks during the warranty period, then the customer must contact UECCC and register a complaint. UECCC will register the complaint and record each complaint in a logbook and will share the complaint with the GRM committee and with the ESCO. Both the ESCO and UECCC should have dedicated staff responsible for registering complaints and service requests. For registered complaints outside the warranty period, ESCOs will be expected to provide after sale services at a fee.

The ESCOs are required to include the contact number of UECCC office in the sales receipt to their customers with the instruction to call UECCC if the ESCO does not address the customer's response within 2 weeks.

UECCC will register the complaint in the Customer Complaint Logbook. The logbook must include the information such as date of complaint received, name and national ID of the customer, phone number, name of the ESCO, location, the date customer complained to the ESCO, and brief description of the complaint.

UECCC will not register the complaint if the customer has not first reported such complaint to the ESCO.

## **5 RBF Procedures for ESCOs**

### **5.1 ESCO Application to UECCC EASP RBF program**

The aim of the application process is to confirm that the applicant has all the capabilities needed to deliver quality equipment, service and after-sales service to customers and that it has the internal integrity and rigor to cope with the reporting and audit requirements attached to the grant. The application will focus on its operational setup, product portfolio, pricing plans, and other information relevant to successful program participation. UECCC will select eligible ESCOs through an appraisal process based on the information submitted in the application.

The following files and records need to be submitted by the ESCO to UECCC (by post or email) as part of the application process (see also Annexes for further details):

1. RBF Application Form, to be downloaded from the UECCC website;
2. A formal letter requesting to participate in the UECCC EASP RBF program;
3. Certificate of company registration from Uganda Registration Services Bureau (URSB);
4. Audit report and tax clearance certificate of past two financial years. For ESCOs less than two years in operation, audit report and tax clearance certificate of the past one financial year;
5. Curriculum vitae of the members of the Board of Directors and the management team;
6. Business plan of the ESCO;
7. ESCOs must submit their processes for storage, reuse, repair and recycling of product components, including batteries, with their application;
8. Evidence of Retail pricing and Factory production costs;
9. Product Pricing Plan for each product, detailing the current retail sales price (not including any subsidy) and proposed product pricing, including the subsidies applied under the EASP RBF;
10. If available, organizational chart for the IT and data processing function. Summary list for IT hardware, database and application software and communication equipment;
11. A list showing number of agents and staff of the ESCOs available in each district, by gender disaggregation;

12. Description of each product, detailing compliance with eligibility criteria, distribution and customer support process. This technical product information, specifications, certificates etc. shall be submitted in a separate file or envelope for technical evaluation.

## 5.2 Signing RBF Grant Agreements

Successful ESCOs will receive a notification letter from UECCC and will be invited to sign RBF Grant Agreement with UECCC. The template for the agreement is provided in the Annexes. ESCOs signing the agreements are required to agree to the following requirements:

- Allow qualified UECCC representatives, on a need-to-know basis, access to privileged and confidential information necessary to appraise whether the ESCO meets and/or continues to meet the agreed qualification criteria<sup>1</sup>;
- Agree to devote adequate resources to the Project, to establish and maintain an adequately staffed sales and after sale services team, management group, or equivalent, and to join any available Project-related training;
- Agree to provide customer payment data and installation information required to verify eligibility of subsidy and incentive claims;
- Agree to potentially integrate PAYGO software with the digital platforms managed by UECCC;
- Agree that UECCC and the World Bank may conduct independent audits of the ESCOs accounts related to the systems installed that have been supported through the RBF.
- ESCOs are entitled to receive financing from other sources, including carbon credits while also participating in the EASP RBF. However, such funding may not be used to alter the product sales prices or consumer subsidies which must remain as agreed in the RBF Grant Agreement. The ESCOs shall maintain all their legal rights to any Emission Reductions generated by their RBF activities under EASP.
- The ESCO cannot use funding from another RBF scheme for sales of the same product. ESCOs may be suspended from the program if claiming from different schemes for sales of the same product. The IVA will cross-check product ID numbers against those in other known programs.

Those ESCOs working with SACCOs and Microfinance Institutions (MFIs) shall record sales to the customer only after the SACCO/MFI approves the loan to the customer and consent of the customer. The ESCO should sign a Service Level Agreement (SLA) with SACCOs and MFIs.

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<sup>1</sup> See Also General Conditions for each RBF

### 5.3 Confirmation of sales

ESCOs can confirm sales when: 1) a contract/receipt for the sale has been issued to the customer, and 2) the purchased product has been installed at the customer's home/premises (where applicable).

### 5.4 Verification

The verification of sales and claims submitted by ESCOs will be conducted by an Independent Verification Agent (IVA). This IVA will be procured by UECCC and will be experienced in carrying out verification processes for RBF schemes.

ESCOs must submit each Claim form, with supporting documents, to UECCC by email or via an API. Desk, Phone and field verification will take place for all claims. UECCC and the IVA will use an automated Management Information System (MIS) to record, monitor and assess claims and other program performance measures.

The IVA will complete the verification of each claim within 25 working days from the date a claim received by UECCC based on the following principles. The timeline does not include the time spent by the ESCO in revising and resubmitting the information.

#### 5.4.1 Claim submissions

To bundle administrative work for both the ESCO and the UECCC, the claim submission schedule is as follows:

- Each ESCO can submit claims at any time subject to minimum number of sales per claim (these are outlined in more detail in each of the 3 separate RBF sections) A maximum of one sales claim can be made each calendar month.
- Claims must be made within 3 months of the date of sale, even if the sales volume is lower than the minimum.
- ESCOs must submit a signed hardcopy of the Claim Form Summary Table, to UECCC, in addition to submitting a soft copy of the signed form and full claim form in excel format by email or via an API.

The Claim Form (available in Excel format on UECCC website) contains ESCO product information. In addition, the Claim Form specifies the claim period, based on the sales confirmation date. Since each confirmed sale has a specific sale date, UECCC will automatically know for which sales the claim is being submitted.

The ESCO shall provide the following information in the Claim Form:

- Customer Name
- Customer & Spouse National ID numbers
- Customer Phone number
- Customer Address (District, Sub-County, Parish, Village)



- PAYGO customer or Cash customer
- Customer ID number assigned by company
- Product Category
- Product Brand and Model
- Product Serial number
- Date of confirmed sale/installation
- Total Sales Price (before deduction of subsidy)
- Payment details (transaction dates, amounts, type of payment (Cash/MM/Bank), Payment/account number)
- Dates for period being claimed
- List of customers for products which were repossessed
- List of customers with technical issues

The claim form will automatically calculate the subsidies and incentive amounts for each sale and provide totals, in addition to numbers of sales per product category and per region.

For each sale claimed, the ESCO must submit the following documentation with the claim:

- A fully completed ESCO -Customer Contract/Sales Receipt showing the product serial numbers and sale conditions signed by both parties.
- A copy of the national ID for each customer and their spouse (where applicable).
- A copy of payment details for each payment made (either PAYGO or Cash)

In cases where the ESCO is no longer claiming for sales made in a specific region under the RBF, but will be claiming the 2<sup>nd</sup> disbursement of the ESCO incentive, the ESCO must provide evidence with their claim that the ESCO continues to make sales of similar products and provides after sales service in the specified region. Evidence can include sales receipts complete with customer address and phone, product details, list and phones of ESCO sales agents or sales outlets.

#### 5.4.2 Desk Verification

The IVA will conduct a desk-based verification of 100% of the sales in claims submitted by the ESCO. The verification will be conducted by comparing the information provided on the Claim Form with the information in the MIS. This will include validation of the sales receipt/contract and National IDs.

These will be considered as “invalid” if:

- the copy of the National ID’s / Contract or Sales receipt is not available;
- the proof of transaction such as bank statement, mobile money statement, or copy of cash receipt is not available;
- the Contract / Sales receipt is not signed by both the ESCO and customer;
- The information on the Contract / Sales receipt such as customer names/ID, price of the system, product name, and customer location are different from the information confirmed by the IVA;

- Information on the National IDs does not match the information provided on the claim form.

The results of this data check are stored in the Results Form. Based on the data in the Results Form, IVA will determine the validity of the claim. In summary, IVA will check the following:

- The correct consumer subsidy amount and ESCO incentive amounts are claimed for each customer;
- The subsidy was given (in the previous claim) to the repossessed customers. Those customers in the repossession list who have previously received the subsidy in the previous claim/s will be deducted from the current claim.

IVA will enter the information in the Results form in the ESCO File. The ESCO File is used to keep track of the status of each claim as well as other details for each ESCO. Once IVA has completed its analysis, it will notify ESCOs of the determined claim size and any discrepancies found. IVA will return to the ESCO the list of those customers whose information provided on the Claim Form is mismatched with the UECCC RBF database. IVA will reject the entire claim if >10% mismatch cases are found during desk verification.

For systems where the discrepancies are less than or equal to 10%, ESCOs will have five (5) working days to submit the missing sales information to IVA. The ESCOs can resubmit the corrected information during the next claim if they are unable to correct the information within five (5) working days.

Customers who do not pass the Desk Verification will be recorded in the “Failed Customer List” in the results form.

#### 5.4.3 Sample Sizes for Phone and Field verification (OGS & CCS only)

The IVA will generate a sample size for phone and field verification which will be calculated automatically for each claim by the MIS. The MIS will generate a random sample of customers of 5% of the claim size, all of which will go for phone verification. The MIS will also generate a separate random sample of customers of 5% of the claim size, all of which will go for field verification.

#### 5.4.4 Phone verification (OGS & CCS only)

Phone verification will be carried out by the IVA on the random sample of customers provided by the MIS, as detailed above. The verification will be conducted by comparing the information provided on the monthly sales reports and Claim Form with information verified through phone calls. No phone verification will be carried out for claims of PUE sales.

The IVA will call the sample customers provided by the MIS and will ask them a series of questions, as per the Phone Verification Survey Questionnaire, to determine whether they have bought and received a subsidized product.

Some customers may not be immediately reachable due to different reasons (incl. e.g. poor network, unavailability, low battery, phone being turned off, etc.). Hence, the IVA should try to reach the customer four times taking care to call at different times during the day (morning, lunch time, afternoon, evening) and on different days. If a customer has not been reached after 4 attempts. IVA will make additional 2 attempts using the alternative phone number of the customer provided by ESCO. The customer is marked as “unreached” if they are not reachable in total 6 attempts.

Once a customer is reached, the IVA will go through the questions in the Phone Verification Survey. All questions need to be asked and answers recorded accurately in the survey tool and Results Form. Particular attention should be paid to the “company”, “date of sale”, “product type”, “location”, “name of the customer”, “payment mode i.e. cash or PAYGO”, and “the technical condition of the system”. It should be noted that customers sometimes don’t remember the exact date. Hence, a difference of one month between the date of sale indicated by the customer and the ESCO is permissible.

In case the customer is found at a new location, the subsidy/incentive payments should be based on the location of the time of sale. In case a customer cannot be located through phone and field verification, the ESCOs will need to provide evidence that the sale was made.

Once all customers have been reached or called maximum six times, the IVA will consolidate and analyze the results and complete the corresponding fields in the Results Form.

The outcome of the phone verification for each customer will be determined based on the following criteria:

*Phone verification passed customers:*

- Customers called are reached, confirmed that they have bought the product and the price, the product is working properly, and the customer has signed the sales receipt and is aware of their contribution (“Pass”).

Next step: All the “pass customers” will be recorded in the “Passed Customer List”.

*Phone verification failed customers:*

- The customer will be marked as “fail” if one of the following answers are confirmed:
  - The customer confirms that the product has been repossessed
  - Customer reports that they have not bought the product or has not signed a Sales receipt/contract
  - Customer confirms that they have been charged a different price to that reported by the ESCO
  - Customer confirms that they have bought a different product to that reported by the ESCO

Next step: All customers that are in the Failed Customer List will be given by IVA to the ESCO with the reason of each failed customer. The claim amount of the failed customers will be deducted from the overall total claim amount. UECCC will mark these customers as ineligible for future consumer subsidy payments on subsequent product sales.

Note: IVA will conduct phone verification to additional customers if the customer selected in the previous phone verification is not reachable. The additional customers will be added until the phone verification sample size is achieved. These unreached customers will be replaced by additional customers randomly selected by the MIS.

*Customers with Technical Issues:*

The customer shall be recorded to have technical issues with products during verification upon the following observations:

- If a customer confirms having bought a product but claims that the system and/or its parts are no longer working due to technical issues,
- The product sold was incomplete and is not fully functional – for example some system components were not provided to the customer or does not operate as advertised by the ESCO
- In the case of systems requiring installation, product was not yet or improperly installed (provided to the customer but still inside the box)

Actions: The customer will be recorded in “Customers with Technical Issues List” and IVA will share the list of these customers to the ESCO to investigate the reason for reported technical issues. The ESCO will be requested to resolve the issue within 2 weeks. The ESCO will submit the list of customers whose technical issues are addressed together with the next Claim Form. The list of customers whose technical issues have been resolved will have to be accompanied by their related maintenance repairs/forms signed by both customer and technician who resolved the technical issue. The IVA, after 2 weeks, will call “customers with technical issues” to verify whether repairs have been made within 2 weeks and document the result of the call. If the system has been repaired and is functioning, the customer will be changed to “passed customer list” and the incentive will be paid out with the next claim or in a separate payment if there is no additional claim.

Each step shall be recorded with the date of completion in the Results Form.

The customers will be considered as “denied having systems” if they are reached, location is matched but denies having the system from the ESCO under verification.

The customers will be considered as “unreached” if one of the following conditions are observed:

- The customer does not answer the phone in six attempts including calling in additional number given by the ESCO for the last two attempts.
- The respondent receives the phone call but does not know the customer.
- The alternative respondent (the phone number of another person given by the ESCO) receives the phone call but does not know the customer.

Next step: The sales receipts for all unreached customers will be verified. Additional customers will be added to the phone verification sample list until the required sample size is achieved.

#### 5.4.5 Field verification

For OGS and CCS claims, field verification will be conducted on the sample sizes of customers, as detailed in 5.4.3 above. For PUE claims, field verification will be carried out on 100% of customers claimed.

The results of the field verification are, just like the phone verification, recorded in the Results Form. The IVA will complete an analysis of verification results and insert the data in the corresponding fields in the Results Form.

#### *Field verification, passed customers:*

Condition: Those customers who are reached in field verification, confirmed the sales, the price and confirmed that the system is working properly. The serial number of the product matches that on the Contract / Sales receipt.

Next step: IVA will record the passed customers in “Pass Customer List” and recommend UECCC for the disbursement with the claim verification report.

#### *Field verification failed customers:*

A customer will be considered for failure if one of the following conditions have been observed:

- The product was given to the wrong person other than the registered names/ID number in the Claim Form
- The system is not properly installed
- The received product was repossessed by the ESCO .
- The customer was charged a different price to that listed by the ESCO

- The product shown by the customer does not match the product claimed by the ESCO

Next step: IVA will record the failed customers in “Failed Customer List”. UECCC will deduct the claim amount of failed customers from the total claim amount to calculate the eligible claim amount. In addition, UECCC can call for a meeting with ESCO and all implementing partners to discuss the issues identified and identify ways to improve ESCO performance and/or RBF process.

*Customers with technical Issues shall follow the same procedures for phone verification, as described above.*

#### 5.4.6 Verification for 2<sup>nd</sup> disbursement of ESCO Incentive

The ESCO can submit claims for the 2<sup>nd</sup> disbursement of the ESCO incentive 12 months following the date of sale of the product for which the 1<sup>st</sup> disbursement was claimed and paid. This will only be for those customers who were “passed” on the claim for the first disbursement and provided that the ESCO can demonstrate that they are continuing to make sales of similar products and providing after sales service in the specified region (does not have to be for sales made through this RBF).

If the ESCO is continuing to submit claims for new sales in a specific region, then the verification of those sales and associated technical issues will be used as evidence of their continued operation in that region.

Where the ESCO does not continue to submit claims for new sales in a specific region, then the ESCO must provide evidence that they are continuing to make sales and provide after sales service in that region to obtain the payment of the 2<sup>nd</sup> disbursement of ESCO incentive. This evidence can include sales receipts; customer address and phone numbers, product details, list and phones of ESCO sales agents or sales outlets. The IVA will carry out desk verification to validate the evidence submitted by the ESCO for each region being claimed.

Once it is verified by the IVA that the ESCO continues to operate in that region, the payment of the second disbursement may be recommended in the verification report, once all other verification conditions are met.

#### 5.4.7 Outcome of the verification results

Once field verification is completed, IVA will enter the information into the results form. Depending on the answers provided by the customer, the customer will be recorded as part of:

- “Passed Customer List”:
- “Failed Customer List”:

- “Customers with Technical Issues List”:

The customers will be considered as pass and be included in the “Passed Customer List” if the following cases are observed during the verification:

- The household whose product has been stolen and the households (through the ESCO) has submitted to IVA/UECCC the proof of such stolen items. The proof shall include a complaint registered at nearby police station with acknowledgement of such complaint received by the police. The ESCO will receive the full subsidy since the stolen item is beyond the ESCO control. The household will be eligible for another subsidized product.
- The household whose product has been destroyed by natural disaster may receive full subsidy subject to the confirmation (written) from the concerned local government office that the household was affected by the natural disaster and their product was destroyed. The natural disasters that may destroy the house and thus damage the product might be earthquake, flood, landslide, etc.

Next step:

- IVA will prepare the Verification Report, outlining the findings of the verification conducted in desk check, contract/sales verification and field verification. The report will include the following:
  - List of customers failed during Phone, Contract/sales, and Field verification. This list will include name of the customer, customer national ID, product number, and the reason of the failure.
  - List of customers having technical issues found during Phone and Field verification with instruction to address the issues within 2 weeks. This list will include name of the customer, customer national ID, product number, and the type of technical issue.
  - List of customers having inconsistencies found during desk check not resubmitted by the ESCO within a 5-day notice period. This list will include name of the customer, customer national ID, product number, and the type of inconsistencies (such as price mismatch, location mismatch, etc.).

The Verification Report along with the final Results Form will be submitted to UECCC for disbursement. The signed claim verification report is necessary to initiate disbursement and must be documented and archived.

#### **5.4.8 Communication about verification outcome and disbursement**

IVA will report to UECCC about the outcome of the verification. Specifically, IVA will send the Consolidated Results Form (in Excel) and Verification Report to UECCC for approval.

Once the verification is completed, UECCC will communicate in writing to the ESCO a summary table showing claim number, total amount claimed by the company, total amount verified by IVA to be disbursed to the ESCO, amount to be withheld for customers with technical issues, and amount deducted due to failed customers.

If upon completion of the verification process, the aggregated failure rate during desk, phone, and field verification is greater than 10%, UECCC will meet with the ESCO to review the reasons for failure prior to disbursement. If there is suspicion of fraud, further investigation will be made prior to disbursement.

The ESCO will receive the list of inconsistent customers through an official email from UECCC. ESCO will have five (5) working days to submit the missing sales information to UECCC. The ESCO can resubmit the corrected information during the next claim if they are unable to correct the information within five (5) working days.

UECCC will store the claim information in the ESCO File. The ESCO File is used to keep track of the status of each claim as well as other details (e.g., number of claims submitted, number of sales claimed for, number of claims that passed or conditionally passed and that didn't pass).

#### *5.4.9 UECCC: Disbursement*

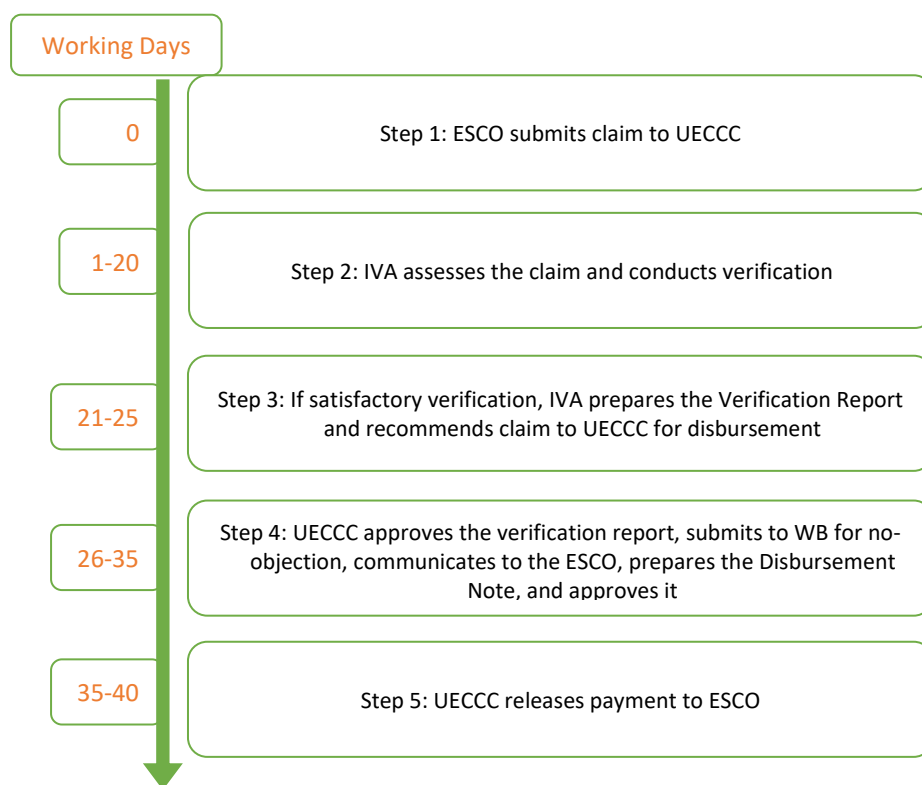
Upon approval of the verification report and subject to "No-Objection" from the World Bank, UECCC will release the disbursement and inform the ESCO.

UECCC shall disburse the subsidy equivalent to the approved claim. The disbursement will be by bank transfer to the bank account of the ESCO. UECCC will release the payment within ten (10) working days after the recommendation received from the IVA.

In summary, the claiming, verification, approval and disbursement will follow the following timeline:



**Figure 2: disbursement flow**



*NB: The timeline does not include the time spent by ESCOs in revising the Claim Form and submitting the information such as Sales Contract/receipt.*

## **6 Environmental and Social Safeguards**

ESCOs shall implement, operate and monitor the project in compliance with the UECCC ESMS. Relevant sections of the ESMS will be included as terms and conditions or covenants in the agreements.

## **7 Refugee and Hosting Districts (RHDs)**

A separate funding allocation has been made to Refugee and Hosting Districts (RHDs) through the World Bank Refugees and Host Community Window. The primary objective of RHD window is to provide dedicated funding to promote integration of refugees into national plans and programs so that no-one is left behind, in line with the objectives of the GCR, CRRF and NDPIII. It also aims to support host communities living adjacent to refugee communities who are impacted by the refugee influx. It is not intended for preferential supports to refugees or host communities, nor to create different processes and structures for RHDs separate to other

districts in Uganda. Any consumer poverty assessments and targeting approaches should be applied equitably across all communities. Additional recommendations for ESCOs to increase sales in RHDs is provided in Annex 5.

Refugee and Host Community Populations per District	Refugee Population	Host Community Population
Adjumani (18 Settlements)	209,260	238,800
Yumbe (Bidibidi)	190,828	736,400
Madi Okollo (Rhino Camp) & Terego (Imvepi)	208,590	454,200
Isingiro (Nakivale & Oruchinga)	183,049	616,700
Kikuube (Kyangwali)	130,677	376,600
Obongi (Palorinya)	122,797	51,300
Kyegegwa (Kyaka II)	119,906	475,600
Kamwenge (Rwamwanja)	91,362	475,600
Lamwo (Palabek)	79,159	146,800
Kiryandongo	64,799	322,300
Koboko (Lobule)	5,973	277,500
<b>Total for all 13 Districts</b>	<b>1,529,803</b>	<b>5,671,600</b>

Refugees are in no way solely dependent on cash and in-kind transfers. They have a range of livelihoods. 57% of refugees have official IDs acceptable by FIs and national authorities with increasing numbers in process by the OPM<sup>2</sup>. There are many differences between the various refugee settlements across Uganda, including differing income and poverty levels, as well as culture and language, socio-economic opportunity, infrastructure and access to basic services.

Refugees are not a single homogenous group and there are many differences between the 46 settlements, including language, culture, education levels, economic opportunity, climate and other factors which need to be considered to successfully and sustainably increase energy access in each of these locations. Additionally, accessibility and infrastructure vary considerably across RHDs, with increased ESCO costs for some locations so that different support levels may be required to serve specific RHDs.

Therefore, the design and implementation of subsidies and incentives should take account of the differences across both refugee and host communities, in addition to the different supply costs between multiple locations.

<sup>2</sup> FSD Africa, 2020. Grit, Skill and Luck. Examining the Financial Lives of Refugees in Uganda. Baseline Survey

ESCOs are encouraged to expand sales to both host and refugee communities in the RHDs. Additional incentives are required for ESCOs expanding sales in refugee settlements to cover additional administrative costs.

While these targeting mechanisms must take account of the different poverty and vulnerability levels between districts, and within districts, they must also recognize the potential for market distortion, perceived unfairness and possible selling-on of products to nearby areas who receive lower subsidies. It is important to fully engage local government, communities and other stakeholders when applying different levels of subsidies within a similar region to ensure fairness, transparency, and social cohesion.

Targeted additional consumer subsidies should not be assigned to RHDs only, nor should they be applied at the same rate to all RHDs. They must take account of the actual poverty, vulnerability or access challenges specific to each community. Additionally, they must also recognize differences between the various communities within a specific district and across neighboring districts.

The support levels to consumers and ESCOs will need to be regularly reviewed (at least every 6 months) and adjusted to ensure appropriate support are in place to achieve targets and develop sustainable markets.

## **8 Monitoring & Evaluation**

To ensure that the objective of the program is met, there will be periodic program monitoring and evaluation reviews. This will be undertaken by UECCC PIU in liaison with the monitoring and evaluation unit.

Monthly, quarterly and annual monitoring and evaluation reports based on set project indicators will be prepared and submitted to the MEMD PCU and the World Bank.

The monitoring and evaluation reports to include review of subsidy and incentive levels and recommend adjustments as required. The review will reflect the feedback from the participating ESCOs, market intelligence, performance and lessons learnt from operations of the program.

UECCC will provide required budget for the monitoring and evaluation activities under the project.

UECCC will ensure that ESCOs will monitor and manage the environmental and social risks and impacts in line with the requirements of the UECCC's Environmental and Social Management System (ESMS).

## **9 Grievance Redress Mechanism**

The Grievances Redress Mechanism (GRM) is effectively addressing grievances from stakeholders impacted by EASP and is a core component of managing operational risks and improving the project's results.

The GRM will be used as a tool for early identification, assessment and prompt resolution of complaints related to the project. Understanding when and how a GRM may improve the project outcomes will help both the PIU and other stakeholders to improve results.

Complaints will be addressed by different stakeholders—customers, private companies, PFIs, financial, technical implementation agencies, various ministries and UECCC. Further details are provided in Part A of the POM – Introduction and Annexes. The fulfillment of their responsibility will be a pre-condition for each stakeholder to participate in the project.

All complaints will be submitted and handled through the Grievance Redress mechanism provided under the UECCC ESMS and will be discussed at the project Grievance Redress Committee (GRC) as provided in the ESMS.

## **10 Audit**

The RBF program will be audited by the UECCC internal audit function and by the Auditor General on behalf of Government of Uganda. Such Audit reports will be submitted to the World Bank in accordance with provisions of the Financing and or Grant Agreements.

**SECTION 1**  
**OFF-GRID SOLAR PRODUCTS (OGS)**  
**RBF**

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## 1. INTRODUCTION TO EASP OGS RBF

This section of the overall EASP POM provides the guidelines for Off-Grid Solar (OGS) Results Based Finance (RBF) grants (performance-based grants), including defining the objectives, processes, eligibility criteria, incentive structures, selection process, disbursements, verification, and monitoring and evaluation.

**Objective & Rationale for RBF financing:** This RBF aims to increase the access to off-grid solar technologies, with particular focus on the poorer sections of the population who currently rely on kerosene, batteries, candles, disposable torches and biomass for lighting.

This RBF is enhanced by additional instruments under EASP which provide supports to Off-Grid Solar companies and Financial institutions through access to credit and technical assistance. This document is the POM that guides the implementation of the RBF for off-grid solar products.

ESCOs may participate in more than one of the RBF programs within EASP. ESCOs may also borrow under the CSF or Direct Lending program and apply for Technical Assistance grants under EASP while participating in one of the RBF programs.

ESCOs who also sell OGS products across all Tiers and price ranges are eligible to apply for credit or technical assistance under the overall EASP program.

## 2. OGS RBF GENERAL CONDITIONS

### 2.1. Duration of the OGS RBF

The EASP OGS RBF runs up to the end of June 2027. Availability of funds is on a first-comes first-served basis until the funds have been fully utilized. The ESCOs must submit the last claim before 31<sup>st</sup> March 2027.

### 2.2. End user pricing

The RBF is primarily expected to cover affordability constraints on part of the consumers with supports to ESCOs to expand business in remote areas.

The ESCO will submit a pricing plan with their application. Sales prices and subsidies to be applied by the ESCO for sales under the EASP RBF will be as set out in the Grant Agreement for each product. ESCOs may only adjust retail prices during the period of the grant agreement subject to prior agreement with UECCC.

The ESCOs are required to report on their pre-subsidy price, their subsidized price, the customer contribution and the means of customer contribution (i.e., cash, PAYGO/credit installment, rental) as part of the regular reporting to UECCC and in the Claim Form.

### **2.3. No subsidy for refurbished systems**

The ESCO reserves the right to repossess the OGS product if the beneficiary household defaults on the remaining payment to the ESCO. As per its repossession policy, the ESCO can repossess the system, refurbish and install it to another customer. However, refurbished systems are not eligible for support under this RBF and consumers do not receive a subsidy.

### **2.4. Repossession**

The ESCO will have the right to repossess the OGS product subject to the conditions stipulated on the Sales Contract signed between the ESCO and its customer. The ESCO should report to UECCC the list of repossessed products together with the Claim Form. The list must include the name of the customer, national ID, the customer's phone number, date of the sale/installation, serial number of the product, date when the product was repossessed, and the reason for repossession. A separate tab for repossessed products will be created in the Claim Form spreadsheet which can be downloaded from the UECCC website. The ESCO should provide the entire updated list of repossessed customers in every Claim Form submitted to UECCC.

The IVA will verify whether the subsidy has been released to the repossessed customers. If the repossessed customers have received subsidy from the previous claim, the equivalent subsidy amount will be deducted from the current claim. These repossessed customers will be marked as ineligible for the payment of remaining subsidy. The repossessed customers will be marked as permanently ineligible for another subsidized OGS product.

There is a separate grievance redress mechanism in place to handle product performance issues. Customers can raise these issues directly with the ESCO or through the UECCC complaints mechanism in the event of no response from the ESCO to ensure the issue is addressed.

### **2.5. Grant Allocation per ESCO**

ESCOs must specify in their proposal the projected utilization of the RBF funds. UECCC will appraise this amount to set the grant allocation. For each ESCO accepted into the program, UECCC will confirm the approved allocation amount.

This amount can be increased or decreased based on performance and lessons learnt during implementation.

This review of allocation amount will be ongoing and ESCOs are encouraged to apply for additional allocations prior to the full utilization of the agreed grants. This will avoid the financing gap and ensure smooth continuity of the sale of products by the ESCO.



## 2.6. Implementation tools and platforms

The UECCC will use several tools and platforms to carry out the RBF program, as detailed below. Some additional tools may be developed during implementation to improve program performance.

### 2.9.1. Manual Applications, claims and reporting forms

The ESCO and UECCC will use manually completed forms until digital platforms are developed, tested and operational. These forms are included in the annexes of this document.

### 2.9.2. ESCO PAYGO platform

The eligible ESCO will record payment transactions, including on their PAYGO platform if applicable, and share these payment records with UECCC through the Claim Form. These payment records will be used during the verification process and for disbursement conditions.

### 2.9.3. Digital automation platform/Management Information System

UECCC will develop or procure a data aggregation platform that will automate the steps and processes under the RBF program. The platform will allow UECCC to keep track of RBF commitments, disbursements made per ESCO, per product type, by location, and across the program. This will also enable UECCC to monitor the progress of the RBF program and the sector at large. A dashboard to provide ESCO-specific as well as program-wide trends will be included. The platform will be able to confirm the customer sales data reported by the ESCO, enable comparisons with independent verification reports by IVA etc.

### 2.9.4. Mobile Money Platforms

Many ESCOs will accept payments from customers using mobile money platforms offered by mobile network operators. These platforms give ESCOs a digital record of all payments by customers, including the time, the amount, and the phone number of the payment sender.

### 2.9.5. Templates

The following templates will be used throughout the program:

**Table 2: Templates to be used for Implementation**

Tool	Description	Purpose
EASP OGS RBF announcement	Informs the sector about the new program (or significant changes to the program), participation criteria and application procedures	External communication to public stakeholders
RFP (technical and financial) (Annex 1)	To be submitted by interested ESCOs to UECCC	Appraisal and selection by UECCC
RBF Grant Agreement (Annex 2)	Signed by UECCC and ESCO to formalize participation in the program	Contract
Claim Form (Annex 3)	Contains basic information required for initiating the claiming and disbursement process	Data collection, verification, disbursement
ESCO File	Contains information on the participating ESCO, communication with the ESCO and claiming activities	Internal processing, coordination & documentation
RBF Customer Database	Contains the list of all customers	
Field Verification Customer List	Contains sample for field verification	Internal processing, coordination & documentation
Field Verification Questionnaire	Guides the field verification interview and used to document respondents answers	Data collection
Field Verification Report	Summarises consolidated results of the field verification	Internal processing, coordination & documentation
Phone Verification Customer List	Contains sample for phone verification	Internal processing, coordination & documentation
Phone Verification Questionnaire	Guides the phone verification interview and used to document respondents answers	Data collection
Phone Verification Report	Summarises consolidated results of the phone verification	Internal processing, coordination & documentation
Verification Results Report (based on field and phone verification)	Contains information on RBF qualifying customers and repossessed customers for claims payment as well as verification results.	Internal processing, coordination & documentation
Quarterly Performance report	Provides information on RBF results including indicators in line with EASP to be submitted to MEMD PCU and World Bank.	Program and ESCO evaluation

### 3. ELIGIBILITY CRITERIA FOR ESCOs UNDER THE OGS RBF

ESCOs are defined as private institutions, either a business or an NGO, that undertake the following activities: 1) identifying customers, 2) selling and or installing the SHS to the customer, 3) Providing training / product awareness, 4) offering product warranty and after-sales service / customer care and, 5) providing credit to the customer, if applicable.

All ESCO business models are eligible, including cash sales, through a loan from a bank or micro-finance institution, as an integrated PAYGO model, as a pure Product Purchase Agreement (PPA), rental or some other variant of these basic models. Participating ESCOs will be responsible for identifying and contacting customers as well as providing and maintaining the products.

Participation shall be open to all interested ESCOs that must initially meet, and continue to meet the following criteria:

- **Licensed with adequate ownership structure:** ESCOs should have a valid domestic company registration and should be duly licensed with a tax identification number. The ESCO must be in full compliance with relevant national regulations pertaining to tax, legal and accounting norms. The owners and managers of the enterprise must be 'fit and proper'.
- **Adequate funding:** ESCOs should have a defined funding strategy with no obvious gaps or constraints on additional funding.
- **Hold a valid bank account** with a BOU recognized financial institution legally registered for operations in Uganda
- **Audit:** Be able to provide an external independent audit report of the last two financial years
- **Satisfactory end-user pricing scheme:** ESCOs must demonstrate that the end-user will directly and fully benefit from the RBF consumer subsidy.
- **Quality of operations:** ESCOs should have a sound business with proven resources to efficiently carry out operations at the functional level, including organization, management, staff, local agents, financial and others. ESCOs should ensure that they have the trained agents/staff for the sales and installation of quality products. ESCOs should provide regular training to the agents/staff for quality installation and better after-sales service. UECCC will assess the adequacy of regular training through an annual appraisal of the ESCO.
- **Quality products:** ESCOs should provide OGS products that meet the eligibility criteria for products outlined in 4.0 below.
- **Warranty and after-sales service:** Proof of a satisfactory consumer protection plan, including warranties within a stipulated period. ESCOs must have an established and active after-sales service capability. ESCOs should provide the list of agents/staff working in different districts to ensure an adequate staff/agent-base for sales and

timely after-sales-service. ESCOs must have preventive maintenance plan clearly showing the plan for regular maintenance and after-sales-service of the sold OGS products.

- **Adequate accounting systems and management information and well-organized IT support:** Those ESCOs who are involved in delayed payment (such as PAYGO) services should have good accounting, bookkeeping, management and adequate system software support. This criterion is also mandatory for the ESCOs who are involved in cash sales.
- **Past Experience:** Have demonstrable operations that include sales of OGS products for at least two years locally or internationally.
- **Recycling:** in line with UECCC's ESMS, ESCOs will submit a duly signed declaration and an ESMP as commitment that the ESCO will be responsible for collection, storage and safe disposal of residual waste (batteries, lamps, and related waste) after the useful life of the accessories in consultation with the National Environment Management Authority (NEMA). ESCOs must also comply with the recommendations for e-waste in the ESMS.
- **Gender quotas:** ESCOs should have at least 10% of the workforce employed, represented by women and be able to demonstrate that they apply the principle of 'equal pay for equal work' for the same level job position. The ESCO should submit a declaration letter declaring that there is no pay gap between male and female workers for the same level job position.
- **Compliance with E&S requirements:** In accordance with the UECCC ESMS, ESCOs must confirm compliance with applicable E&S standards. In line with sections 1.3.3 and 1.3.4 of UECCC's ESMS, ESCOs will provide Environment Social Management Plan (ESMP) for likely E&S risks associated with intended business operations. (to be part of the RFP document).
- **Organizational Code of Conduct:** demonstrating provisions for corruption and fraud.
- **Pass a due-diligence inspection** to ensure product authenticity and company operations.
- **Rural Operation:** The ESCO has rural presence or plans to establish outlets or agents in rural areas.
- **Capacity:** ESCOs must be capable of implementing the proposed business plan in the chosen market.
- **Default Rates :** ESCOs must maintain a PAYGO customer default rate of less than 45% throughout participation in the RBF.
- **Data System:** Maintain a system to provide data required for project implementation and monitoring.
- **Company Code:** Abide by a satisfactory competitive code of norms for dealing with customers, employees, and other companies, including but not limited to providing customers with complete and correct information about products, services and prices. This will form part of the RBF Grant Agreement.

- **Blacklisted:** ESCO /Dealers which are debarred/blacklisted by Multilateral/Donor funding agencies and or Government of Uganda will not be considered for participation.

Participating ESCOs will enter into RBF Grant Agreement with UECCC based on the template provided under Annex 3 of this POM, and which outlines the rights and obligations of both parties under the program. This agreement will also include a Customer Service Code of Conduct that will detail the standards that ESCOs are expected to adhere to.

Once accepted into the program, ESCOs will be expected to meet the eligibility criteria at all times. ESCO will be monitored continuously and will be reviewed annually on a case-by-case basis.

#### 4. ELIGIBILITY CRITERIA FOR OGS PRODUCTS

The OGS RBF is applicable to any off-grid solar product which meets the following minimum criteria:

- Must provide evidence that system delivers a minimum of [ESMAP MTF](#) criteria (Tier 1, 2 or 3) for the relevant product Category A or B. (Attach proving documents)
- Proof that product has a valid certificate (All checks with “PASS” or “complies”) from the Uganda Bureau of Standards ([UNBS](#)) for plug & play solar kits and component based solar systems.

#### 5. CONSUMER SUBSIDY AND ESCO INCENTIVES

##### 5.1. Consumer Subsidy Levels

The table below shows the subsidy levels for each of the eligible product categories. These apply nationally to all households in all areas of Uganda. The consumer subsidy is calculated as a percentage of the retail price (stated in the application form), up to a maximum subsidy cap amount.

**Table 3: Consumer Price Subsidy Rates (% of Retail Price) per Product Category**

Product Category	Technology (All Products are at least Tier 1)	Subsidy Rate	Subsidy Cap (UGX)

A.	Solar Lamp with phone charging, providing minimum of 1,000 lumen hours per day and minimum 4 hours light	60%	100,000
B.	Solar Home System providing capacity to charge phones, with minimum 2 separately switched lights AND minimum of 1,000 lumen-hours per day with minimum 4 hours light	50%	275,000

The consumer subsidy is applied for all customers in all communities in Uganda equally. The customer pays the balance of the cost, either in cash and/or through a credit/PAYGO mechanism, depending on the terms of the customer's preferred ESCO. Connection/installation fees that may be charged by some ESCOs to customers are considered part of the customer contribution. The same household can access only one product from each of the product categories within any 2-year period.

Throughout the implementation of the RBF, the UECCC in consultation with the GoU, the World Bank and ESCOs, will regularly review the subsidy levels to reflect program performance, market changes (such as rate of inflation, foreign currency fluctuation, overall cost of living, etc.), to improve sales to specific communities and to ensure sustainability of the program. The value of the subsidy paid per system may thus reduce or increase over the life of the program, to a nominal level during the final period of the program. All increased or decreased subsidy levels will apply only after the written public confirmation of updated rates by UECCC and will not be back-dated.

## 5.2. ESCO Incentives for Remote and Underserved Communities

To encourage ESCOs to better serve remote and underserved rural communities across Uganda, including RHDs, an additional incentive is applied according to the table below. These categories are based upon the lower levels of infrastructure and market entry barriers in these regions. With the exception of Kampala, every Region in Uganda receives an ESCO incentive established according to the market entry barrier in each region. For example, it is more challenging for ESCOs to supply to Karamoja, Moyo and Obongi than doing business in the central and western regions particularly due to the difference in road quality, especially in the rainy season. For sales in Refugee Settlements, an additional incentive of UGX 5,000 shall be applied per product sold, as per the table below, to cover increased costs.

**Table 4: Table of ESCO Incentives Per OGS Product Per Region**  
(same incentives for all product categories)

Region	ESCO Incentive Amount (UGX)	ESCO Incentive Amount (UGX)
--------	-----------------------------	-----------------------------

		for Refugee Settlements
Kampala	No Incentive	No Incentive
Central	5,000	10,000
Eastern, Northern, Western	11,000	16,000
Karamoja and Islands	15,000	N/A

Following learnings from the regular evaluations of the RBF program, and through dialogue with key stakeholders, alternative and/or additional ESCO incentives levels may be applied in place of those shown above to effectively target the remote and underserved communities. This can include additional supports required to target specific communities such as on island, in refugee settlements etc., where ESCOs can demonstrate that additional supports are required to expand operations into these communities and that these communities would not be served by the RBF program otherwise.

### 5.3. Disbursement schedule

The consumer subsidy will be paid 100% upon verification by the IVA while ESCO incentives will be paid in two installments, in case of either cash or PAYGO/credit sales, as per the table below.

**Table 5: Subsidy and incentive disbursement schedule**

Disbursement	Condition	Payments
<b>Consumer Subsidy</b>		
One installment	Upon sale and verification by UECCC	100%
<b>ESCO incentives</b>		
1 <sup>st</sup> Installment	Upon sale and verification by UECCC	50%
2 <sup>nd</sup> Installment	After 1 year based on evidence of continuous ESCO operation in a specified region	50%

For example, if a Category B product is sold in Karamoja with retail prices of UGX 300,000, the household will get a price subsidy of UGX 150,000 so that the customer contribution is 150,000UGX. 100% of this consumer subsidy (150,000) will be paid by UECCC upon installation and verification. The ESCO incentive for sales in Karamoja would be 15,000, with 7,500 paid upon installation and verification, and the balance of 7,500 paid after 1 year, once the ESCO remains operational in that region 12 months after the product sale. An ESCO will be considered operational if they can demonstrate that they continue to make sales and provide after sales service in the specified region (see also 5.4.6 in RBF Procedures for ESCOs above)

#### 5.4. Claim submissions

To bundle administrative work for both the ESCO and the UECCC, the claim submission schedule is as follows:

- Each ESCO can submit claims at any time subject to a minimum number of sales of 500 products. A maximum of one sales claim can be made each calendar month.
- Claims must be made within 3 months of the date of sale and the UECCC reserves the right to accept claims when the sales volume is lower than 500 products.
- ESCOs must submit a signed hardcopy of each Claim Form Summary Table to UECCC, in addition to submitting the excel claim document and claim form by email or via the MIS

The ESCO must use the Claim Form Template to submit each claim. This template is available in Excel format on UECCC website and instructions are contained in the template. This claim form may be updated by UECCC and integrated into the MIS during implementation. ESCOs should also use the Claim Form to report the payment data of each customer.

Any customers that do not pass the desk, phone, contract and/or field verification, but that have a chance to be corrected (customers with technical issues), must be corrected within 2 weeks and will be processed during a next claim submission. The Claim Form will have a separate tab for the customers with technical issues highlighted in the previous claim and will provide supporting evidence that the technical issues have now been resolved. The subsidy will not be paid for the customers with pending technical issues until their issues are addressed amicably by the project level GRC. The outcome of the verification of the technical issues list will be provided in the Results Form and shared with the UECCC.



## **SECTION 2**

### **Clean Cooking Solutions (CCS)**

**RBF**

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## 1 INTRODUCTION TO EASP CCS RBF

This section of the overall EASP POM provides the guidelines for Clean Cooking Solutions (CCS) Results Based Finance (RBF) grants (performance-based grants), including defining the

objectives, processes, eligibility criteria, incentive structures, selection process, disbursements, verification, and monitoring and evaluation.

**Objective & Rationale for RBF financing:** This RBF aims to increase the access to Clean Cooking Solutions technologies, with particular focus on the poorer sections of the population who currently rely mainly on low quality traditional cookstoves fueled by fuelwood and charcoal.

This RBF is enhanced by additional instruments under EASP which provide supports to Clean Cooking Solutions companies and Financial institutions through access to credit and technical assistance. This document is the Project Operations Manual (POM) that guides the implementation of the RBF for Clean Cooking Solutions.

ESCOs may participate in more than one of the RBF programs within EASP. ESCOs may also borrow under the CSF program and apply for Technical Assistance grants under EASP while participating in one of the RBF programs.

ESCOs who sell CCS that meet the stated technical eligibility are eligible to apply for credit or technical assistance under the overall EASP program.

## 2 CCS RBF GENERAL CONDITIONS

### 2.1 Duration of the CCS RBF

The EASP CCS RBF runs up to the end of June 2027. Availability of funds is on a first-comes first-served basis until the funds have been fully utilized. The ESCO must submit the last claim before 31<sup>st</sup> March 2027.

### 2.2 End user pricing

The RBF is primarily expected to cover affordability constraints on part of the consumers with supports to ESCOs to expand business in remote areas.

The ESCO will submit a pricing plan with their application. Sales prices and subsidies to be applied by the ESCO for sales under the EASP RBF will be as set out in the Grant Agreement for each product. ESCOs may only adjust retail prices during the period of the Grant Agreement subject to prior agreement with UECCC.

The ESCOs are required to report on their pre-subsidy price, their subsidized price, the customer contribution and the means of customer contribution (i.e. cash, PAYGO/credit installment, rental) as part of the regular reporting to UECCC and in the Claim Form.

### **2.3 No subsidy for refurbished systems**

The ESCOs reserve the right to repossess the CCS product if the beneficiary household defaults on the remaining payment to the ESCO. As per its repossession policy, the ESCO can repossess the system, refurbish and sell it to another customer. However, refurbished systems are not eligible for support under this RBF and consumers do not receive a subsidy.

### **2.4 Repossession**

The ESCO will have the right to repossess the CCS product subject to the conditions stipulated on the Sales Contract signed between ESCO and its customer. The ESCO should report to UECCC the list of repossessed customers together with the Claim Form. The list must include the name of the customer, national ID, the customer's phone number, date of the sale/installation, serial number of the product, date when the product was repossessed, and the reason for repossession. A separate tab for repossessed customers will be created in the Claim Form spreadsheet which can be downloaded from the UECCC website. The ESCO should provide the entire updated list of repossessed customers in every Claim Form submitted to UECCC.

The IVA will verify whether the subsidy has been released to the repossessed customers. If the repossessed customers have received subsidy from the previous claim, the equivalent subsidy amount will be deducted from the current claim. These repossessed customers will be marked as ineligible for the payment of remaining subsidy. The repossessed customers will be marked as permanently ineligible for another subsidized CCS product.

There is a separate grievance redress mechanism in place to handle product performance issues. Customers can raise these issues directly with the ESCO or through the UECCC complaints mechanism to ensure the issue is addressed. Subsidy levels at the time of sales registration will be honored until the completion of the subsidy payment even if the subsidy levels for new customers changes over time.

### **2.5 Grant Allocation per ESCO**

ESCOs must specify in their proposal the projected utilization of the RBF funds. UECCC will appraise this amount to set the Grant Allocation. For each ESCO accepted into the program, UECCC will confirm the approved allocation amount.

This amount can be increased or decreased based on performance and lessons learnt during implementation.

This review of allocation amount will be ongoing and ESCOs are encouraged to apply for additional allocations prior to the full utilization of the agreed grants. This will avoid the financing gap and ensure smooth continuity of the sale of products by the ESCO.

## 2.6 CCS RBF Technical Committee

A Technical Review Committee of 5-7 members represented by relevant experts and stakeholders will be formed to review product eligibility and applicable standards. This is required for systematic, expert and transparent assessment of products for the CCS RBF.

This committee shall comprise representatives from the following organisations:

- UECCC (EASP Project Manager and Clean Cooking Program Manager)
- MEMD (Clean Cooking Department)
- UNBS (Technical Officer)
- Expert Consultants (as and when required)

The technical committee will carry out a technical evaluation of the product eligibility for each product in every ESCO application, subject to the eligibility criteria listed below (unless this product has already been assessed and passed by the technical committee). It shall be ensured that this committee comprises individuals with adequate expertise and experience of the relevant products, standards, testing methods and certifications for each of the product types being assessed.

The technical committee shall provide a brief product evaluation report to the UECCC PIU, providing the outcome of the evaluation (pass/Fail) and evidence for their conclusions. They shall also provide any recommendations to the PIU and any queries to the ESCO about the product submission will be directly made by UECCC PIU, not by the committee.

The technical committee shall not evaluate any other details of the ESCO application, only the product technical eligibility.

In addition to regular meetings to evaluate technical eligibility of CCS submitted in ESCO proposals, they will also meet to discuss other technical issues which may arise through customer complaints or ESCO feedback. They will present their recommendations on amendments to standards or eligibility criteria to the UECCC PIU.

## 2.7 Implementation tools and platforms

The UECCC will use several tools and platforms to carry out the RBF program, as detailed below. Some additional tools may be developed during implementation to improve program performance.

### 2.7.1 Manual Applications, claims and reporting forms

The ESCO and UECCC will use manually completed forms until digital platforms are developed, tested and operational. These forms are included in the annexes of this document.

### 2.7.2 SP PAYGO platform

The eligible ESCOs will record payment transactions, including on their PAYGO platform if applicable, and share these payment records with UECCC through the Claim Form. These payment records will be used during the verification process and for disbursement conditions.

### 2.7.3 Digital automation platform / Management Information System

UECCC will develop or procure a data aggregation platform that will automate the steps and processes under the RBF program. The platform will allow UECCC to keep track of RBF commitments, disbursements made, per ESCO, per product type and across the program. This will also enable UECCC to monitor progress of the RBF program and the sector at large. A dashboard to provide ESCO-specific as well as program wide trends will be included. The platform will be able to confirm the customer sales data reported by the ESCOs, enable comparisons with independent verification reports by IVA etc.

### 2.7.4 Mobile Money Platforms

Many ESCOs will accept payments from customers using mobile money platforms offered by mobile network operators. These platforms give ESCOs a digital record of all payments by customers, including the time, the amount, and the phone number of the payment sender.

The following templates will be used throughout the program:

**Table 6: Templates to be used for implementation**

Tool	Description	Purpose
EASP CCS RBF announcement	Informs the sector about the new program (or significant changes to the program), participation criteria and application procedures	External public communication to stakeholders
RFP (technical and financial) (Annex 1)	To be submitted by interested ESCOs to UECCC	Appraisal and selection by UECCC
RBF Grant Agreement (Annex 2)	Signed by UECCC and ESCO to formalize participation in the program	Contract
Claim Form (Annex 3)	Contains basic information required for initiating the claiming and disbursement process	Data collection, verification, disbursement
ESCO File	Contains information on the participating ESCO, communication with the ESCO and claiming activities	Internal processing, coordination & documentation
RBF Customer Database	Contains the list of all customers	
Field Verification Customer List	Contains sample for field verification	Internal processing, coordination & documentation

Field Verification Questionnaire	Guides the field verification interview and used to document respondents' answers	Data collection
Field Verification Report	Summarises consolidated results of the field verification	Internal processing, coordination & documentation
Phone Verification Customer List	Contains sample for phone verification	Internal processing, coordination & documentation
Phone Verification Questionnaire	Guides the phone verification interview and used to document respondents answers	Data collection
Phone Verification Report	Summarises consolidated results of the phone verification	Internal processing, coordination & documentation
Verification Results Report (based on field and phone verification)	Contains information on RBF qualifying customers and repossessed customers for claims payment as well as verification results.	Internal processing, coordination & documentation
Quarterly Performance report	Provides information on RBF results including indicators in line with EASP to be submitted to MEMD PCU and World Bank.	Program and ESCO evaluation

### 3 ELIGIBILITY CRITERIA FOR ESCOs UNDER THE CCS RBF

ESCOs are defined as private institutions, either a business or an NGO, that undertake the following activities: 1) identifying customers, 2) selling and or installing the product to the customer, 3) Providing training / product awareness, 4) offering product warranty and after-sales service / customer care and, 5) providing credit to the customer, if applicable.

All ESCO business models are eligible, including cash sales, through a loan from a bank or micro-finance institution, as an integrated PAYGO model, as a pure PPA, rental or some other variant of these basic models. Participating ESCOs will be responsible for identifying and contacting customers as well as providing and maintaining the products.

Participation shall be open to all interested ESCOs that must initially meet, and continue to meet the following criteria:

- **Licensed with adequate ownership structure:** ESCOs should have a valid domestic company registration and should be duly licensed with a tax identification number. The ESCO must be in full compliance with relevant national regulations pertaining to

tax, legal and accounting norms. The owners and managers of the enterprise must be 'fit and proper'.

- **Adequate funding:** ESCOs should have a defined funding strategy with no obvious gaps or constraints on additional funding.
- **Hold a valid bank account** with a BOU recognized financial institution legally registered for operations in Uganda
- **Audit:** Be able to provide an external independent audit report of the last two financial years
- **Satisfactory end-user pricing scheme:** ESCOs must demonstrate that the end-user will directly and fully benefit from the RBF subsidy and that the ESCO incentives to the ESCO will be used for approved business purposes.
- **Quality of operations:** ESCOs should have a sound business with proven resources to efficiently carry out operations at the functional level, including organization, management, staff, local agents, financial and others. ESCOs should ensure that they have the trained agents/staff for the sales and installation of quality products. ESCOs should provide regular training to the agents/staff for quality installation and better after-sales-service. UECCC will assess the adequacy of regular training through an annual appraisal of the ESCO.
- **Quality products:** ESCOs should provide CCS products that meet the eligibility criteria for products outlined in 4.0 below.
- **Warranty and after-sales service:** Proof of a satisfactory consumer protection plan, including warranties within a stipulated period. ESCOs must have an established and active after-sales service capability. ESCOs should provide the list of agents/staff working in different districts to ensure an adequate staff/agent-base for sales and timely after-sales-service. ESCOs must have preventive maintenance plan clearly showing the plan for regular maintenance and after-sales-service of the sold CCS products.
- **Adequate accounting systems and management information and well-organized IT support:** Those ESCOs who are involved in delayed payment (such as PAYGO) services should have good accounting, bookkeeping, management and adequate system software support. This criterion is also mandatory for the ESCOs who are involved in cash sales.
- **Past Experience:** Have demonstrable operations that include sales of CCS products for at least two years locally or internationally.
- **Gender quotas:** ESCOs should have at least 10% of the workforce employed, represented by women and be able to demonstrate that they apply the principle of 'equal pay for equal work' for the same level job position. The ESCO should submit a declaration letter declaring that there is no pay gap between male and female workers for the same level job position.
- **Compliance with E&S requirements:** In accordance with the UECCC ESMS, ESCOs must confirm compliance with applicable E&S standards. In line with section 1.3.3 and 1.3.4



of UECCC's ESMS, ESCOs will provide Environment Social Management Plan (ESMPS) for likely E&S risks associated with intended business operations.  
(to be part of the RFP document).

- **Organizational Code of Conduct:** demonstrating provisions for corruption and fraud.
- **Pass a due-diligence inspection** to ensure product authenticity and ESCO operations.
- **Rural Operation:** The ESCO has rural presence or plans to establish outlets or agents in rural areas.
- **Capacity:** ESCOs must be capable of implementing the proposed business plan in the chosen market.
- **Default Rates:** ESCOs must maintain a PAYGO customer default rate of less than 45% throughout participation in the RBF
  
- **Data System:** Maintain a system to provide data required for project implementation and monitoring.
- **Company Code:** Abide by a satisfactory competitive code of norms for dealing with customers, employees, and other ESCOs, including but not limited to providing customers with complete and correct information about products, services and prices. This will form part of the RBF Grant Agreement.
- **Blacklisted:** ESCO /Dealers which are debarred/blacklisted by Multilateral/Donor funding agencies and or Government of Uganda will not be considered for participation.

Participating ESCOs will enter into RBF Grant Agreement with UECCC based on the template provided under Annex 3 of this Operations Manual, and which outlines the rights and obligations of both parties under the program. This agreement will also include a Customer Service Code of Conduct that will detail the standards that ESCOs are expected to adhere to.

Once accepted into the program, ESCOs will be expected to meet the eligibility criteria at all times. ESCO will be monitored continuously and will be reviewed annually on a case-by-case basis.

## 4 ELIGIBILITY CRITERIA FOR CLEAN COOKING SOLUTIONS

The CCS RBF is applicable to any Clean Cooking Solution which meets the following minimum criteria:

### A. Household Biomass Cookstove requirements

S. N	Cookstove Type	Efficiency in %, min.	Emission Factor, max.		Safety, % min.	Durability, %, min.
			PM <sub>2.5</sub> , mg/MJ	CO, g/MJ		
1.	Household biomass cookstove (carbonized biomass fuel)	38	100	7.2	78	79
2.	Household biomass cookstove (uncarbonized biomass fuel)	25	218	7.2	78	79
3.	Modern Household biomass cookstove (processed biomass fuel such as pellets)	40	100	4.4	94	93

#### Notes:

- i. Household biomass cookstoves to be tested as per *US ISO 19867-1 - Clean cookstoves and clean cooking solutions — Harmonized laboratory test protocols — Part 1: Standard test sequence for emissions and performance, safety and durability*. ESCOs will need to get their products tested in one of the testing centers recognized by UNBS. These testing centers can be in Uganda or in other countries. Submission requirements for testing, test methods and subsequent certification will be as per the prevailing system of UNBS.

- ii. *As an interim provision, following performance targets will be accepted only for the first year of EASP's implementation. This should be understood as a grace period for ESCOs to level up. In this interim period, if needed, EASP can provide trainings and technical backstopping to ESCOs to design and produce more efficient and cleaner cookstoves.*

S. N	Cookstove Type	Efficiency in %, min.	PM <sub>2.5</sub> , mg/MJ max.	CO, g/MJ max.	Safety, % min.	Durability, %, min.
1.	Household biomass cookstove (carbonized biomass fuel) – Interim models	35	100	11.5	78	79
2.	Household biomass cookstove (uncarbonized biomass fuel) – Interim models	25	386	11.5	78	79

- B. Household Biogas** – should comply with **US 1642:2016** Domestic biogas stoves' specification
- C. LPG** – should comply with **US 971:2019** – LPG Specification
- D. Ethanol** - should comply with **US 1685:2017** – Standard specification for Denatured Ethanol for use as cooking and appliance fuel. For Ethanol Cookstoves, South African Standard SANS 666 will apply. Key performance targets for Ethanol Cookstoves are:
- The handle touch temperature should be as per ISO
  - The CO/(CO+CO<sub>2</sub>) ratio should be under 2%
  - Should pass Conflagration (fuel containment) test
- E. Electric cooking devices – Induction cookstoves and EPCs**
- Efficiency at least 80% following the testing protocol US ISO 19867-1

- b. Safety evaluation as per **IEC 60335-2-6** (Household and similar appliances – Safety – Part 2-6: Particular requirement for cooking ranges, hobs, ovens and similar appliances)

All CCS products will be evaluated by the Technical Committee on a case-by-case basis and must be approved prior to signing a Grant Agreement.

## 5 CONSUMER SUBSIDY AND ESCO INCENTIVES

### 5.1 Consumer Subsidy Levels

The table below shows the subsidy levels for each of the eligible product categories. These apply nationally to all households in all areas of Uganda. The consumer subsidy is calculated as a percentage of the retail price (stated in the application form), up to a maximum subsidy cap amount.

**Table 7: Consumer Price Subsidy Rates (% of Retail Price) per Product Category**

Clean Cooking Solution (CCS)	Subsidy Rates	Subsidy Cap (UGX)
Category A. Household Biomass Cookstove		
i. Household biomass cookstove (carbonized biomass fuel)	50%	30,000
ii. Household biomass cookstove (Uncarbonized biomass fuel)	50%	40,000
iii. Modern Household biomass cookstove (processed biomass fuel such as pellets and woodchips)	50%	72,500
Category B. Household Biogas	30%	870,000
Category C. LPG package	40%	130,000
Category D. Ethanol cookstoves	40%	120,000
Category E. Electric Cooking devices		
i. Induction/Infrared Cookers	50%	140,000
ii. Electric Pressure Cookers	50%	150,000
Category F. Solar cooker with PV and battery	30%	600,000

The consumer subsidy is applied for all customers in all communities in Uganda equally. The customer pays the balance of the cost, either in cash and/or through a credit/PAYGO mechanism, depending on the terms of the customer's preferred ESCO. The customer contribution is fundamental to creating ownership, empowering beneficiaries, promoting sustainability and motivating ESCOs to provide after-sales service.

Over any 2-year period, one household will be eligible to get the consumer price subsidy for two products only: one household biomass cookstove (Category A) and another one from higher tier cookstoves (Categories B-F) such as LPG, ethanol, biogas or electric cooking solutions.

Throughout the implementation of the RBF, the UECCC in consultation with the GoU, the World Bank and ESCOs, will regularly review the subsidy levels to reflect program performance, market changes (such as rate of inflation, foreign currency fluctuation, overall cost of living, etc.), to improve sales to specific communities and to ensure sustainability of the program. The review of market conditions shall take place annually or on an as-needed basis. The value of the subsidy paid per system may thus reduce or increase over the life of the program, to a nominal level during the final period of the program. All increased or decreased subsidy levels will apply only after the written public confirmation of updated rates by UECCC and will not be back-dated.

## **5.2 ESCO Incentives for Remote and Underserved Communities**

To encourage Clean Cooking Solutions ESCOs to better serve remote and underserved rural communities across Uganda, including RHDs, an additional incentive is applied according to the table below for each product category. With the exception of Kampala, every Region in Uganda receives an ESCO incentive established according to the market entry barrier in each region. These categories of regions are based upon the lower levels of infrastructure, supply chain situation in these remote regions, and also reflect the increased rate of poverty incidence in these regions. For example, it is more challenging for ESCOs to supply to Karamoja, Moyo and Obongi than doing business in Isingiro, Mbarara or Kyegegwa particularly due to the difference in road quality, especially in the rainy season. For sales in Refugee Settlements, an additional incentive of UGX 5,000 shall be applied per product sold, as per the table below, to cover increased costs.

**Table 8A: Table of ESCO Incentives Per Product Per Region****– Biomass Stoves (Firewood, Charcoal, Briquettes, Pellets)**

Region	ESCO Incentive Amount (UGX)	ESCO Incentive Amount (UGX) for Refugee Settlements
Kampala	No Incentive	No Incentive
Central	5,000	10,000
Eastern, Northern, Western	8,000	13,000
Karamoja and Islands	12,000	N/A

**Table 2B: Table of ESCO Incentives Per Product Per Region – Non-Biomass Stoves****- Non-biomass stoves (Electric cookers, LPG, Ethanol, Biogas)**

Region	ESCO Incentive Amount (UGX)	ESCO Incentive Amount (UGX) for Refugee Settlements
Kampala	No Incentive	No Incentive
Central	14,000	19,000
Eastern, Northern, Western	24,000	29,000
Karamoja and Islands	29,000	N/A

Following learnings from the regular evaluations of the RBF program, and through dialogue with key stakeholders, alternative and/or additional ESCO incentives levels may be applied to effectively target the remote and underserved communities. This can include additional supports required to target specific communities such as on island, in refugee settlements etc., where it can be demonstrated that ESCOs require additional supports to expand operations into these communities and that these communities would not be served by the RBF program otherwise.

**5.3 Disbursement schedule**

The subsidy and incentives will be paid in two installments, in case of either cash or PAYGO/credit sales, as per the table below.

**Table 9: Subsidy and incentive disbursement schedule**

Disbursement	Condition	Payments
<b>Consumer Subsidy</b>		
One installment	Upon sale/installation and verification by UECCC	100%
<b>ESCO incentives</b>		
1 <sup>st</sup> Installment	Upon sale/installation and verification by UECCC	50%
2 <sup>nd</sup> Installment	After 1 year based on evidence of continuous operation in a specified region	50%

For example, if a Category-A CCS such as Household Biomass Cookstove (carbonized biomass fuel) is sold in Karamoja with a retail price of UGX 65,000, the Consumer will get a flat price subsidy of UGX 30,000, which will be paid in full by UECCC to the ESCO upon sales verification. Incentives for ESCOs for the same CCS will be released in two parts: 50% (UGX 6,000) upon sales verification by UECCC and remaining 50% (UGX 6,000) after one year of adequate customer service (including orienting users on the proper use of CCS). An ESCO will be considered operational if they can demonstrate that they continue to make sales and provide after sales service in the specified region (see also 5.4.6 in RBF Procedures for ESCOs above)

Adequate customer/after sales service is defined as a CCS product that is well functioning without any technical issues. This will include local orientation programs to educate users (main cooks from the families) on proper use and maintenance of CCS.

#### 5.4 Claim Submissions

To bundle administrative work for both the ESCO and the UECCC, the claim submission schedule is as follows:

- Each ESCO can submit claims at any time subject to a minimum number of sales of 200 products. A maximum of one sales claims can be made each calendar month.
- Claims must be made within 3 months of the date of sale, and the UECCC reserves the right to accept claims when the sales volume even if the sales volume is lower than 200.
- ESCOs must submit a signed hardcopy of each Claim Form Summary Table to UECCC, in addition to submitting the excel claim document and claim form by email or via the MIS

The ESCO must use the Claim Form Template to submit each claim. This template is available in Excel format on UECCC website and instructions are contained in the template. This claim form may be updated by UECCC and integrated into the MIS during implementation. ESCOs should also use the Claim Form to report the payment data of each customer.

In case some customers under the Claim Form did not pass the desk verification check due to missing or incorrect information (e.g., products that were not included in the monthly reporting to UECCC, mismatch of the customer ID, location, price etc.), ESCOs will have five (5) working days to correct the information (either through the Monthly Report or through Claim form, whichever held incorrect data) and re-submit the corrected information to UECCC. If it takes longer than 5 working days to re-submit the corrected information, then it will be considered in the next claim submission. UECCC will proceed to phone verification for those customers who passed the desk verification.

Any customers that do not pass the phone, contract and/or field verification, but that have a chance to be corrected (customers with technical issues), must be corrected within 2 weeks and will be processed during a next claim submission. The Claim Form will have a separate tab for the customers with technical issues highlighted in the previous claim and will provide supporting evidence that the technical issues have now been resolved. The subsidy will be paid for those customers having no pending technical issues. The subsidy will not be paid for the customers with pending technical issues until their issues are addressed amicably by the project level GRC. The outcome of the verification of the technical issues list will be provided in the Results Form and shared with the UECCC.



**SECTION 3**  
**PRODUCTIVE USE OF ENERGY (PUE)**

**RBF**

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## 1 INTRODUCTION TO EASP PUE RBF

This section of the RBF Manual provides the guidelines for Productive Use of Energy (PUE) Results Based Finance (RBF) grants (performance-based grants), including defining the objectives, processes, eligibility criteria, incentive structures, selection process, disbursements, verification, and monitoring and evaluation.

**Objective & Rationale for PUE RBF financing:** This PUE RBF aims to increase the access to on-grid and off-grid productive use technologies to support businesses development and productivity.

This RBF is enhanced by additional instruments under EASP which provide supports to Energy ESCOs and Financial institutions through access to credit and technical assistance. This document is the Project Operations Manual (POM) that guides the implementation of the RBF for Productive Use of Energy technologies.

ESCOs may participate in more than one of the RBF programs within EASP. ESCOs may also borrow under the CSF or Direct Lending program and apply for Technical Assistance grants under EASP while participating in one of the RBF programs.

## 2 PUE RBF GENERAL CONDITIONS

### 2.1 Duration of the RBF

The EASP PUE RBF runs up to the end of June 2027. Availability of funds is on a first-comes first-served basis until the funds have been fully utilized. The ESCO must submit the last claim before 31<sup>st</sup> March 2027.

### 2.2 End user pricing

The RBF is primarily expected to cover affordability constraints on part of the consumers with supports to ESCOs to expand business in remote areas.

The ESCO will submit a pricing plan with their application. Sales prices and subsidies to be applied by the ESCO for sales under the EASP RBF will be as set out in the Grant Agreement for each product. ESCOs may only adjust retail prices during the period of the Grant Agreement subject to prior agreement with UECCC.

The ESCOs are required to report on their pre-subsidy price, their subsidized price, the customer contribution and the means of customer contribution (i.e. cash, PAYGO/credit installment, rental) as part of the regular reporting to UECCC and in the Claim Form.

### **2.3 No subsidy for refurbished systems**

The ESCOs reserve the right to repossess the PUE product if the beneficiary household defaults on the remaining payment to the ESCO . As per its repossession policy, the ESCO can repossess the system, refurbish and install it to another customer. However, refurbished systems are not eligible for support under this RBF and consumers do not receive a subsidy.

### **2.4 Repossession**

The ESCO will have the right to repossess the PUE product subject to the conditions stipulated on the Sales Contract signed between ESCO and its customer. The ESCO should report to UECCC the list of repossessed customers together with the Claim Form. The list must include the name of the customer, national ID, the customer's phone number, date of the sale/installation, serial number of the product, date when the product was repossessed, and the reason for repossession. A separate tab for repossessed customers will be created in the Claim Form spreadsheet which can be downloaded from the UECCC website. The ESCO should provide the entire updated list of repossessed customers in every Claim Form submitted to UECCC.

The IVA will verify whether the subsidy has been released to the repossessed customers. If the repossessed customers have received subsidy from the previous claim, the equivalent subsidy amount will be deducted from the current claim. These repossessed customers will be marked as ineligible for the payment of remaining subsidy. The repossessed customers will be marked as permanently ineligible for another subsidized PUE product.

There is a grievance redress mechanism in place to handle product performance issues. Customers can raise these issues directly with the ESCO or through the UECCC complaints mechanism to ensure the issue is addressed.

Subsidy levels at the time of sales registration will be honored until the completion of the subsidy payment even if the subsidy levels for new customers changes over time.

### **2.5 Grant Allocation per ESCO**

ESCOs must specify in their proposal the projected utilization of the RBF funds. UECCC will appraise this amount to set the Grant Allocation. For each ESCO accepted into the program, UECCC will confirm the approved allocation amount.

This amount can be increased or decreased based on performance and lessons learnt during implementation.

This review of allocation amount will be ongoing and ESCOs are encouraged to apply for additional allocations prior to the full utilization of the agreed grants. This will avoid the financing gap and ensure smooth continuity of the sale of products by the ESCO.

## **2.6 PUE RBF Technical Committee**

A Technical Review Committee of 5-7 members represented by relevant experts and stakeholders will be formed to review product eligibility and applicable standards. This is required for systematic, expert and transparent assessment of products for the PUE RBF.

This committee shall comprise representatives from the following organisations:

- UECCC (EASP Project Manager and Technical Program Manager)
- MEMD (Renewable Energy Department)
- UNBS (Technical Officer)
- Expert Consultants (as and when required)

The technical committee will carry out a technical evaluation of the product eligibility for each product in every ESCO application, subject to the eligibility criteria listed below (unless this product has already been assessed and passed by the technical committee). It shall be ensured that this committee comprises individuals with adequate expertise and experience of the relevant products, standards, testing methods and certifications for each of the product types being assessed.

The technical committee shall provide a brief product evaluation report to the UECCC PIU, providing the outcome of the evaluation (pass/Fail) and evidence for their conclusions. They shall also provide any recommendations to the PIU and any queries to the ESCO about the product submission will be directly made by UECCC PIU, not by the committee.

The technical committee shall not evaluate any other details of the ESCO application, only the product technical eligibility.

In addition to regular meetings to evaluate technical eligibility of PUE products submitted in ESCO applications, they will also meet to discuss other technical issues which may arise through customer complaints or ESCO feedback. They will present their recommendations on amendments to standards or eligibility criteria to the UECCC PIU.

UECCC PIU will recruit a consultant to develop a PUE QA framework for the evaluation, test methods and standards of PUE products for the programme which will be submitted to the RBF Technical committee for review and approval. The QA framework will cover both

products and services. ESCOs will be required to adhere to a set of service standards and if support is needed, the EASP TA facility can be used to help ESCOs build capacity to deliver high-quality installation or after-sales services, including the use of automated data management systems.

## **2.7 Implementation tools and platforms**

The UECCC will use several tools and platforms to carry out the RBF program, as detailed below. Some additional tools may be developed during implementation to improve program performance.

### **2.7.1 Manual Applications, claims and reporting forms**

The ESCO and UECCC will use manually completed forms until digital platforms are developed, tested and operational. These forms are included in the annexes of this document.

### **2.7.2 SP PAYGO platform**

The eligible ESCOs will record payment transactions, including on their PAYGO platform if applicable, and share these payment records with UECCC through the Claim Form. These payment records will be used during the verification process and for disbursement conditions.

### **2.7.3 Digital automation platform/ Management Information system**

UECCC will establish a data aggregation platform that will automate the steps and processes under the RBF program. The platform will allow UECCC to keep track of RBF commitments, disbursements made, per ESCO, per product type and across the program. This will also enable UECCC to monitor progress of the RBF program and the sector at large. A dashboard to provide ESCO-specific as well as program wide trends will be included.. The platform will be able to confirm the customer sales data reported by the ESCOs, enable comparisons with independent verification reports by IVA etc..

### **2.7.4 Mobile Money Platforms**

Many ESCOs will accept payments from customers using mobile money platforms offered by mobile network operators. These platforms give ESCOs a digital record of all payments by customers, including the time, the amount, and the phone number of the payment sender.

The following templates will be used throughout the program:

**Table 10: Templates to be used for implementation**

Tool	Description	Purpose
EASP PUE RBF announcement	Informs the sector about the new program (or significant changes to the program), participation criteria and application procedures	External public communication to stakeholders
RFP (technical and financial) (Annex 1)	To be submitted by interested ESCOs to UECCC	appraisal and selection by UECCC
RBF Grant Agreement (Annex 2)	Signed by UECCC and ESCO to formalize participation in the program	Contract
Claim Form (Annex 3)	Contains basic information required for initiating the claiming and disbursement process	Data collection, verification, disbursement
ESCO File	Contains information on the participating ESCO, communication with the ESCO and claiming activities	Internal processing, coordination & documentation
RBF Customer Database	Contains the list of all customers	
Field Verification Customer List	Contains sample for field verification	Internal processing, coordination & documentation
Field Verification Questionnaire	Guides the field verification interview and used to document respondents' answers	Data collection
Field Verification Report	Summarises consolidated results of the field verification	Internal processing, coordination & documentation
Verification Results Report (based on field verification)	Contains information on RBF qualifying customers and repossessed customers for claims payment as well as verification results.	Internal processing, coordination & documentation
Quarterly Performance report	Provides information on RBF results including indicators in line with EASP to be submitted to MEMD PCU and World Bank.	Program and ESCO evaluation



### 3 Eligibility criteria for ESCOs

ESCOs are defined as private institutions, either a business or an NGO, that undertake the following activities: 1) identifying customers, 2) selling and or installing the product to the customer, 3) Providing training / product awareness, 4) offering product warranty and after-sales service / customer care and, 5) providing credit to the customer, if applicable.

All ESCO business models are eligible, including cash sales, through a loan from a bank or micro-finance institution, as an integrated PAYGO model, as a pure PPA, rental or some other variant of these basic models. Participating ESCOs will be responsible for identifying and contacting customers as well as providing and maintaining the products.

Participation shall be open to all interested ESCOs that must initially meet, and continue to meet the following criteria:

- **Licensed with adequate ownership structure:** ESCOs should have a valid domestic company registration and should be duly licensed with a tax identification number. The ESCO must be in full compliance with relevant national regulations pertaining to tax, legal and accounting norms. The owners and managers of the enterprise must be 'fit and proper'.
- **Adequate funding:** ESCOs should have a defined funding strategy with no obvious gaps or constraints on additional funding.
- **Hold a valid bank account** with a BOU recognized financial institution legally registered for operations in Uganda
- **Audit:** Be able to provide an external independent audit report of the last two financial years
- **Satisfactory end-user pricing scheme:** ESCOs must demonstrate that the end-user will directly and fully benefit from the RBF subsidy and that the ESCO incentives to the ESCO will be used for approved business purposes.
- **Quality of operations:** ESCOs should have a sound business with proven resources to efficiently carry out operations at the functional level, including organization, management, staff, local agents, financial and others. ESCOs should ensure that they have the trained agents/staff for the sales and installation of quality products. ESCOs should provide regular training to the agents/staff for quality installation and better after-sales-service. UECCC will assess the adequacy of regular training through an annual appraisal of the ESCO.
- **Quality products:** ESCOs should provide PUE products that meet the eligibility criteria for products outlined in 4.0 below.
- **Warranty and after-sales service:** Proof of a satisfactory consumer protection plan, including warranties within a stipulated period. ESCOs must have an established and active after-sales service capability. ESCOs should provide the list of agents/staff working in different districts to ensure an adequate staff/agent-base for sales and

timely after-sales-service. ESCOs must have preventive maintenance plan clearly showing the plan for regular maintenance and after-sales-service of the sold PUE products.

- **Adequate accounting systems and management information and well-organized IT support:** Those ESCOs who are involved in delayed payment (such as PAYGO) services should have good accounting, bookkeeping, management and adequate system software support. This criterion is also mandatory for the ESCOs who are involved in cash sales.
- **Past Experience:** Have demonstrable operations that include sales of PUE products for at least two years locally or internationally.
- **Recycling:** ESCOs must submit a duly signed declaration as commitment that the ESCO will be responsible for collection and safe disposal of residual waste (batteries, lamps, and related waste) after the useful life of the accessories in consultation with the National Environment Management Authority (NEMA). ESCOs must also comply with the recommendations for e-waste in the ESMS.
- **Gender quotas:** ESCOs should have at least 10% of the workforce employed, represented by women and be able to demonstrate that they apply the principle of 'equal pay for equal work' for the same level job position. The ESCO should submit a declaration letter declaring that there is no pay gap between male and female workers for the same level job position.
- **Compliance with E&S requirements:** In accordance with the UECCC ESMS, ESCOs must confirm compliance with applicable E&S standards. In line with sections 1.3.3 and 1.3.4 of UECCC's ESMS, ESCOs will provide Environment Social Management Plan (ESMP) for likely E&S risks associated with intended business operations. (to be part of the RFP document).
- **Organizational Code of Conduct:** demonstrating provisions for corruption and fraud.
- **Pass a due-diligence inspection** to ensure product authenticity and company operations.
- **Rural Operation:** The ESCO has rural presence or plans to establish outlets or agents in rural areas.
- **Capacity:** ESCOs must be capable of implementing the proposed business plan in the chosen market.
- **Default Rates:** ESCOs must maintain a PAYGO customer default rate of less than 45% throughout participation in the RBF
- **Data System:** Maintain a system to provide data required for project implementation and monitoring.
- **Company Code:** Abide by a satisfactory competitive code of norms for dealing with customers, employees, and other companies, including but not limited to providing customers with complete and correct information about products, services and prices. This will form part of the RBF Grant Agreement.

- **Blacklisted:** ESCO /Dealers which are debarred/blacklisted by Multilateral/Donor funding agencies and or Government of Uganda will not be considered for participation.

Participating ESCOs will enter into an RBF Grant Agreement with UECCC based on the template provided under Annex 3 of this Operations Manual, and which outlines the rights and obligations of both parties under the program. This agreement will also include a Customer Service Code of Conduct that will detail the standards that ESCOs are expected to adhere to.

Once accepted into the program, ESCOs will be expected to meet the eligibility criteria at all times. ESCO will be monitored continuously and will be reviewed annually on a case-by-case basis.

## 4 ELIGIBILITY CRITERIA FOR PUE PRODUCTS

### 4.1 System quality and warranty

The table below shows the list of products which will be eligible at the start of the PUE RBF. This list of products may be expanded by UECCC to include other PUE products, following review of RBF performance, alternative proposals from ESCOs and evidence from the market. ESCOs may submit applications which propose other products for productive uses of energy and these will be evaluated by the UECCC.

Product Category	Technology	Maximum Size	Minimum Warranty Period
A.	Solar Powered Water Pump, including the components required to power the pump, as well as the irrigation equipment required to make best use of the pump such as storage tanks and piping.	0.5kW	1 year
B.	Solar Powered Refrigerator, including the components required to power the refrigerator	0.5kW / 800L	1 year
C.	Solar-Powered Grain Milling Machines	4kW	1 year
D.	Solar Water Heaters	300L	2 years
E.	On-grid (AC) Refrigerators	1kW	2 years
F.	On-Grid (AC) Grain Milling Machines	5kW	2 years

The RBF is applicable to any new on-grid or off-grid PUE product which is in the above list and also meets one of the following three options:

1. Proof that product is Lighting Global (LG)/ [Verasol](#) approved. Send test or provide link to LG / Verasol page, including minimum warranty terms.
2. Proof that product has a valid certificate (All checks with “PASS” or “complies”) from the Uganda Bureau of Standards ([UNBS](#)), combined with IEC certification on the batteries. The test results should be attached.
3. Proof that components comply with all relevant IEC standards (SP to provide list of standards relevant to that product and proof of compliance)
4. Products with remote monitoring capability, where the ESCO can provide the verification agent with verifiable appliance performance data showing available service over the whole 12 months of operation, will be automatically eligible

All PUE appliances will be evaluated by the Technical Committee on a case-by-case basis and must be approved prior to signing a grant agreement. The PUE products need to meet the quality standards and minimum energy efficiency requirements to be confirmed by UECCC with support from the technical committee.

UECCC shall establish and regularly update a list of approved products during implementation and will work with UNBS and other stakeholders to provide guidance on PUE product standards to increase quality levels on the market. They should also maintain a list of the relevant test methods and standards that products are required to meet - including IEC standards, and UNBS standards.

#### **4.2 Providing warranty and after-sales-service**

All participating ESCOs are required to provide minimum warranty as per UNBS or Verasol quality standards, and an after sales contract that commits to the availability of spare parts and technical service for the warranty period for that product. Failure to comply with these warranty and after sales service requirements will lead to suspension from the RBF program.

### **5 Consumer Eligibility Criteria**

For sales of PUE products, Customers must be Commercial Enterprises, that is, any activity formed for the ongoing conduct of lawful business. Commercial Enterprises are limited to the following eligible categories:

- Micro and Small Enterprises (up to 49 staff with maximum assets of 100million UGX)
- Sole Traders, farmers, household enterprises

Large or medium enterprises are not eligible, neither are domestic customers (households which do not use the product for operating a business).

At the moment of the sale of PUE products, the ESCO must obtain evidence that the potential Customer: a) is a Commercial Enterprise; b) the Commercial Enterprise falls into one of the two eligible categories above. Allowed evidence includes accounts, sales receipts, purchasing receipts, business plans, photos of the premises, GPS coordinates and a description of the business operations.

During verification, if the IVA finds that the customer does not meet the eligibility criteria, then the ESCO will not receive the consumer subsidy or ESCO incentive for that customer.

## 6 CONSUMER SUBSIDIES AND ESCO INCENTIVES

### 6.1 Consumer Subsidy Levels

The table below shows the subsidy levels for each of the eligible product categories. These apply nationally to all customers in all areas of Uganda. The consumer subsidy is calculated as a percentage of the retail price (stated in the application form), up to a maximum subsidy cap amount.

**Table 11: Consumer Price Subsidy Rates per Product Category**

Product Category	Technology	Subsidy Rate	Subsidy Cap (UGX)
A.	Solar Powered Water Pump, including the components required to power the pump and including the irrigation equipment required to make best use of the pump such as piping and water storage.	60%	5 million
B.	Solar Powered Refrigerators, including the components required to power the refrigerator	60%	3.5 million
C.	Solar-Powered Grain Milling Machines	60%	3.5 million
D.	Solar Water Heaters	60%	3.5 million
E.	On-grid Refrigerators and Freezers	60%	3 million
F.	On-Grid Grain Milling Machines	60%	3 million

An additional subsidy amount of 50,000 will be paid to customer companies which have female ownership (minimum 33% of company owned by a female in case of shared ownership).

The customer pays the balance of the cost, either in cash and/or through a credit/PAYGO mechanism, depending on the terms of the customer's preferred ESCO. The customer contribution is fundamental to creating ownership, empowering beneficiaries, promoting sustainability and motivating ESCOs to provide after-sales service. Connection/installation fees that may be charged by some ESCOs to customers are considered part of the customer contribution.

Throughout the implementation of the RBF, the UECCC in consultation with the GoU, the World Bank and ESCOs, will regularly review the subsidy levels to reflect program performance, market changes (such as rate of inflation, foreign currency fluctuation, overall cost of living, etc.), to improve sales to specific communities and to ensure sustainability of the program.

The review of market conditions shall take place on an as-needed basis. The value of the subsidy paid per system may thus reduce or increase over the life of the program, to a nominal level during the final period of the program. All increased or decreased subsidy levels will apply only after the written public confirmation of updated rates by UECCC and will not be back-dated.

Only one product from each product category can be purchased from the same commercial enterprise over the term of the RBF. *(customer can purchase one from each category in that time frame)*

## **6.2 ESCO Incentives**

To encourage off-grid ESCO to expand their geographic sales coverage and also product range, an incentive is applied according to the table below. With the exception of Kampala, every Region in Uganda receives an ESCO incentive established according to the market entry barrier in each region. These categories are based upon the lower levels of infrastructure and market entry barriers in these remote regions. For example, it is more challenging for solar ESCOs to supply to Karamoja, Moyo and Obongi than doing business in the central and western regions particularly due to the difference in road quality, especially in the rainy season. For sales in Refugee Settlements, an additional incentive of UGX 20,000 shall be applied per product sold, as per the table below, to cover increased costs.

**Table 12: Table of ESCO Incentives Per Product**

Region	ESCO Incentive Amount (UGX)	ESCO Incentive Amount (UGX) for Refugee Settlements
Kampala	No Incentive	No Incentive
Central	82,000	102,000
Eastern, Northern, Western	183,000	203,000
Karamoja and Islands	255,000	N/A

Following learnings from the regular evaluations of the RBF program, and through dialogue with key stakeholders, alternative and/or additional ESCO incentives levels may be applied in place of those shown in the table to effectively target remote and underserved communities and/or specific product types. This can include additional supports required to target specific communities such as on island, in refugee settlements etc., where the ESCOs can demonstrate that they require additional supports to expand operations into these communities and that these communities would not be served by the RBF program otherwise.

### 6.3 Disbursement schedule

The consumer subsidy will be paid 100% upon verification by the IVA while ESCO incentives will be paid in two installments, in case of either cash or PAYGO/credit sales, as per the table below.

**Table 13: Subsidy and incentive disbursement schedule**

Disbursement	Condition	Payments
<b>Consumer Subsidy</b>		
One installment	Upon sales/installation and verification by UECCC	100%
<b>ESCO incentives</b>		
1 <sup>st</sup> Installment	Upon sale/installation and verification by UECCC	50%
2 <sup>nd</sup> Installment	After 1 year based on evidence of continuous operation in a specified region	50%

ESCO will be considered operational if they can demonstrate that they continue to make sales and provide after sales service in the specified region (see also 5.4.6 in RBF Procedures for ESCOs above)

#### **6.4 Claim Submissions**

To bundle administrative work for both the ESCO and the UECCC, the claim submission schedule is as follows:

- Each ESCO can submit claims at any time subject to a minimum number of sales of 10 products or sales value of UGX70 million, whichever is lower. A maximum of one sales claim can be made each calendar month.
- Claims must be made within 3 months of the date of sale, and the UECCC reserves the right to accept claims when the sales volume even if the sales volume is lower than 25.
- ESCOs must submit a signed hardcopy of each Claim Form Summary Table to UECCC, in addition to submitting the excel claim document and claim form by email or via the MIS

The ESCO must use the Claim Form Template to submit each claim. This template is available in Excel format on UECCC website and instructions are contained in the template. This claim form may be updated by UECCC and integrated into the MIS during implementation.

In case some customers under the Claim Form did not pass the desk verification check due to missing or incorrect information (e.g. products that were not included in the monthly reporting to UECCC, mismatch of the customer ID, location, price etc.), ESCOs will have five (5) working days to correct the information (either through the Monthly Report or through Claim form, whichever held incorrect data) and re-submit the corrected information to UECCC. If it takes longer than 5 working days to re-submit the corrected information, then it will be considered in the next claim submission.

Any customers that do not pass the desk and/or field verification, but that have a chance to be corrected (customers with technical issues), must be corrected within 2 weeks and will be processed during a next claim submission. The Claim Form will have a separate tab for the customers with technical issues highlighted in the previous claim and will provide supporting evidence that the technical issues have now been resolved. The subsidy will be paid for those customers having no pending technical issues. The subsidy will not be paid for the customers with pending technical issues until their issues are addressed amicably by the project level GRC. The outcome of the verification of the technical issues list will be provided in the Results Form and shared with the UECCC.



## 11 ANNEXES

### 11.4 Annex 1: EASP RBF Application Form

The interested ESCOs are required to complete a form and upload required document online through UECCC website. The following information will be obtained from the ESCOs:

Date of application: \_\_\_\_\_

1. Name of the Energy Service company (ESCO):  
\_\_\_\_\_

2. Physical address:  
\_\_\_\_\_

3. Contact person:

Name: \_\_\_\_\_;

Position: \_\_\_\_\_

Phone: \_\_\_\_\_;

Email: \_\_\_\_\_

4. Bank details (provide local currency account maintained in Uganda):

Account Name: \_\_\_\_\_;

Account No.: \_\_\_\_\_

Bank Name: \_\_\_\_\_;

5. Number of staff, sales outlet and districts covered:

No. of full-time staff	
No. of part-time staff	
% of female staff	
Pay gap, if any, between female and male staff, for the same positions (in UGX)	
No. of sales outlets	
No. of districts covered	
Name of districts covered	

6. Product information:

**Normal Retail Prices (un-subsidized), if applicable**

Product name	Cash price (total)	PAYGO price (total)	Down-payment amount (for PAYGO sales)	Installment amount (for PAYGO sales)	Maturity period (for PAYGO sales)

**Proposed PAYGO prices under RBF program**

Product name	PAYGO price (total)	Subsidy amount	Customer contribution	Down payment amount	Installment amount	Maturity period

**Proposed total cash prices under RBF**

Product name	Total Cash price	Subsidy amount			Customer contribution		

7. Details of the board and management team

Name	Position	Academic qualification	Years of experience	Contact email	Nationality

8. Monthly sales targeted under EASP RBF:

Product Name	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total

<b>Total</b>														

11. Monthly consumer subsidy amount (in UGX)

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total
<b>Total</b>														

12. Monthly ESCO Incentive amount (in UGX)

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total
<b>Total</b>														

13. Submit the following documents:

- A formal letter requesting for financing under EASP RBF
- Certificate of company registration from Uganda Registration of Services Bureau
- Audit report of past three financial years, if available
- Tax clearance certificate of last fiscal year
- CVs of board members and management team
- Business plan, if available
- Specification, certification and warranty period for each product
- Company processes for disposal/recycling of product components
- Copy of the ESCO's ESMS Manual

14. Overview of the business model for the RBF

*Please describe your business model, including sales structure, marketing and approach to sales in remote areas where applicable. Ensure that you describe step-by-step how the*

*product moves from you to the end user and who is doing what during the process (incl. payment process). You may consider the following additional guiding questions when filling out this section:*

- *Which districts will you be targeting?*
- *How are you reaching rural customers, e.g. directly through your own retail network, through cooperatives, SACCOs, micro-finance institutions, RHDs etc.?*
- *Details of existing or proposed partnerships to support your business model*
- *How is the relationship between your company and individuals (or other) selling your products set up? Are they your employees? Do they receive a commission per system sold? Are they employees of another organisation? Are they independent entrepreneurs?*
- *How are you training and instructing individuals who will sell to end users ?*
- *How are customers informed about using and maintaining the solar system? Do you follow-up with customers after the sale to sensitise them?*
- *Will customers eventually own the system, or will they only benefit from the service? If they eventually own the system, when will they own the system if payments are made in instalments? What happens when a customer stops paying the instalments? After what period do you decide to take back the system if a customer is not paying?*
- *If you are an NGO, please describe how you follow a commercial approach. If you are working with NGO or UN agency, how do you assure that the sales are commercial and not subsidised by the NGO/UN agency?*

14. Brief overview of IT platform currently in use (e.g. proprietary CRM platform or third-party software provider):

15. Description of payment collection process

1. *Are you planning on selling in both mobile money and in cash?*

2. *If you are using mobile money, which mobile money platforms?*
3. *How do you connect to the mobile money provider? Do you use a technological integration? If so, is it a direct connection with the telco platform or an indirect connection through the IPN Hub or other aggregator? If it is a hosted connection, who provides the hosted connection? If no integration, how does the manual processing of mobile money payments work?*
3. *Where do you track your products? Through your proprietary platform or through a third-party software provider? Do you have a system to connect the products to the payments? Is it a hosted solution? ? If it is a hosted connection, and not the same as for payment collections, who provides the hosted connection?*
4. *What type of lockout technology, if any, does your company use (e.g. keypad, GSM etc)?*
5. *What type of accounting system do you use?*

**16. Brief overview of how you manage after-sales-service and warranty**

**17. Past performance**

Fiscal Year	Product Type	No. of products sold/ installed			Sales Turnover (UGX)
		PAYGO	Cash	Rental	
2019/20					
2020/21					
2021/22					

## 11.5 Annex 2: Template of formal letter requesting Financing under EASP RBF

[DD/MM/YYYY]

Chief Executive Officer  
Uganda Credit Capitalisation Company,  
Plot 29/32, P.O. Box 29725, Kampala, Uganda

Subject: Application for EASP RBF participation

Dear CEO,

In reference to the EASP RBF Operations Manual published on your website, we hereby kindly express our interest in the Results-based Financing scheme.

[provide one paragraph summary of your operations]

Based on our past performance and leveraging benefit from this RBF scheme, we plan to connect [provide number of potential customers] new households in the next one year. We anticipate to realize [insert sales revenue projected for one year, in UGX, per product type] in sales and will target the following districts (.....).

We look forward for a continuous partnership with UECCC and successful implementation of the EASP RBF. We await UECCC's reply for the appraisal and discussions of our request.

Sincerely yours,

[insert the name of the authorized person of your company]

[insert title]

*Enclosure:*

- Signed RBF Application Form
- Company registration certificate
- Audit report and tax clearance certificate of past three (or at least one) financial years.
- CVs of the board members and the management team;

- Business plan of the company, if available;

## 11.6 Annex 3: Template for RBF Grant Agreement between UECCC and ESCO

### **TERMS AND CONDITIONS OF THE AGREEMENT**

**THIS AGREEMENT** is made by and between the undersigned parties;

**THE Uganda Credit Capitalisation Company “UECCC”**, Plot 29/32 Kampala Road, P.O. Box 29725 Kampala, Uganda, hereby officially represented by [**name of the Company Secretary**] and [**name of the CEO**], Company Secretary and the Chief Executive Officer respectively, in accordance with the powers conferred to them by the Board of Directors, hereunder referred to “**UECCC**”.

and;

[...], a private company limited by shares, incorporated on (...), company registration No. (...), whose head office is at [...], hereby officially represented by [...], Managing Director, bearer of a national identity card No [...] a hereinafter referred to as the “**Energy Service Company**” or “**ESCO**”, on other hand;

**WHEREAS:** UECCC is an implementing agency for the Electricity Access Scale-Up Project (EASP) funded by the World Bank through the Government of Uganda.

**WHEREAS,** UECCC has agreed to implement the Results-based Financing (RBF) program of the EASP, in accordance to the Operations Manual.

**WHEREAS,** UECCC having satisfied itself as to the eligibility of ESCO to participate in the implementation of the EASP RBF, in accordance with the Operations Manual, has offered Results-Based Financing Supports to the ESCO for the sale, installation and customer service of eligible products;

**WHEREAS,** ESCO has agreed to the implementation of the EASP RBF program under the terms and conditions set forth in this Agreement and in accordance with the Operations Manual. UECCC and the ESCO hereby agree as follows:

#### **ARTICLE 1: DEFINITIONS**

- 1.1 **Cash Sales:** If the ESCO collects one hundred percent of the customer contribution upon product sale. The partial collection will be considered as PAYGO/credit sales. The sales through SACCO or Microfinance Institutions shall be considered as cash sales.

- 1.2 **Eligible ESCOs:** Companies (ESCOs) who fulfil the Eligibility Criteria as defined in each section of the EASP RBF Operations Manual;
- 1.3 **Encumbrance:** includes: (i) any claim, mortgage, charge, pledge, lien, encumbrance, assignment, security interest, title retention, preferential right, trust arrangement, contractual right of set-off or any other security agreement or arrangement in favor of any person by way of securing for the payment of a debt or any other monetary obligation; and (ii) any restriction of any kind under any regulatory or voluntary regime that may affect the ability of UECCC to use any Emission Reduction, and cognate expressions;
- 1.4 **Environmental and Social Standards:** means collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the World Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>”;
- 1.5 **Exchange Rate:** The United States Dollar to Ugandan Shillings conversion rate as available on National Bank of Uganda website, on the date of the Grant Subsidiary Agreement with UECCC is signed. That exchange rate will be reviewed every 6 months, and revised to reflect the average exchange rate over the previous year, based on the National Bank of Uganda published rate of exchange;
- 1.6 **Forced Labor:** any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty, including, but not limited to any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements;
- 1.7 **International Rules:** includes the UNFCCC, the Kyoto Protocol, the Paris Agreement, any relevant decisions, guidance, guidelines, rules, modalities and procedures made pursuant to them and or successor international agreements and which include those rules specifically required to be met for the issuance or transfer of Emission Reductions;
- 1.8 **Operations Manual:** This refers to EASP RBF Operations Manual, which can be found on UECCC’s website
- 1.9 **PAYGO Software:** A platform hosted by the ESCO for the management of their off-grid business;



- 1.10 **Repossessed System:** A product repossessed by the ESCO or Participating Financial Institutions from the Targeted Household;
- 1.11 **Results-based Financing Consumer Subsidy:** Amount to be received from UECCC by ESCO, in accordance to disbursement conditions set forth in Operations Manual which is to be used by the ESCO to provide customers with product prices lower than normal retail prices. The ESCO will receive the subsidy amount on behalf of final beneficiary households and micro-entrepreneurs;
- 1.12 **Results-based Financing ESCO Incentive:** Amount to be received from UECCC by ESCO, in accordance to disbursement conditions set forth in Operations Manual which is to be used by the ESCO to enhance their business operations, and to reach remote or underserved customers.
- 1.13 **Energy Product:** Energy product which meets the minimum criteria set out in the relevant section of the EASP RBF (OGS, CCS or PUE).
- 1.14 **World Bank Operational Policies:** means the social and environmental safeguard policies of the World Bank.

## **ARTICLE 2: PURPOSE OF THE AGREEMENT**

This agreement is meant to lay out the roles and responsibilities of the parties in regard to the eligibility, implementation, and claim process of the supports under the EASP RBF. The supports are designed to help achieve the GoU's target to provide affordable off-grid electricity solutions for all Ugandans.

## **ARTICLE 3: RBF GRANT ALLOCATION AMOUNT**

The Results-Based Financing Grant Allocation amount in this agreement is a sum of [...] (UGX) [...] Ugandan Shillings to be disbursed in accordance with the disbursement schedule (Article 8). The UECCC and ESCO agreed on the agreement amount as per the proposal submitted by the ESCO and evaluation conducted by UECCC. Based on the progress over time and based on the utilization of the agreement amount, UECCC shall have the right to reduce or withdraw the allocation amount or accept requests for additional allocations.

## **ARTICLE 4: TERM**

The Agreement shall be valid for three (3) years from the date of signature by both Parties, or up to 30<sup>th</sup> June 2027. The Agreement shall be renewable upon satisfactory performance and subject to the fulfilment of the RBF eligibility criteria at all times.

## **ARTICLE 5: ESCO RIGHTS AND OBLIGATIONS**

Carry out its project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to UECCC, including in accordance with the provisions of:

1. World Bank Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Final Beneficiary;

2. World Bank Operational Policies and World Bank Environmental and Social Framework and its set of ten Environmental and Social Standards (ESSs). The Operations Manual is an integral part of this agreement. UECCC shall notify, in writing, the ESCO of the period when the (New) ESSs and related E&S Instruments are applicable in accordance with Section 6.5 below.
- Shall not use any Forced Labor in connection with the project. The ESCO (a) represents and warrants that it has not engaged or employed Forced Labor in the past; and (b) the ESCO is committed to not engaging or employing Forced Labor for the duration of the Grant Subsidiary Agreement;
  - Obtain and maintain any and all licenses, permits, consents, authorizations, approvals, required under applicable laws at international, national, regional, local levels to implement, operate and monitor the project; and satisfy and comply with any and all obligations and requirements provided under such licenses, permits, consents, authorizations and approvals;
  - Provide, promptly as needed, the resources required for the purpose;
  - Maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to UECCC and the World Bank, the progress of the project and the achievement of its objectives;
    1. maintain a financial management system and prepare financial statements, both in a manner adequate to reflect the operations, resources and expenditures related to the project; and
    2. at the request of the World Bank or UECCC, as the case may be, have such financial statements audited by independent auditors acceptable to the World Bank and UECCC, and promptly furnish the statements as so audited to the World Bank or UECCC, as the case may be;
  - Enable World Bank or UECCC, as the case may be, to inspect the project, its operation and any relevant records and documents; and
  - Prepare and furnish to World Bank or UECCC, as the case may be, all such information as the World Bank or UECCC, shall reasonably request relating to the foregoing.
  - Fulfil eligibility criteria at all times. Failure in fulfilment of eligibility criteria may result in immediate termination of the Agreement;
  - Pay all taxes, duties and levies relating to this project.
  - Shall not change the prices of product agreed herein without prior consent of UECCC.
  - The ESCO should claim minimum 16% of the approved amount within a period of 6 months from the date of signing the Agreement. Failure to fulfill this condition, UECCC reserves the right to revise or cancel the Agreement.
  - The ESCO must present a non-subsidized PAYGO price and also a non-subsidized cash sales price for each product to be sold under the RBF. The subsidy amount should be deducted from the subsidized PAYGO or cash price, depending on their business model. The Consumer Subsidy should thus be used to reduce end-user pricing and the ESCO must apply the new pricing scheme (compared to non-subsidized price, if applicable) submitted to UECCC as part of the application process.

- Minimize the risk of causing damages to third parties and incurring third party claims;
- Not engage in, or authorize or permit any affiliate or any other person acting on its behalf to engage in, any coercive, corrupt, collusive, obstructive or fraudulent practice.

**ARTICLE 6: UECCC RIGHTS AND OBLIGATIONS**

- 6.1. UECCC shall charge ESCO a service fee of 4% of the total subsidy amount plus 18% VAT. The fee shall be charted based on the disbursed subsidy amount to ESCO.
- 6.2. The UECCC shall have right to audit financials of the ESCO that are related to subsidy transactions;
- 6.3. The UECCC shall disburse the payments in accordance with the disbursement conditions set forth in the EAP RBF Operations Manual. Each disbursement shall be done against the approved verification reports submitted to UECCC by the Independent Verification Agent;
- 6.4. The UECCC shall suspend or terminate the right of the ESCO to participate in the RBF program, upon the ESCO 's failure to perform any of its obligations under the RBF Operations Manual and this Agreement;
- 6.5. UECCC shall promptly notify, in writing, the ESCO of the period when the (New) ESSs and related E&S Instruments are applicable and promptly inform the World Bank, in writing, of such notification.

**ARTICLE 7: SUBSIDY LEVELS**

ESCO should fully pass on the subsidy to final product customers, as outlined in the RBF Operations Manual. Any changes to subsidy levels shall be agreed in advance in writing with UECCC.

**ARTICLE 8: GRANT DISBURSEMENT**

- 8.1. The UECCC shall disburse the payment amount in accordance to the RBF Operations Manual.
- 8.2. The ESCO, at the time of submitting the claim, shall report to UECCC the amount claimed under PAYGO sales and/or cash sales.
- 8.3. For cash sales, ESCO should collect one hundred percent customer contribution at time of sale, or after installation where necessary. Partial down payment shall be considered as PAYGO/credit sales. The sales through financial institutions (SACCO, microfinance institutions) shall be considered as cash sales.
- 8.4. The verification for each subsidy or incentive instalment shall be done as per the procedure established in the RBF Operations Manual.
- 8.5. After sales service by the ESCO: The ESCO shall provide "after sales services" and perform such services for a period equal to the warranty period of the product. The ESCO shall provide repair and maintenance services of SHS and to deliver spare parts quickly during the Warranty period at no cost to the Beneficiaries.

#### **ARTICLE 9: CLAIM SUBMISSION**

- 9.1. The ESCO shall submit a claim to UECCC for instalment payments of the subsidy and incentive as outlined in the Operations Manual.
- 9.2. The ESCO should submit a claim in accordance with the Claim Form. Moreover, the ESCO should use the Claim Form to collect and report payment data on each customer.
- 9.3. The ESCO shall provide access to its PAYGO software to UECCC to validate the information provided above. The ESCO shall eventually be required to integrate its PAYGO software with the UECCC IT platform for real-time information on system installation and performance. This condition will be applied to those ESCOs who maintain PAYGO software or IT platform related to delayed payment.
- 9.4. Once the Claim is submitted, the IVA shall conduct the verification and submit a recommendation to UECCC for subsidy disbursement. The verification and disbursement shall be in accordance with the procedures set in the RBF Operations Manual.

#### **ARTICLE 11: ESCO ELIGIBILITY CRITERIA**

- 11.1. All ESCO business models are eligible. The ESCO shall comply with the eligibility criteria set out in the EASP RBF Operations Manual at all times during participation in the program.
- 11.2. Whenever the ESCO deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by the ESCO and submitted to UECCC. UECCC and the World Bank team shall closely monitor the performance. The ESCO cannot submit a subsidy claim until the eligibility criteria have been met again.

#### **ARTICLE 12: BENEFICIARY COMPLAINT**

- 12.1. The ESCO is required to set up a beneficiary customer service and complaints hotline. The hotline will serve as recourse for customers who are experiencing system problems and after-sales service. The ESCO technicians are required to fix the problem within 2 weeks after the complaint is registered.
- 12.2. If the beneficiary household does not receive service within 2 weeks, they can contact UECCC and register the complaint. UECCC will take notes and inform the ESCO about the complaint.

#### **ARTICLE 13: BASIC CUSTOMER AWARENESS**

- 13.1. The ESCO shall provide a basic awareness to customers on a) proper handling of the system; b) conditions for warranty/guarantee; c) basic features of the system; d) benefits; e) regular cleaning of the panel; f) contact information for after-sales-service; g) amount of customer contribution and payments terms etc. The Agreement advises ESCO to provide an information brochure (User Manual) containing the basic information and proper handling the system.

#### **ARTICLE 15: SUSPENSION**

- 15.1. Whenever the ESCO deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by the ESCO and approved by UECCC. UECCC and the World Bank shall closely monitor the performance against the time-bound action plan. UECCC reserves the right to suspend an ESCO's participation in the program if the eligibility criteria remain unfilled and performance against the action plan (subject to World Bank non-objection), which would lead to automatic rejection of any subsidy claims.
- 15.2. The ESCO may be penalized and its right to participate in the RBF program may be suspended, as outlined in the PUE Operations Manual.

#### **ARTICLE 16: EVENTS OF DEFAULT**

- 16.1. Failure to honor a subsidy amount claimed by the ESCO;
- 16.2. Misrepresentation;
- 16.3. Any breach of any of the conditions and obligations relating to this agreement, including but not limited to the ones provided under Article 5 of this agreement;
- 16.4. Material adverse change in the, management, business, control of the business or financial position of the ESCO;
- 16.5. Qualified report by the auditor of the ESCO's financial statements;
- 16.6. Nationalization of the project or the ESCO
- 16.7. Seizure of the ESCO's assets by third parties due to unfilled or unsettled by obligations by ESCO.
- 16.8. Expropriation of the project
- 16.9. Suspension or abandonment of the project by ESCO for maximum period of 30 days.
- 16.10. Dissolution of the ESCO
- 16.11. Commencement of Judicial bankruptcy or insolvency proceedings
- 16.12. Repudiation or challenge of administrative documents of the project
- 16.13. Cancellation or removal of authorizations necessary for the ESCO to implement the project.

#### **ARTICLE 17: REMEDIES TO EVENTS OF DEFAULT**

Regarding all events of default, if the ESCO fails or is unable to remedy such default within thirty (30) days of receipt of written notice thereof from the UECCC, the latter shall reserve the right to terminate the Agreement and initiate legal proceedings or at its discretion take over the management of ESCO.

#### **ARTICLE 18: FOLLOW-UP**

During the entire period of the Agreement, the ESCO shall, at any moment, allow UECCC to have access to the location of the product installed for any information on how the subsidy is being utilized.

#### **ARTICLE 19: REPORTING**

- 19.1. The ESCO shall submit performance reports on a quarterly basis to UECCC;
- 19.2. The ESCO shall provide any information on his business and/or operation requested for by UECCC in support of its project;
- 19.3. Submission of financial reports is an integral part of the conditions for funding and failure to produce the required reports on due date will constitute a breach of this Agreement.

#### **ARTICLE 20: LIABILITY AND PENALTIES FOR DELAY TO CORRECT MISTAKES**

- 20.1. Each party shall be liable to fully indemnify, defend and hold harmless the other party for and against all and any losses or damages suffered or incurred (whether directly or indirectly) caused by or as a result of other party's negligence or any form of breach of this Agreement or as a result of damages caused by either party's employees.
- 20.2. If it is found out that contract activities were poorly executed such that some of them are defective or are not in conformity with the requirements of this contract, the ESCO corrects such mistakes or replaces the supplies delivered that did not conform to what was required within a period not exceeding fifteen (15) days starting from the date of reception of the request, or otherwise incurs delay penalties for each day of delay. For the first seven (7) days of delay, the ESCO incurs a penalty of one thousandth (1/1000) of the value of the item that has been reported to be defective or does not conform to the requirement of this contract. If that period expires, the ESCO in addition incurs one thousandth (1/1000) of the value of the item for each day of delay up to the time when he/she corrects or replaces the defective item in accordance with the requirements of this contract.
- 20.3. Money deducted as penalties for delaying in executing activities or for poorly executed activities is deducted from the amount of the approved invoices or claims for subsidy due for payment. If the value of the penalties for delaying executing activities or for poorly executed activities or both, exceeds the value of approved claims for subsidy, the contract will be automatically cancelled and the ESCO will be held responsible for any loss incurred by UECCC.

## **ARTICLE 21: OFFICIAL ADDRESS**

In order for the present contract to be put into execution, official addresses of the contracting parties are as follows:

- **The UECCC:** at its head office in Plot 29/32, Kampala Road, P.O. Box 29725, Kampala, Uganda
- **The ESCO:** at its head office in (...)

## **ARTICLE 22: TERMINATION**

### **22.1. BY UECCC**

UECCC may terminate this Agreement, by not less than thirty (30) days' written notice of termination to the ESCO, to be given after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause and sixty (60) days' in the case of the event referred to in (e):

- (a) if the ESCOs do not remedy a failure in the performance of their obligations under the Contract, within thirty (30) days after being notified or within any further period as UECCC may have subsequently approved in writing.
- (b) if the ESCOs become insolvent or bankrupt.
- (c) if, as the result of Force Majeure, the ESCOs are unable to perform a material portion of the Services for a period of not less than sixty (60) days; or
- (d) if the ESCO, in the judgment of UECCC has engaged in corrupt or fraudulent practices in competing for or in executing the Contract. For the purpose of this clause:  
"corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution.  
"fraudulent practice" means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of UECCC, and includes collusive practice among ESCOs (prior to or after submission of proposals) designed to establish prices at artificial non-competitive levels and to deprive UECCC of the benefits of free and open competition.
- (e) if UECCC, in its sole discretion, decides to terminate this Contract.

### **22.2. BY THE ESCO**

The ESCOs may terminate this Contract, by not less than thirty (30) days' written notice to UECCC, such notice to be given after the occurrence of any of the events specified in paragraphs (a) and (b) of this clause:

- (a) if UECCC fails to pay any monies due to the ESCOs pursuant to this Contract and not subject to dispute in sixty (60) days after receiving written notice from the ESCOs that such payment is overdue; or

- (b) if, as the result of Force Majeure, the ESCOs are unable to perform a material portion of the Services for a period of not less than sixty (60) days.

### **22.3. PAYMENT UPON TERMINATION**

Upon termination of this Agreement pursuant to term clause in this Agreement, UECCC shall make payments to the ESCOs for products satisfactorily supplied and installed prior to the effective date of termination.

### **22.4 SURVIVAL**

The parties' rights and obligations under this Agreement will survive the termination of this Agreement, if applicable, to the extent that no new claims will be honored if such claims are in regard to installations or sales made after the effective date of termination.

### **ARTICLE 23: LANGUAGE**

All notices, correspondence, documentation or communications of whatsoever nature, reports submitted or prepared under or in connection with this Agreement shall be in the English language.

### **ARTICLE 24: CONFIDENTIALITY**

ESCO and UECCC will not reveal to a person or unauthorized entity any confidential information obtained during the execution neither of the services nor to make public any conclusion or recommendation relating to the services without prior written consent from the other Party to this agreement.

### **ARTICLE 25: FORCE MAJEURE**

Neither Party will be responsible for failure of performance due to causes beyond its control, including: pandemics, epidemics, acts of God or nature; labor disputes; sovereign acts of any federal, state or foreign governments; network and/or computer failure or shortage of supplied materials ("Force Majeure Event"); provided that the affected Party makes a reasonable attempt to remove the impact of the Force Majeure Event as soon as reasonably possible. Either Party will have the right to terminate this Agreement upon written notice if a force majeure occurrence continues to impact performance of the other Party for more than sixty (60) consecutive days.

### **ARTICLE 26: CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE**

- 26.1. The following documents shall constitute the Contract Documents between UECCC and the ESCO, and each shall be read and construed as an integral part of the Contract:
- (i) This Agreement, including the Annexes and notifications hereunder.
  - (ii) The EASP RBF Operations Manual and its amendments
  - (iii) The ESCO's submitted technical and financial proposals as accepted by UECCC.



26.2. In the event of any ambiguity or conflict between the Contract Documents listed above, the order of precedence shall be the order in which the Contract Documents are listed above.

**ARTICLE 27: ENTIRE AGREEMENT**

This Agreement contains the entire agreement and understanding between the parties, superseding all prior contemporaneous communications, representations, agreements, and understandings, oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be modified in any manner except by written amendment executed by each party hereto.

**ARTICLE 28: APPLICABLE LAW, SEVERABILITY, RESOLUTION OF DISPUTES AND JURISDICTION**

28.1. The present contract is governed by the laws of the Republic of Uganda. If a provision of this agreement is or becomes illegal, invalid or unenforceable, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this agreement; or the validity or enforceability in other jurisdictions of that provision or any other provision of this agreement.

28.2. All disputes related to the performance of this agreement shall be settled amicably. In case of failure of amicable settlement, they will be referred to Ugandan competent courts.

**ARTICLE 29: TAKING EFFECT**

This agreement takes effect from the date of its signature.

**Done in three original copies, Kampala, on .....**

## 11.7 Annex 4: GOGLA CUSTOMER PROTECTION PRINCIPLES



### Transparency

- The company shares clear and sufficient information on the product, service, payment plan and personal data privacy practices to enable consumers to make informed decisions.
- The company shares relevant and timely information before, during and after sales.
- The company communicates in a language and manner consumers can understand.



### Responsible sales and pricing

- The company takes adequate care to ensure consumers can afford to pay for the product and / or service without becoming overburdened.
- The company ensures consumers' characteristics are taken into account in the price, payment structure and fees of the product and / or service.



### Good consumer service

- The company ensures availability of technical and after-sales service support, including warranty and post-warranty service for a reasonable period of time.
- An accessible, effective and timely mechanism for complaints and problem resolution is in place.
- The company instructs consumers on proper use and care, and any health and safety risks, related to the product usage or disposal.
- The company considers measures to enable continued operability of the product in the event of the failure of the company.



### Good product quality

- The company ensures the product / system is appropriate, good quality, safe and performs as advertised.
- The company ensures the user interface / payment platform is appropriate for consumers.
- The company takes reasonable measures to ensure product longevity (including ease of operation and maintenance, repairability and durability).



### Data privacy

- The company applies good practices and comply with relevant laws and regulations governing consumer data privacy.
- The company only collects, use, retain and share personal information that is necessary for the stated consumer service and legitimate interests of the business.
- The company ensures consumer data is kept secure and confidential.



### Fair and respectful treatment

- The company ensures fair and respectful treatment of current and prospective consumers, with adequate safeguards in place against corruption and abusive treatment.
- The company promotes inclusive practices and do not discriminate, for example, by gender, religion or ethnicity.
- The company seeks consumers' views and feedback on the design and delivery of the product, service and payment plan.

## 11.8 Annex 5: GUIDANCE TO ESCOs TO INCREASE SALES IN RHDs

### a) Local Agents

Engage and/or train agents with enough knowledge of the local language, customs and community structures of the target communities, including local government, NGOs and UN agencies. Agent presence locally will reduce costs and time taken to deliver services /products on the ground.

### b) Clear Communication and Awareness

Clearly communicate details of products and services offered, including operational instructions, additional fees, charges, interest, repercussions for non-payment and complaints address mechanisms. Address awareness and education through community groups, including VSLAs, SACCOs and co-ops and particularly for refugees who have lower financial or technical literacy than their host community counterparts.

### c) NGO Partnerships Recommended

ESCOs are encouraged to partner with NGOs who are already working with refugee and host communities in target RHDs. This will bring the following benefits to the ESCO:

- NGOs are well connected to these communities and already understand their situation, culture and language, in addition to leadership structures and working groups.
- NGOs will make it much easier to quickly develop trust and customer relations & most appropriate approaches
- Assist in minimizing any administrative barriers and ease access to settlements
- Learn from experiences in other programs
- NGOS are already engaged in training and awareness raising activities, including with local savings groups. They may be able to provide shared facilities such as storage.
- Can attract additional funding to the program
- NGOs can provide qualitative and quantitative data on populations to better inform business decisions on this market segment

The ESCOs will work directly with the refugee and host communities and must not use the NGOs to offer/manage their products and services.

### d) Benefit from existing groups and community structures

Target VSLAs and other community groups for both financial services and energy products. This will include training and awareness raising. Savings groups represent a very important channel for refugees and host communities to access finance and also as a channel for engagement with private sector to understand and adopt their products and services.

### e) Develop Relationships with local actors

Coordinate with OPM, UNHCR, NGOs, local government and local communities as early as possible in the process for guidance on understanding the context, successes and failures of previous activities, procedures, challenges and supports available.

**f) Include RHDs in wider regional target market**

ESCO should establish complete supply chain from primary hubs/cities to target region and should not exclusively target RHDs without also serving adjacent and/or intermediary districts.

**g) Obtain Permissions from OPM to operate in Refugee Settlements early**

The settlement commandant is the highest government official in refugee settlements, reporting to the OPM. Outside visitors to a settlement, such as individuals from private firms, need to obtain a letter from the settlement commandant authorizing entry to the settlement.

ESCOs wishing to provide services to refugees in settlements are advised to apply on-line to partner with OPM as soon as possible. This will allow easier access to settlements without the need to notify OPM at each visit.

Visit : <http://urrms.opm.go.ug/refugeecoordination/#signup> & refer to this guide : <http://urrms.opm.go.ug/refugeecoordination/URRM%20User%20Manual%20NGOs.pdf>

**h) Focus first on community champions and those with ability to pay**

To create strong and sustained markets, it is recommended to first focus on establishing a solid customer base and community awareness before aiming for the poorest or most vulnerable customers<sup>3</sup>. As with other national markets, the aim is to establish and strengthen the market through attracting paying customers first, not to start with the most vulnerable in the community. Humanitarian actors or other funding sources may provide additional support to PSNs where appropriate.

**i) Align activities with other initiatives in the district**

Work closely with MEMD and local government, in addition to OPM, UNHCR, NGOs & other actors to ensure activities align with other humanitarian and development programs and initiatives.e.g. other RBF programmes by other development partners. This will help avoid duplication of service provision or subsidy while maintaining equal opportunity for market competition.

**j) Additional Sources of Finance**

Consider additional sources of finance to enhance or expand activities, in consultation with UECCC, UNHCR, development banks and donors. These could include [P-RECs](#), [D-RECs](#), innovation funds, humanitarian and climate related funding. Such funds cannot be used for the same activities or sales targets within EASP and if the company's sales are already subsidized through another source of finance, they cannot be eligible for subsidy under the RBF scheme.

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<sup>3</sup> Endev, 2018. Results Based Financing for Energy Access. How to Design and Implement Projects: Lessons from the Field.

#### **k) Increased access to Digital Services**

Increase access to digital services to enable mobile money transactions, recording and verification, credit ratings and easier links to higher tier banking products and services, whilst being aware of transactions costs for the poor. Enabling credit ratings for customers will increase market confidence, lower default rates and expand services available. Lower risks can lead to lower cost and lower interest rates.

#### **l) Stakeholder Engagement**

ESCOs are encouraged to undertake early identification of stakeholders, both project-affected parties and other interested parties. ESCOs are advised to familiarise themselves with local community structures and leaders to facilitate their operations in the settlements. NGOs are best placed to assist ESCOs to engage with the communities. It is recommended to establish local presence and/or call centres to provide consumers with product awareness, education on proper use, payment issues and complaints. Ensure strong project communication on the joint benefits to refugees and host communities and find ways to collectively engage both communities in joint activities to exhibit joint gains and strengthen social cohesion.

#### **m) Accurate Data**

Improve access to data on income levels, sources and consistency of income and cash inflows, financial and energy needs, educational levels, and familiarity with digital financial / energy products and channels. This will require additional data collection on RHDs in partnership with humanitarian and development actors, in particular in settlements, to make informed business decisions.

## 11.9 Annex 6: EASP RBF Quarterly Reporting Template

This must be separately completed for all products.

### [Name of ESCO]

EASP RBF Utilization Quarterly Performance Report  
*From the date of [insert month/year] to [insert month/year]*

#### A. Fund utilization status

I	Agreement Grant amount (UGX)		Amount as per Grant Subsidiary Agreement signed with UECCC
II	Amount of Grant received (UGX)		The actual grant amount received from UECCC. The amount should be equivalent or less than the agreement amount.
III	Utilization rate (%)		The rate of actual grant utilized as percentage of agreement amount.

#### B. Sales of products

I	No. of people provided with access to approved energy technologies		Total people directly benefited during the reporting period.
II	No. of females provided with access to approved energy technologies		Total female directly benefited during the reporting period.
III	No. Cash Sales		
IV	No. PAYGO Sales		
V	Default rate for PAYGO sales		
VI	Total number of Sales Claimed		
VII	Total Consumer Subsidy Claimed		
VIII	Total ESCO Incentive Claimed		

#### C. Status of electricity generation (where applicable)

I	Capacity added (kW)		Total capacity generated during the reporting period in terms of cumulative kW generation.
II	No. of districts covered		Total districts covered by sales during reporting period.

D. Status of private sector contribution

I	Total sales turnover (UGX)		Total sales revenue generated during the reporting period.
II	Total credit mobiized (UGX)		Total credit amount utilized during the reporting period
IV	Average NPL ratio (%)		The non-performing loan status calculated as of reporting period. Calculated as: Total default amount / Total outstanding credit.

I	Workforce employed (represented by women)		The percentage of women workforce in total employment, as of this reporting period
II	Payroll difference (UGX), for women workers		Do you have different payroll between male and female workers engaged in the same position/job role? If yes, provide the difference figure in UGX calculated as – ‘payroll to male a worker minus payroll to a female worker’. Add other rows when necessary.

F. List the key project implementation challenges (in bullet points)

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F. Provide key suggestions (in bullet points)

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G. Certification

I, *[names]*, *[title]* of *[name of the ESCO ]*, by signing this Quarterly Report on behalf of *[name of the ESCO ]* certify that to my best knowledge all information contained herein is accurate and truthful. I understand that any willful misstatement described herein will lead to the disqualification from the EASP RBF program and will result in a claim by UECCC for the return of any subsidy provided based on result claims affected by the fraud, and may be prosecuted by judicial means.

***[Signature]***

***[Seal]***

***[Name and Title]***

***[Date]***



## 11.10 Annex 7: Process for updating Claims Form, Results Form, ESCO File

*(This annex except Claim Form is for UECCC internal use only)*

The EASP RBF has developed a number of tools such as a. Claim Form, b. Results Form, c. ESCO File, that are important for its day-to-day operation. The step-by-step procedures for working on these tools must be documented for the program efficiency and sustainability. This is important for the proper handling of customers having different status (“pass”, “fail”, “technical issues”, “inconsistencies” “repossessions”) which helps to minimize the issues related to duplication, i.e. double subsidy payment. The procedure for regular updating of these tools is also required for a smooth transitioning of verification activities from UECCC to IVA and knowledge management. This annex describes the process for updating the following tools. These tools and processes may be adapted to the integrated MIS, with some additional processes for user rights and data protection within the MIS. UECCC will present the updated MIS, with any adaptations to these forms to the World Bank to obtain “No-Objection”.

### **A. Claim Form: To be completed and submitted by the ESCO for each claim. Separate claim forms to be completed and submitted for OGS, CCS and PUE products.**

The Claim Form is an Excel-based tool which is being used by participating ESCOs for the documentation of their product sales made under the RBF program. A Claim Form is to be completed and submitted by participating ESCO to UECCC for verification of sales and processing of payments. The Claim Form needs to be prepared in Excel as per the template available on UECCC website. Instructions for completion and submission of the Claim Form are contained in the excel Claim Form template. Once the tabs in the excel Claim Form have been completed by the ESCO, they shall print and sign the Claim Form Summary Table, and submit a hard copy of this to UECCC. They shall also submit the completed Claims Form Excel file, with supporting documents, by email or via API.

### **B. Results Form:**

The Results Form is an Excel-based tool which is being used internally by UECCC and the IVA. The Results Form is used for a. desk check, b. sampling, c. phone verification, d. contract/sales receipt check, e. field verification, and to handle the issues related to repossession and technical issues.

The step-by-step process for working on the Results Form is described below:

1. UECCC/IVA receives the signed Claim Form from the ESCO through hard and soft copy. The completed Claim form in excel format shall be sent by email.
2. IVA does a basic check such as date of claim submitted, claim period, claim number to ensure that the claim submission has fulfilled the basic requirements (no overlap in the claim period, claim numbers, etc.)

3. IVA does a simple “copy” of the information provided on the “customer raw data submission” tab “paste” them in the “Claim form import” tab of the Results Form.
4. IVA conducts phone verification and contract/receipt verification (if necessary) and field verification and the outcome of the verification will be recorded in the “PV results”, “contract /sales receipt verification” and “FV results” tabs respectively. The IVA will use software such as KOBO to survey customers during field verification and upload that data to the “FV Results” tab.
5. The list of customers that are found having technical issues will be automatically recorded in the “technical issues” tab.
6. The list of failed customers will be recorded in the “failed customers list” tab. The list of customers who had products repossessed will be recorded in the “repossessed customers list” tab.
7. IVA does a simple “copy” of the information provided by the ESCO on “Repossession” tab of the Claim Form and “paste” them in the “Repossession list” tab of the Results Form to see the number of customers whose products have been repossessed and the amount paid out in the previous claim/s.
8. IVA does a simple “copy” of the information provided by the ESCO on “Technical issues” tab of the Claim Form and “paste” them in the “List of technical issues fixed” tab of the Results Form to ensure that the ESCO has addressed the technical issues of the customers identified in the previous claim verification. After the specified period in the OM, IVA will call the customers to confirm whether the technical issues have been resolved within the expected timeline and the outcome of the verification will be recorded in the column “N” of the tab namely “List of technical issues fixed” of the Results Form.
9. IVA checks the “summary” tab to ensure that the subsidy and incentive amount eligible for the payment is calculated accurately. This is auto-calculated, however there might be some errors if some scripts (formula) are deleted unknowingly.
10. IVA shares the final Results Form with the verification report to UECCC for approval and subsidy disbursement.

Once the Results Form is finalized, IVA will update the customer status in the ESCO File, in another Excel tool. The process of updating the ESCO File is presented below:

**C. ESCO File/customer master database:**

IVA maintains the customer master database of all the claims submitted by ESCOs to track the outcomes of the verification of individual customers over time. The customer master database is maintained in a separate Excel file called “ESCO File” and Results Form (for the company) through a simple “copy” and “paste”. The customer master database is important mainly for two reasons a) check if there are any valid duplications in payment and b) check the eligibility status for Disbursement Condition 2 payments. The customer database of a particular claim will be updated regularly once the verification of an ongoing claim is completed and approved.

The following information is updated in the company file/customer master database:

- Customer information such as customer name, national ID and Product category
- Results of the verification such as **pass, fail, inconsistencies, technical issues, repossession**
- Claim number which includes all the previous claims submitted
- Disbursement Condition claimed for in the previous claims
- Customers who were appeared in the previous contract/sales receipt verification, phone verification, and field verification

*Frequency of updating the customer master database:*

The above information is updated immediately after the verification of an ongoing claim is concluded and the verification report is submitted to UECCC. IVA will update this customer information on a separate Excel tool called "ESCO File".

*Treatment of the customer with technical issues in the customer master database:*

The customers with technical issues are labeled "Technical Issues" in the ESCO file. However, this status may be changed over time from "Technical Issues" to "Pass" if the technical issues are addressed by the ESCO and verified by IVA or "Fail" if not resolved within the period specified in the OM. The changing of the customer status will be done automatically (not a manual entry), with the help of a script (formula) that has been developed to match the customers with the previous claims. The pending technical issues will not be changed, thus the ESCO will not be eligible for payment even if they resubmit those customers with pending technical issues.

*Changing Customer Statuses:*

The following customer statuses are eligible for changing over time:

- "Customers with technical issues"
- "Customers with inconsistencies"

How to change customer status in the master database?

Upon confirming by IVA that the technical issues have been resolved or the data that were mismatching previously have been modified and pass the present desk check, the person in-charge will update the customer master database. This is done automatically (by using a match function) in the "ESCO File" under "Results" column and "remarks" column.

Example: The customer "XXX" has presented technical issue under Claim1\_DC1. This customer will be marked as "Customer with technical issues" in the master database. If the same customer has been submitted in Claim2\_DC1 and confirmed that the issue has been resolved. The IVA will keep one ID under claim1\_DC but change the status from "Customer with technical issues" to "Pass" and update it in the "ESCO File" that the technical issue has been resolved and paid in C2\_DC1.