

**CREDIT SUPPORT FACILITY MANUAL
(PART B OF PROJECT OPERATIONS MANUAL)**

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

July 11, 2023

Acronyms

BOU	Bank of Uganda
CCF	Clean Cooking Fund
CSF	Credit Support Facility
CTF	Clean Technology Fund
DSCR	Debt Service Coverage Ratio
EASP	Electricity Access and Scale-Up Project
ERT	Energy for Rural Transformation
ESMS	Environmental and Social Management System
FI	Financial Institution
GOU	Government of Uganda
KPI	Key Performance Indicator
KYC	Know-Your-Customer
LoC	Line of Credit
MFI	Microfinance Institution
PA	Participation Agreement
PAYGO	Pay-As-You-Go
PCG	Partial Credit Guarantee
PFI	Participating Financial Institution
PUE	Productive Use Equipment
POM	Project Operations Manual
PRG	Partial Risk Guarantee
RBF	Results-Based Financing
RHD	Refugee and Host Community Districts
SACCO	Savings and Credit Cooperative Society
SHS	Solar Home Systems
TRG	Technology Risk Guarantee
UNBS	Uganda National Bureau of Standards
UECCC	Uganda Energy Credit Capitalisation Company
UGX	Uganda Shillings

Contents

1	INTRODUCTION	1
2	LINE OF CREDIT FROM UECCC TO PFIS	2
2.1	Purpose of the Line of Credit	2
2.2	Terms and Conditions of the LoC for PFIs	2
2.3	Implementation Arrangements.....	4
2.4	Selection of PFIs	5
2.5	Eligibility Criteria for PFIs	5
2.6	Eligibility Criteria for Sub-Borrowers	5
2.7	Eligible Uses of Funds	5
2.8	Approval Process for LoCs.....	5
2.9	Approval Process Timeline.....	5
2.10	Terms and Conditions of Sub-Loans.....	6
2.11	Reporting, Monitoring, and Evaluation.....	8
3	DIRECT LENDING BY UECCC TO PRIVATE ENERGY COMPANIES	9
3.1	Direct Lending to Private Energy Companies	9
3.1.1	Purpose.....	9
3.1.2	Terms and Conditions of Direct Lending.....	9
3.2	Implementation Arrangements.....	11
3.3	Loan Sanctioning Process.....	11
3.4	Disbursements and Repayments	12
3.5	Eligibility Criteria for Direct Borrowers.....	13
3.6	Eligible Uses of Funds	13
3.7	Reporting, Monitoring, and Evaluation.....	13
3.8	Revolving Fund.....	13
4	PARTIAL CREDIT GUARANTEES	14
4.1	Purpose of the PCG Facility	14
4.2	General Terms and Conditions of the PCG Facility.....	14
4.3	Implementation Arrangements of the PCG Facility	16
4.4	Reporting, Monitoring, and Evaluation.....	17
5	TECHNOLOGY RISK GUARANTEES	18
5.1	Purpose of the Technology Risk Guarantee (TRG).....	18
5.2	General Terms and Conditions of the TRG	18
5.3	Implementation Arrangements.....	20
	CSF MANUAL - ANNEXES	23
	Annex 1 - Qualitative Assessment of Tier 4 FIs.....	23
	Annex 2 - PFI Application Form for Allocation From the CSF	25
	Annex 3 - Confirmation of Allocation for Tier 1–3 PFIs from the CSF	26
	Annex 4 - Disbursement Request.....	27

Annex 5 - Loan Disbursement Confirmation	29
Annex 6 - Form III	30
Annex 7 - Promissory Note	33
Annex 8 - PFI Application to UECCC for a PCG or TRG Guarantee	34
Annex 9 - Guarantee Cover Sanction	38
Annex 10 - Guarantee Certificate	39
Annex 11 - PFI and Private Energy Company Quarterly Reporting to UECCC.....	40
Annex 12 - UECCC Reporting to GOU and World Bank	49
Annex 13 - Pro-Forma Participation Agreement.....	51
Annex 14 - Pro-Forma Loan Agreement terms to PFIs	58
Annex 15 - World Bank Financial Intermediary Financing Guidelines.....	73
Annex 16 - Eligibility Criteria for PFIs.....	74
Annex 17 - Eligibility Criteria for Sub-Borrower Companies.....	77

1 INTRODUCTION

This Credit Support Facility (CSF) Manual constitutes PART B of the Electricity Access Scale-Up Project (EASP) Project Operations Manual (POM) for Uganda Energy Credit Capitalisation Company (UECCC), as highlighted in Table 1.

Table 1. Structure of EASP POM for UECCC

EASP POM PARTS	Contents
PART A - Introduction and 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
PART C - RBF Manual	Results-based financings (RBFs) for solar home systems (SHS), improved cookstoves, and productive use equipment (PUE)
PART D - Public Institutions Manual	Solar Electrification and Clean Cooking Solutions for Public Institutions
PART E - Technical Assistance Manual	Scope and implementation of technical assistance program

The CSF for EASP provides access to debt financing in support of the off-grid solar equipment market and the clean cooking market nationwide, including in Refugee and Host Community Districts (RHDs).

The CSF instruments are working capital loans, term loans, partial credit guarantees (PCGs), and technology risk guarantees.

This CSF Manual therefore covers the operation of the following instruments:

- (a) LoC from UECCC to PFIs
- (b) Direct lending from UECCC to eligible private energy companies
- (c) PCGs for PFIs.
- (d) Technology Risk Guarantees (TRGs) for PFIs.

The CSF synergizes with all the other instruments offered by EASP: RBF grants, grants for companies electrifying public institutions, and technical assistance grants. Eligible entities may apply for funding under multiple UECCC facilities.

2 LINE OF CREDIT FROM UECCC TO PFIS

2.1 Purpose of the Line of Credit

The purpose of the LoC is to provide loans in local currency at attractive terms to PFIs for on-lending to the off-grid solar, internal wiring (household, institutional) and three-phase connections for on-grid electricity, productive uses of electricity, and cookstove sectors.

PFIs in Tier 1, 2, 3 and 4; leasing companies; and investment funds (Funds) are eligible in principle under the CSF, subject to the eligibility criteria described in this POM. Bank of Uganda (BOU) determines which tier each financial institution (FI) belongs to when it grants the FI's banking license. Tier 1 is commercial banks. Tier 2 is credit institutions. Tier 3 is deposit-taking microfinance institutions (MFIs). BOU regulates all these FIs. Tier 4 comprises non-deposit-taking MFIs and Savings and Credit Cooperative Societies (SACCOs) which are regulated by the Micro-Finance Regulatory Authority and not by BOU. Only new loans extended after the LoC becomes effective are eligible.

2.2 Terms and Conditions of the LoC for PFIs

(a) Currency

The LoC from UECCC to PFIs will be denominated in Uganda shillings (UGX). The PFIs' on-lending will also be denominated in UGX.

(b) Maximum LoC Limits per PFI

(i) Tier 1, 2, 3 and Funds:

The LoC amount will be capped to a maximum of 10 percent of the PFI's core capital or UGX 20 billion, whichever is lower. LoCs will be provided on a 'first-come, first-serve' basis.

(ii) Tier 4 and leasing companies:

The LoC amount will be determined by UECCC based on the financial soundness of the PFI, subject to a maximum cap of UGX 1 billion.

(c) LoC Tenor

(i) Tier 1, 2, 3 and Funds:

LoC from UECCC to PFIs will be for a maximum tenor of sixty (60) months inclusive of a grace period of six (6) months.

Loans from PFIs to sub-borrowers will be determined by PFIs, in accordance with their credit policies and procedures. These will not be on a matched maturity basis with the LoC from UECCC.

(ii) Tier 4 and leasing companies:

LoC from UECCC to Tier 4 FIs and leasing companies will be for a maximum tenor of thirty (30) months inclusive of a grace period of six (6) months.

Loans to sub-borrowers will be determined by PFIs, in accordance with their credit policies and procedures. These will not be on a matched maturity basis with the LoC from UECCC

(d) Repayment Terms

(i) Interest payment

All PFIs will pay interest on a quarterly basis to UECCC, on the dates specified in the Participating Agreement (PA).

(ii) Principal repayment

a. Tier 1, 2, 3 and Funds:

These will repay principal semi annually, on the dates specified in the PA throughout the loan period, exclusive of the grace period.

The repayment terms from sub-borrowers to PFIs will be determined by the PFIs.

b. Tier 4 and leasing companies:

These will repay principal quarterly on the dates specified in the PA.

The repayment terms from sub-borrowers to PFIs will be determined by the PFIs.

PFIs shall pay or cause to be paid all the loan repayments without any set-off or deduction for taxes, fees, or any other charges.

(e) Prepayments:

The PFI may, without being subjected to any penalty for prepayment and upon giving at least thirty (30) calendar days' written notice to UECCC, be entitled to prepay any portion or the entire outstanding amount of the loan.

(f) Security:

(i) Tier 1, 2, 3:

The PFIs will execute Promissory Notes covering both principal and interest in favor of UECCC for the entire amount disbursed. A pro-forma Promissory Note is provided in Annex 7. Lender's Club Agreements may also be exceptionally accepted in lieu of Promissory Notes with prior consent of UECCC.

Security required by PFIs from sub-borrowers will be at the discretion of PFIs following normal market practice.

(ii) Tier 4, leasing companies, and Funds

UECCC will require traditional security as specified below from Tier 4 FIs, leasing companies, and Funds:

- Mortgage over landed securities
- Debentures over fixed and floating assets (present and future)
- Personal guarantees where applicable

- Other risk mitigation instruments offered in the market where applicable.

Security required by PFIs from sub-borrowers will be at the discretion of PFIs following normal market practice.

(g) Interest Rate

The interest rates per annum on loans from UECCC to PFIs will be in accordance with the UECCC Loan Pricing Policy.

(h) Payment Defaults

Payment defaults (any amount past due beyond 15 calendar days) will attract a penalty of 0.5 percent per month on the amount in default, which shall be computed from the first day of default and shall be compounded for subsequent defaults.

(i) Loan Covenants

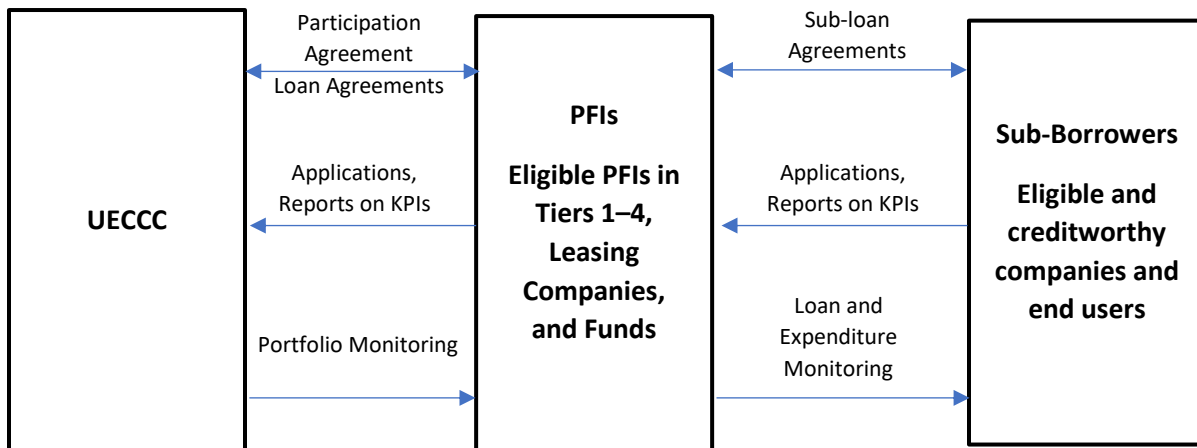
Standard covenants for PFIs include compliance with all local laws and regulations, using loan funds only for the agreed, eligible purposes, and the right to accelerate recovery of the loan in case of events of default. For use of funds for non-eligible purposes, UECCC will have the right to demand full repayment of the noncompliant loan amount.

(j) Environmental and Social Safeguards Requirements

All activities financed by the project will be carried out in accordance with Ugandan law, the World Bank Environmental and Social Standards, and the UECCC Environmental and Social Management System (ESMS) for EASP. In their sub-loan agreements with sub-borrowers, PFIs must include compliance with environmental and social (E&S) safeguards as specified in the ESMS and anti-fraud and anti-money laundering requirements (Annex 15).

2.3 Implementation Arrangements

Figure 1. Implementation Arrangements



Note: KPI = Key performance indicator.

2.4 Selection of PFIs

UECCC will solicit expressions of interest from FIs operating in Uganda to participate in the credit facilities and grants facilities established under the EASP. UECCC will select FIs according to the eligibility criteria listed in the next section. UECCC will sign PAs with eligible PFIs. A pro-forma PA is provided in Annex 14.

2.5 Eligibility Criteria for PFIs

Eligibility criteria for FIs in Tiers 1, 2, 3, and 4; leasing companies; and Funds are set out in Annex 19.

2.6 Eligibility Criteria for Sub-Borrowers

The eligibility criteria for sub-borrowers is set out in Annex 20. This includes company sub-borrowers requiring working capital and term loans and households requiring end user loans for household wiring and purchase of SHS or clean cook stoves.

2.7 Eligible Uses of Funds

- Provision of working capital loans for purchase or import financing of solar equipment including SHS, institutional solar systems and solar PUE, and clean cooking technologies, covering inventory including purchases/import financing for stock; expenses relating to acquisition of the stock including taxes, import dues, transport costs, and clearing; financing of receivables; assembly of solar and clean cooking components; and other related operating expenses.
 - Institutional and household internal wiring and three-phase connections for on-grid electricity.
 - Provision of term loans for the acquisition of solar equipment (as defined above) and clean cooking solutions.
 - Provision of consumer loans to households for the acquisition of SHS or cookstoves (applies mainly to Tier 3 and 4 PFIs).

2.8 Approval Process for LoCs

Loan applications that meet the requirements of the detailed appraisal stage will be submitted to the Investment Committee of the UECCC Board to approve the loans.

2.9 Approval Process Timeline

, UECCC will communicate the loan approval decision to the PFI within three (3) months from the receipt of all required documentation. Disbursement of LoCs from UECCC to PFIs

PFIs shall submit disbursement requests with the following documents:

(a) Tier 1–3

- (i) Registered resolution of the Board to borrow, signed by the authorized signatories of the Board
- (ii) A Demand Promissory Note signed by the authorized signatories of the PFI covering the full loan amount and interest thereof, together with Lender’s Club Agreements where applicable
- (iii) Projections of on-lending targets with deadlines for disbursement and recalling unutilized funds
- (iv) Evidence of a pipeline of borrowers, for example, signed indicative term sheets
- (v) For working capital loans, signed sub-loan agreements with back-to-back disbursement from the PFIs to the sub-borrowers
- (vi) For loans that finance end users of all solar or clean cooking equipment, disbursement in tranches with evidence of utilization of prior tranches.

(b) Tier 4, leasing companies, and Funds

- (i) Registered resolutions of the Board to borrow.
- (ii) Mortgage over landed securities where applicable
- (iii) Debentures over fixed and floating assets (present and future).
- (iv) Personal guarantees of directors/top management where applicable
- (v) Other risk mitigation instruments offered in the market where applicable
- (vi) Projections of on-lending targets with deadlines for disbursement and recalling unutilized funds
- (vii) Evidence of a pipeline of borrowers, for example, signed indicative term sheets
- (viii) Disbursement in tranches with evidence of utilization of prior tranches.

UECCC will make disbursements to PFIs in Tiers 1, 2, and 3 that require only promissory notes as security within seven (7) working days of receipt of all required documentation.

UECCC will make disbursements to PFIs in Tier 4, leasing companies, and Funds, within one (1) month of receipt of all required documentation. Disbursement procedures within the one (1) month will include registration of the security submitted by the PFIs.

2.10 Terms and Conditions of Sub-Loans

(a) Maximum Sub-Loan Amount

- (i) Tier 1–3, leasing companies, and Funds

Tier 1 PFIs have no size restriction on sub-loans. Unless with prior approval by UECCC, the PFIs in Tiers 2 and 3 and Funds and leasing companies shall not approve any sub-loan to an eligible borrower whose principal amount exceeds the UGX equivalent of US\$500,000 or

provide a series of sub-loans to the same sub-borrower or to related parties whose aggregate value is in excess of UGX equivalent of US\$500,000.

(ii) Tier 4

Unless with prior approval by UECCC, the PFI shall not approve any sub-loan to eligible borrowers whose principal amount exceeds the UGX equivalent of US\$20,000 or provide a series of sub-loans to the same sub-borrower or to related parties whose aggregate value is in excess of the UGX equivalent of US\$20,000.

(b) Sub-Loan Interest Rate

Sub-loan interest rate from PFIs to sub-borrowers will be determined by the PFIs in accordance with their credit procedures but will remain competitive and reflect the cost of funds from UECCC.

(c) Sub-Loan Currency

The sub-loans extended by the PFIs shall be denominated in UGX.

(d) Sub-Loan Tenor

Loans from PFIs to sub-borrowers will not be on a match to maturity basis and loan tenor will be determined by the PFIs according to their credit procedures, subject to a maximum loan period of sixty (60) months.

(e) Other Terms and Conditions of the Sub-Loans

The PFI shall ensure that

- Each sub-loan is appraised and approved in accordance with the PFI's own credit management policies and procedures;
- Each sub-borrower being financed meets and adheres to the eligibility criteria in Section 2.6;
- Each sub-loan is issued based on a valid and binding loan agreement executed between the PFI and the sub-borrower, including giving a right to UECCC to inspect the sub-loan funded activities, including operations thereof and any relevant records and documents;
- Each sub-loan is secured by acceptable collateral that may include securitized receivables and stock of the sub-borrower; and
- All sub-borrowers carry out the sub-loan funded activities, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental, and social standards and practices satisfactory to UECCC, including procurement, anti-corruption, and anti-money laundering requirements (Annex 15) and E&S requirements in the ESMS (Annex to Part A of the POM).

2.11 Reporting, Monitoring, and Evaluation

Monitoring of the CSF will be by quarterly reports that the PFIs will submit to UECCC. Each PFI shall submit the following reports to UECCC within a maximum of fifteen (15) business days from the end of each relevant period:

- (i) A quarterly report using the format provided in Annex 12
- (ii) Annually, and not later than the sixth month from the end of each completed financial year, audited financial statements of the PFI.

The PFI will ensure that each sub-borrower maintains records on sub-loan usage including status of disbursements made on each sub-loan, number and type of products sold and installed, basic details of the buyer including telephone contacts, location of the sale, receivables, and status of repayments on each sub-loan that will be captured in the PFI's quarterly reports to UECCC.

The PFI will obtain and make available to UECCC any other information on the sub-borrower which UECCC may reasonably request.

The PFI and the final beneficiaries shall permit UECCC, or persons designated by UECCC, to inspect the funded sub-projects and shall provide them all reasonable assistance for that purpose.

The PFI will promptly notify UECCC of any material adverse change to its business operations.

UECCC shall, on a quarterly basis, submit the CSF performance reports (based on set project indicators) to the Government of Uganda and World Bank. The reports will be in the format specified in Annex 11.

3 DIRECT LENDING BY UECCC TO PRIVATE ENERGY COMPANIES

3.1 Direct Lending to Private Energy Companies

3.1.1 Purpose

UECCC will provide working capital loans directly to Private Energy Companies including suppliers of SHS, solar PUE, and clean cooking solutions, nationwide, including in RHDs, that meet the eligibility criteria listed in Section 3.5. Eligible uses of funds are listed in Section 3.6.

3.1.2 Terms and Conditions of Direct Lending

(a) Currency

Loans from UECCC to borrowers will be denominated in Uganda shillings (UGX).

(b) Loan Type and Tenor

The facility will finance working capital loans. Overdrafts will not be financed through the facility. Loans from UECCC to borrowers will have a maximum tenor of sixty (60) months inclusive of a grace period of 3 months.

(c) Repayment Terms

Borrowers will pay interest on a monthly basis to UECCC inclusive of the grace period.

Borrowers will repay principal in equal monthly instalments, throughout the loan period, exclusive of the grace period.

(d) Security

UECCC will coordinate closely with the borrower's existing relationship bank and take a defined lien over the borrower's receivables collection account. Loan repayments to UECCC will be made directly from this collection account. Borrowers will sign an undertaking to deposit a defined percentage of their receivables during the term of the loan to service the interest and principal repayments.

UECCC will take collateral as security and will have a flexible policy on acceptable forms of collateral. The required percentage of principal to be covered is 150 percent.

Collateral types include debentures over the companies fixed and floating, present and future assets; receivables of the company (pay as you go/Payplan, grant income from RBF or other donor-funded schemes, and carbon credit certificates); third-party guarantees (by parent company, development partners, or other); personal guarantees of directors or members; collateral insurance and landed securities; and marketable assets where available.

Collateral value of the receivables will be calculated by discounting the portfolio value, based on the portfolio quality, as follows:

Table 3. Discounting Factors

Aging of the Portfolio	Value of Collateral
0 to 29 days (Normal)	50%
30–89 days in arrears (Substandard and doubtful)	20%
≥90 days nonperforming loan (NPL)	0%

The Loan Agreement between UECCC and the borrowers will also specify other terms including, but not limited to, loan covenants, events of default, late payment penalties, and the implications of default.

(e) Interest Rate

UECCC will determine interest rates in line with the local financial market reflecting comparable benchmarks and EASP objectives.

(f) Payment Defaults

Payment defaults will attract a penalty of 0.5 percent per month on the amount in default and shall be compounded for subsequent defaults.

(g) Eligible Uses of Loan Funds

Eligible uses of funds are working capital for purchase or import financing of solar equipment including SHS, institutional solar systems and solar PUE, and clean cooking technologies, covering inventory including purchases/import financing for stock; expenses relating to acquisition of the stock including taxes, import dues, transport costs, and clearing; financing of receivables; assembly of solar and clean cooking components and other related operating expenses; and capital expenditure for solar equipment and clean cooking solutions.

(h) Other Loan Terms

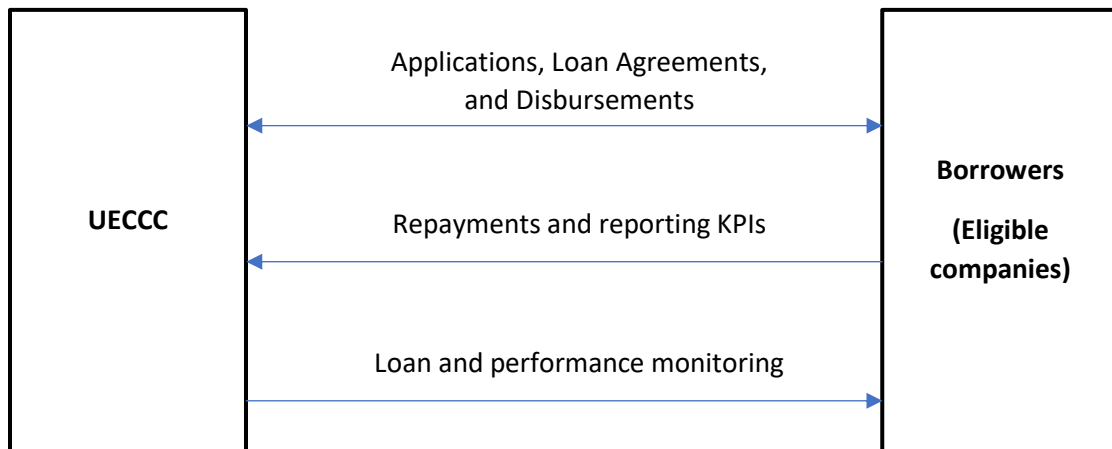
Other loan terms will include compliance with all local laws and regulations, using loan funds only for the agreed, eligible purposes, and the right to accelerate recovery of the loan in case of bankruptcy and other events of default. For use of funds for non-eligible purposes, UECCC will have the right to demand full repayment of the noncompliant loan amount.

(i) Environmental and Social Safeguards Requirements

All activities financed by the project will be carried out in accordance with Ugandan law, the World Bank Environmental and Social Standards, and the UECCC EASP ESMS (Annex in Part A of the POM) and UECCC will include the standard clauses set out in the ESMS in the Loan Agreements with borrowers (Annex to Part A of the POM).

3.2 Implementation Arrangements

Figure 2. Implementation Arrangements for Direct Lending



A Loan Agreement will be signed between UECCC and each borrower before disbursement is effected (see Annex 15). The borrowers will make principal and interest repayments to UECCC as specified in section 3.1.2.

Borrowers will submit periodic (quarterly) reports on agreed KPIs to UECCC using the reporting template provided in Annex 12. UECCC will monitor the borrower's receivable collection account with the borrower's relationship bank.

3.3 Loan Sanctioning Process

(a) Loan Applications

Private Energy Companies will apply for loans using a standard loan application form (presented in Annex 2).

(b) Appraisal

(i) Pre-appraisal

Based on the submitted documents, UECCC will conduct a pre-appraisal of the applications. This will entail the following:

- Whether the company meets the eligibility criteria (Section 3.5) and whether to carry out the full appraisal
- Financial analysis based on financial documents submitted with the application.
- Non-financial analysis (legal, licenses, and other relevant information submitted with the application).

Details of the analysis are provided in the Appraisal Tool in Annex 17.

Based on the results of the pre-appraisal, applications that do not meet the requirements will be rejected at this stage and the applicant will be notified.

(ii) Detailed Appraisal

Applications that meet the requirements of the pre-appraisal stage will undergo a detailed appraisal entailing the following:

- Meet with senior management (Chief Executive Officer, Chief Financial Officer, Chief Technology Officer).
- Meet with house bank, auditor, supplier, grant donor (if applicable).
- Verify customer references.
- Request credit report and know-your-customer (KYC) report from the Credit Reference Bureau.
- Verify product licensing and quality; hire expert consultant if needed.
- Review borrower's operating licenses and insurance policies.
- Review customer and receivables quality and review service contracts if any.
- Agree on a lien on the borrower's receivables collection account with a borrower's bank.
- Review business plan and financial projects for next three (3) years.
- Prepare financial model of company showing adequate Debt Service Coverage Ratio (DSCR) for UECCC loan tenor.
- Verify that the loan is within direct lending exposure limits.

Based on the results of the detailed appraisal, applications that do not meet the requirements will be rejected at this stage and the applicant will be notified.

(a) Loan Approval Process and Timeline

Loan applications that meet the requirements of the detailed appraisal stage will be submitted to the Investment Committee of the Board to approve the loans.

, UECCC will communicate the loan approval decision to the prospective borrower within a maximum of three (3) months from the receipt of all required documentation. **Documentation and Security**

UECCC negotiates and signs the Loan Agreement with the borrower, following the pro-forma (as in Annex 15). The Loan Agreement incorporates terms and conditions of the loan and standard governance, fraud, anti-corruption, and E&S safeguards clauses in the ESMS (Annex to Part A of the POM).

3.4 Disbursements and Repayments

The borrower submits disbursement requests in the form agreed in Annex 4.

Disbursements in respect of working capital loans for import of stock will be in the form of irrevocable Letters of Credit opened in favor of the supplier. The Loan Agreement will set out detailed terms for disbursements.

Repayments are made as set out in Section 3.1.2.

3.5 Eligibility Criteria for Direct Borrowers

The Private Energy Companies (SHS, solar PUE, and clean cooking companies) must meet the eligibility criteria set out in Annex 20, to be eligible for direct lending. Direct lending does not include consumer loans to households or individuals.

3.6 Eligible Uses of Funds

- Working capital for purchase or import financing of solar equipment including SHS, institutional solar systems and solar PUE, and clean cooking technologies, covering inventory including purchases/import financing for stock; expenses relating to acquisition of the stock including taxes, import dues, transport costs, and clearing; financing of receivables; assembly of solar and clean cooking components; and other related operating expenses.
- Capital expenditure on solar equipment (SHS and solar PUE) and clean cooking solutions.

3.7 Reporting, Monitoring, and Evaluation

Monitoring of direct lending under the CSF will be by quarterly reports that the borrowers will submit to UECCC. Each borrower shall submit the following reports to UECCC within a maximum of fifteen (15) business days from the end of each relevant period:

- (a) Records on loan usage including the number of products sold and installed that will be captured in the borrower's quarterly reports to UECCC using the format provided in Annex 12
- (b) Annually, and not later than the sixth month from the end of each completed financial year, audited financial statements
- (c) Monthly receivables collection accounts showing the flow of receivables.
- (d) Any other information which UECCC may reasonably request.

The borrower will promptly notify UECCC of any material adverse change to its business operations.

UECCC shall, on quarterly basis, submit the CSF performance reports (based on set project indicators) to the Government of Uganda and World Bank. The reports will be in the format specified in Annex 13.

3.8 Revolving Fund

UECCC will maintain a reflows account within its system as already implemented for Energy for Rural Transformation (ERT) Phase 3 where repayments by PFIs will be accumulated into a revolving fund for the CSF. UECCC will invest the accumulated reserves on the reflows account to grow the fund or for other related purposes.

4 PARTIAL CREDIT GUARANTEES

4.1 Purpose of the PCG Facility

The key objectives of the PCG facility are the following:

- To risk share and enhance the PFIs' understanding of the dynamics of the companies' business operations and thus increase the PFIs' appetite to lend to the sectors
- To increase the PFIs' lending to companies through provision of a credit risk sharing mechanism.

4.2 General Terms and Conditions of the PCG Facility

(a) Eligible PFIs

PFIs that meet the eligibility criteria specified in Annex 19 of this manual are eligible for participation in the PCG facility. These are the same as the PFI eligibility criteria for LoCs.

(b) Eligible Sub-borrowers

Only sub-borrowers that meet the PFI creditworthiness criteria and the eligibility criteria in Annex 20 of this manual will be eligible to have their sub-loans covered.

(c) Eligible Sub-Loans

- Working capital loans for purchase or import financing of solar equipment including SHS, institutional solar systems and solar PUE, and clean cooking technologies, covering inventory including purchases/import financing for stock; expenses relating to acquisition of the stock including taxes, import dues, transport costs, and clearing; financing of receivables; assembly of solar and clean cooking components; and other related operating expenses.
- Institutional and household internal wiring and three-phase connections for on-grid electricity.
- Provision of term loans for the acquisition of solar equipment (as defined above) and clean cooking solutions.
- Provision of consumer loans to households for the acquisition of SHS or cookstoves (applies mainly to Tier 3 and 4 PFIs).

The maximum loan amount to be covered by the PCG facility is the UGX equivalent of US\$1.5 million.

(d) PCG Guarantee Fee

PFIs will pay a Guarantee Fee of 1.5 percent on the guaranteed portion of the loan principal amount. The fee is payable immediately on approval of the loan to be guaranteed and proof of payment will be a condition for issuing the Guarantee Certificate for the loan.

(e) PCG Currency

The guarantees will be denominated in Uganda shillings (UGX) and thus any claims under the facility will be in the local (UGX) currency. Under this facility, PFIs provide local currency-denominated loans to the recipient sub-borrowers.

(f) Maximum Guarantee Exposure

The maximum guarantee exposure for UECCC in aggregate is US\$3.5 million equivalent in UGX. The maximum amount of covered loan principal for a single PFI is capped at US\$1 million equivalent in UGX.

(g) Events of Default

The occurrence of any of the following events with respect to a sub-borrower or a third-party guarantor of the sub-loan shall constitute an event of default with respect to a guaranteed loan facility, that may trigger a guarantee claim:

- (i) The sub-borrower fails to pay, when due, any outstanding amount of principal with respect to the covered loan facility extended to it by the PFI, and such failure continues for a period of ninety (90) consecutive calendar days.
- (ii) The sub-borrower applies for or consents to the appointment of a receiver, liquidator, or similar fiduciary of itself or of a substantial part of its property.
- (iii) The commencement of a proceeding against the sub-borrower or a third-party guarantor of the sub-loan for the liquidation or dissolution of its assets.

(h) Other Conditions

The following additional conditions will apply for access to the PCG facility:

- **Non-retrospective access.** Only new eligible loans signed after sanction of guarantee cover by UECCC will qualify for coverage.
- **Non-disclosure.** PFIs must not disclose to the sub-borrowers that their loans are guaranteed as this may give rise to moral hazard and reduce the incentive to repay sub-loans.
- **Co-shared guarantees not permitted.** Any combination of the PCG with guarantees provided to the PFI by third parties for the same sub-loan will not be permitted by UECCC. However, the TRG (see Section 6) provided through UECCC may be combined with the PCG.
- **Non-transferability.** The PCG is not transferable by the beneficiary PFI to any third party. Only guarantee claims submitted by the principal guaranteed party shall be valid for UECCC's consideration.
- **Right of cancellation.** UECCC may cancel PCG cover upon any breach of the Master Guarantee Agreement or any other agreement between the PFI and UECCC under the CSF.

4.3 Implementation Arrangements of the PCG Facility

Figure 3. Implementation Arrangements for the PCG Facility

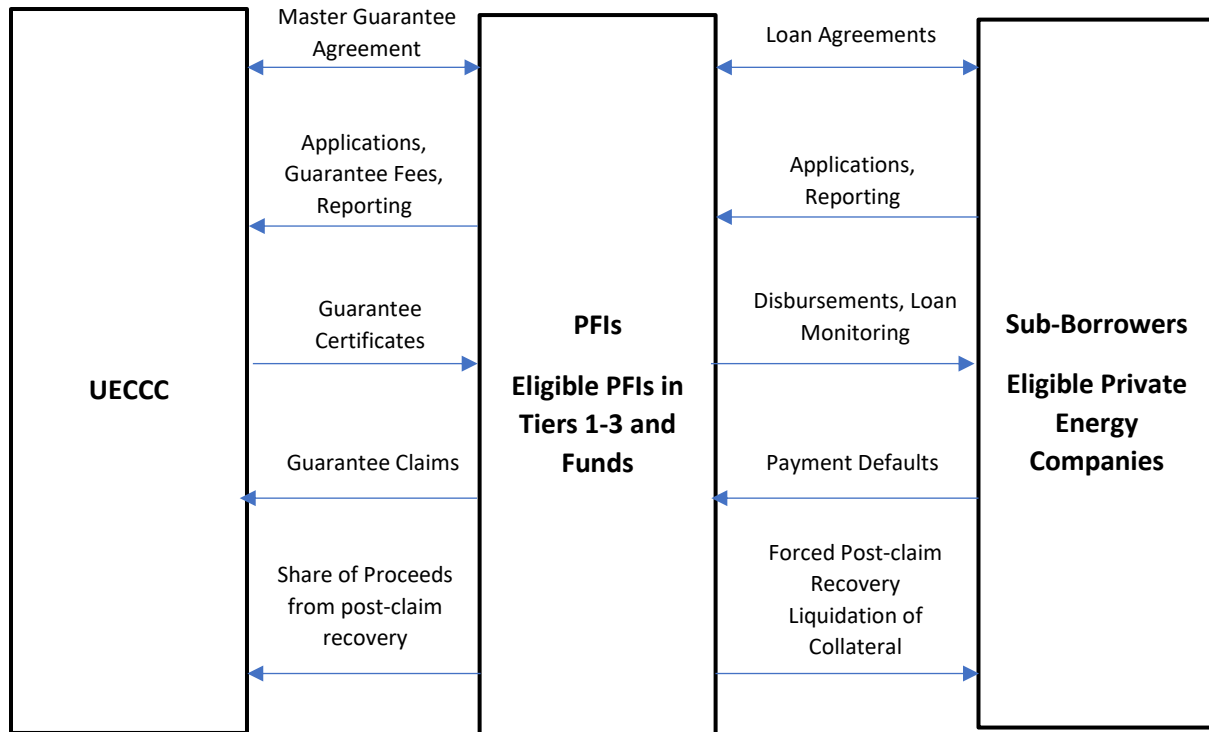


Figure 3 illustrates the implementation arrangements for PCGs. PFIs in Tier 1–3 and Funds that will be selected for participation in the LoC, according to eligibility criteria in Section 2, will also be selected for the PCGs. These PFIs will sign a Master Guarantee Agreement with UECCC.

(a) Master Guarantee Agreement

The Master Guarantee Agreement sets out the terms and conditions of the PCG and the process for applying for cover; reporting on loan performance, guarantee claims, and guarantee payments; and sharing proceeds from post-claim recovery.

(b) Application for Guarantee

Before approving a loan that requires a UECCC guarantee, a PFI shall submit an application to UECCC for Guarantee Cover for a proposed loan to a sub-borrower in respect of which the PFI has conducted an appraisal or pre-appraisal in accordance with its credit management policies and procedures.

The PFI’s application for Guarantee Cover shall be in a completed Guarantee Cover Application Form, as specified in Annex 8.

(c) Approval of the Guarantee Cover by UECCC

A UECCC Guarantee Sanction Committee shall consider each Guarantee Application PFIs submit to UECCC to determine its eligibility and shall determine whether to grant the Guarantee Cover in respect of the proposed loan to which the application relates. The Guarantee Sanction

Committee shall base its approval decision on the appraisal report prepared for the PFI's credit line approval and the proposed terms and conditions of the sub-loans to be guaranteed. UECCC shall within fifteen (15) working days of receipt of the Guarantee Cover application, through communication to the PFI, either (i) confirm to grant the Guarantee Cover, using a Guarantee Sanction form (specified in Annex 9) or (ii) reject the application informing the PFI of the reasons.

(d) Approval of the UECCC Guaranteed Loans by the PFIs

Upon receipt of the Guarantee Sanction, the PFI shall, within thirty (30) days, complete the loan appraisal and obtain all internal approvals in accordance with its internal procedures and guidelines and submit a Loan Approval Notice (accompanied by a loan offer acceptance by the borrower and proof of payment of the Guarantee Fee) to UECCC.

(e) Issue of the Guarantee Certificate by UECCC

Within ten (10) working days of receipt of the PFI's Loan Approval Notice, duly accompanied by evidence of payment of the Guarantee Fee, UECCC shall issue a Guarantee Certificate in the form specified in Annex 10.

The PFI shall ensure that each loan covered by the Guarantee is

- (i) Appraised and approved in accordance with the PFI's own Credit Management Policies and Procedures;
- (ii) Disbursed within a maximum period of ninety (90) days, beyond which the Guarantee shall lapse;
- (iii) Disbursed based on a valid and binding Loan Agreement executed between the PFI and the private energy company; and
- (iv) Secured by acceptable collateral.

4.4 Reporting, Monitoring, and Evaluation

The reporting requirements (Annex 12) are the same as for the CSF for PFIs, as set out in Section 2.11, except for loans for which default notice has been issued. The PFI will, in this case, notify UECCC about the issue of the default notice. The quarterly reports are aggregated into UECCC's quarterly progress reports to the Government of Uganda (GOU) and the World Bank on KPIs and development impacts (Annex 13).

5 TECHNOLOGY RISK GUARANTEES

5.1 Purpose of the Technology Risk Guarantee (TRG)

The purpose of the TRG is to mitigate the risk exposure of the PFIs to payment default on their loans due to technological failure risks. This will help PFIs lend for projects that involve innovative uses of SHS and solar PUE technologies. The TRG covers payment defaults in cases where technology failure risk plays a material part in contributing to payment defaults by end-borrowers. It does not cover payment default due to other commercial reasons that have no material element of technology risk. However, a single payment default may have both technological and non-technological causes. In such cases, the payment default is still covered by the TRG if the technology failure risk is a material factor contributing to the payment default. This will be verified by an independent verification agent hired by UECCC. The TRG covers losses up to the Guarantee Cover Ratio on a first-loss basis.

Since the TRG covers only specific categories of risk, it is a type of Partial Risk Guarantee (PRG). Therefore, the terms and conditions and implementation arrangements differ from those of the PCG facility which covers all payment defaults regardless of the nature of the risk.

5.2 General Terms and Conditions of the TRG

(a) Eligible PFIs

PFIs that meet the eligibility criteria specified in Annex 19 of this manual are also eligible for the TRG. PFIs may have both PCG and TRG cover on the same loans. (TRG exposure limits and percentage cover are higher than the PCG limits.)

(b) Eligible Sub-borrowers

Companies that meet the eligibility criteria for the CSF Facility to PFIs described in Annex 20 are eligible for TRG cover on their loans.

(c) Eligible Sub-Loans

- Working capital loans for purchase or import financing of solar equipment including SHS, institutional solar systems and solar PUE, and clean cooking technologies, covering inventory including purchases/import financing for stock; expenses relating to acquisition of the stock including taxes, import dues, transport costs, and clearing; financing of receivables; assembly of solar and clean cooking components; and other related operating expenses
- Institutional and household internal wiring and three-phase connections for on-grid electricity
- Term loans for the acquisition of solar equipment (as defined above) and clean cooking solutions
- Provision of consumer loans to households for the acquisition of SHS or cookstoves (applies mainly to Tier 3 and 4 PFIs).

(d) Technology Failure Risks Covered

The covered technology-related risks are as follows:

- (i) Failure of any supplied component or system in excess of the expected normal failure rate and life cycle published by manufacturers or suppliers
- (ii) Failure of equipment and systems to fully meet contractual performance levels and reliability
- (iii) Failure of equipment and systems to fully meet the quality standards specified by the Uganda National Bureau of Standards (UNBS) or other applicable standard setting bodies
- (iv) Failure of supporting technological systems such as remote monitoring, Pay-As-You-Go (PAYGO) enabling, and digital payment systems.

The independent verification agent may identify other valid technology risks and will include the rationale in the verification report.

(e) Guarantee Documentation and Effectiveness

The TRG Guarantee Agreement, associated documentation, and effectiveness conditions are described in Section 5.3 (Implementation Arrangements).

(f) TRG Administration Fee

PFI will pay a one-time TRG administration fee of 0.25 percent on the guaranteed portion of the loan principal amount. The fee is payable immediately on approval of the loan to be guaranteed and proof of payment will be a condition for issuing the Guarantee Certificate for the loan.

(g) TRG Guarantee Currency

The guarantees will be denominated in Uganda shillings (UGX) and thus any claims under the facility will be in the local (UGX) currency. Under this facility, PFIs provide local currency-denominated loans to the recipient sub-borrowers.

(h) Maximum Guarantee Exposure

The maximum guarantee exposure for UECCC in aggregate is US\$25 million equivalent in UGX, equal to the Clean Technology Fund (CTF) Contingent Facility approved under EASP. The maximum amount of covered loan principal for a single PFI is capped at US\$3.0 million equivalent in UGX. **Events of Default (Trigger Events)**

The occurrence of any of the following events with respect to a sub-borrower or a third-party guarantor of the sub-loan shall constitute an event of default with respect to a guaranteed loan facility:

- (i) The sub-borrower fails to pay, when due, any outstanding amount of principal with respect to the covered loan facility extended to it by the PFI, and such failure continues for a period of ninety (90) consecutive calendar days.
- (ii) The sub-borrower applies for or consents to the appointment of a receiver, liquidator, or similar fiduciary of itself or of a substantial part of its property.

- (iii) The commencement of a proceeding against the sub-borrower or a third-party guarantor of the sub-loan for the liquidation or dissolution of its assets.

Events of default will only be eligible for TRG cover if they are caused by technological failure risk as verified by the independent verification agent.

(i) Other Conditions

The following additional conditions will apply for access to the TRG facility:

- **Non-retrospective access.** Only new eligible loans signed after sanction of TRG cover by UECCC will qualify for coverage.
- **Non-disclosure.** PFIs must not disclose to the sub-borrowers that their loans are guaranteed as this may give rise to moral hazard and reduce the incentive to repay sub-loans.
- **Co-shared guarantees are permitted.** The TRG may be combined with the PCG guarantee and guarantees provided to the PFI by third parties for the same sub-loan.
- **Non-transferability.** The TRG is not transferable by the beneficiary PFI to any third party. Only guarantee claims submitted by the principal guaranteed party shall be valid for UECCC's consideration.
- **Right of cancellation.** UECCC may cancel TRG cover upon any breach of the CTF Guarantee Agreement or any other agreement between the PFI and UECCC under the CSF.

5.3 Implementation Arrangements

PFIs in Tier 1–3 and Funds that will be selected for participation in the LoC, according to eligibility criteria in Section 2, will also be the selected PFIs for the TRGs. These PFIs will sign a Master Guarantee Agreement with UECCC.

(a) Master Guarantee Agreement

The Master Guarantee Agreement sets out the terms and conditions of the TRG and the process for applying for cover; reporting on loan performance, guarantee claims, and guarantee payments; and sharing proceeds from post-claim recovery.

(b) Application for Guarantee

Before approving a loan that requires a TRG, a PFI shall submit an application to UECCC for Guarantee Cover for a proposed loan to a sub-borrower in respect of which the PFI has conducted an appraisal or pre-appraisal in accordance with its credit management policies and procedures.

The PFI's application for Guarantee Cover shall be in a completed Guarantee Cover Application Form, as specified in Annex 8.

(c) Approval of the Guarantee Cover by UECCC

A UECCC Guarantee Sanction Committee shall consider each Guarantee Application PFIs submit to UECCC to determine its eligibility and shall determine whether to grant the Guarantee Cover in respect of the proposed loan to which the application relates. The Guarantee Sanction

Committee will base its approval decision on the appraisal report for approval of the PFI's credit line, updated if it was prepared more than three (3) months prior, and the terms and conditions of the sub-loans proposed to be covered under the guarantee. UECCC shall within ten (10) working days of receipt of the Guarantee Cover application, through communication to the PFI, either (i) confirm to grant the Guarantee Cover, using a Guarantee Sanction form (specified in Annex 9) or (ii) reject the application informing the PFI of the reasons.

(d) Approval of the UECCC Guaranteed Loans by the PFIs

Upon receipt of the Guarantee Sanction, the PFI shall, within thirty (30) days, complete the loan appraisal and obtain all internal approvals in accordance with its internal procedures and guidelines and submit a Loan Approval Notice (accompanied by a loan offer acceptance by the borrower and proof of payment of the Guarantee Fee) to UECCC.

(e) Issue of the Guarantee Certificate by UECCC

Within ten (10) working days of receipt of the PFI's Loan Approval Notice, duly accompanied by evidence of payment of the Guarantee Fee, UECCC shall issue a Guarantee Certificate in the form specified in Annex 10.

The PFI shall ensure that each loan covered by the Guarantee is

- (i) Appraised and approved in accordance with the PFI's own Credit Management Policies and Procedures;
- (ii) Disbursed within a maximum period of ninety (90) days, beyond which the Guarantee shall lapse;
- (iii) Disbursed based on a valid and binding Loan Agreement executed between the PFI and the private energy company; and
- (iv) Secured by acceptable collateral.

(f) Suspension, Recall, and Cancellation of the Guarantee

UECCC will suspend or recall the guarantee if the PFI is not complying with the terms and conditions and covenants in the Master Guarantee Agreement. Circumstances that shall warrant UECCC's suspension or recall of the guarantee include, but are not limited to, the following:

Suspension

- Noncompliance with the PFI guaranteed sub-loan monitoring requirements
- Misrepresentations in PFI reporting.

Recall and Cancellation

- Use of guaranteed sub-loans for non-eligible purposes
- Misinformation or withholding of material information by the PFI in the guarantee application
- Abetting of sub-loan repayment default

- Repeat defaults on sub-loans
- Identification of corrupt practices during the PFI's management of the guaranteed sub-loan.

(g) Reporting

The operational events of service disruption to users, which led to payment defaults and guarantee calls, shall be listed in the quarterly reporting by UECCC as per the reporting template in Annex 13. This may be used for communication with the manufacturers of the equipment and solutions and agencies setting quality standards.

CSF MANUAL - ANNEXES

Annex 1 - Qualitative Assessment of Tier 4 FIs

The below table sets out the checklist for the qualitative assessment of Tier 4 FIs. The minimum score to pass the qualitative assessment is 70 points.

GOVERNANCE EFFECTIVENESS AND STRATEGY			
ASSESSMENT QUESTIONS <i>Does the SACCO have...</i>	MAX SCORE (Tenth decimal marks such as 0.5 or 1.5 are allowed)	SCORE	APPRAISER REMARKS
Full control of its affairs resting on the membership, board and management with no external superior authority?	2		
An able Board, with the right skills and dedication to move forward?	2		
A clear Governance structure	2		
Well laid out and followed responsibility and accountability practices for all organs & persons?	2		
A clear ownership structure?	2		
A focus on the savings and credit business?	2		
A strategic/ business plan, supporting the mission that is followed?	2		
Beneficial linkages with external partners	2		
Its by-laws, constitution or such other internal governance guidance documents?	2		
Management staff with suitable qualifications and experience to manage the SACCO?	2		
A balance of focus between profit and development in the SACCO operations?	2		
Observable business growth?	2		
Sub Total	24		
PRODUCT DEVELOPMENT AND DELIVERY			
Variable and adaptable products?	2		
Documented Operational policies and procedures	2		
Efficiency in service delivery mechanisms?	2		
Sub total	6		
ASSET AND LIABILITY MANAGEMENT			
Effective delinquency management?	2		
Safety of Clients deposits?	2		
Moderate Gearing?	2		
Prudence in intermediation	2		

Proper assessment of borrowers?	2		
Clear documentation of loans, savings, other assets and liabilities	2		
Sub total	12		
ACCOUNTING AND FINANCIAL MANAGEMENT			
A proper bookkeeping system?	2		
A suitable accounting system?	2		
Proper financial management principles	2		
Documented accounting & financial management manual?	2		
Sub total	8		
FINANCIAL SUSTAINABILITY			
Measures of sustainability consistently monitored	2		
Good levels of operational and financial sustainability	2		
Profitability and sustainability embedded in business plans	2		
Sub total	6		
RURAL OUTREACH			
Rural Operations	2		
PRUDENCE AND TRANSPARENCY IN PRODUCT PRICING			
All direct and indirect overhead costs taken into account in determining interest rates and fees	2		
Market rates charged by competitors taken into account in determining interest rates and fees	2		
All interest rates and charges displayed and fully disclosed to the client before they decide to borrow	2		
Sub Total score	8		
FINANCIAL TRANSPARENCY			
General Ledger	6		
Customer Savings	6		
Loan/ Credit Ledger	6		
Income	6		
Expenditure	6		
Loan Loss Provisions	6		
Sub Total	36		
Grand total	100		70 Minimum Passing Score

Annex 2 - PFI Application Form for Allocation From the CSF

This form is to be submitted to UECCC by Tier 1–3 PFIs upon completion of appraisal of the sub-borrower company pending approval by the PFI’s credit committee. The purpose of this form is to enable the PFI to confirm availability of funds at UECCC before presenting the loan to the PFI credit committee for approval, since the fund will be given on a first-come, first-serve basis. PFIs must complete all fields.

Name of PFI.....Address.....

Line of Credit/Facility Details

Facility Amount Required

Purpose of the loan

Loan Period (months)

Grace period (months)

Guarantee by Development Partner if any

Information on Applicant Sub-borrower

Name of the beneficiary company

Years in Operation

Company’s business model (please tick one)

PAYG () Pay Plan () Cash (),
Service Contract ()

Current Portfolio (Volume of Receivables) of the Company

Current inventory level (stock) of company

Certification of products

(Attach evidence)

List of main products

Describe products

Rural presence or plans to establish outlets or agents in rural areas - current and planned outlets, branches, agents and franchises.

List outlets, branches, agents, and franchises.

Existence of technical capacity (management and technicians) at the company

Yes () No ()

A database/ CRM system for tracking performance/operations at the company

Yes () No ()

Annex 3 - Confirmation of Allocation for Tier 1–3 PFIs from the CSF

(Name and Address of PFI)

LETTER OF ALLOCATION IN RESPECT OF ALLOCATION REQUEST NO. _____

(Pursuant to Clause _____ of the Participating Agreement)

Reference is made to the Participating Agreement executed between UECCC and *(name of PFI)* ('the Agreement'), and further reference is made to your Allocation Request dated _____ requesting an Allocation for the sum of UGX _____.

The terms used in this Letter of Allocation shall bear the same meaning attributed to them under the Agreement.

We write to confirm that the following Allocation has been made pursuant to your request:

Allocation Confirmation No.	
Allocation Amount	
Name of Potential Qualified Borrower	

This Letter shall constitute a commitment by UECCC to make available to you the amount of the Allocation in accordance with the terms of the Agreement subject to your completion of a detailed appraisal and approval of the Potential Sub-loan.

Please note that the Allocation communicated under this Letter shall automatically lapse if no Disbursement Request is received in respect of the Allocation within sixty (60) days from the date of this Letter. Upon lapse of the Allocation, UECCC shall no longer have any obligation to make available to you the amount of the Allocation.

[Authorized Representative]

Uganda Energy Credit Capitalization Company

Annex 4 - Disbursement Request

This disbursement request is to be submitted to UECCC by PFIs to request for disbursement upon approval of a sub-loan by the PFIs Credit Committee. All fields of the form must be completed.

Name of PFI.....Address.....

Name and address of Sub-Borrower

Sub Loan amount Approved by the PFI/Amount to be disbursed

Date of Approval by the PFI

Sub Loan Period(months)

Security offered by the Sub-borrower to PFI (list all)

Proposed Value(s) of Security

PFI Account Details

Supporting Documents (Attachments)

Loan Approval Fact Sheet as evidence of approval

Declaration:

We, the undersigned, being the authorised representatives of [*name of PFI*], do hereby declare that:

1. [*name of PFI*] is not in breach of any of the conditions of Participating Agreement executed between UECCC and (*name of PFI*) ('the Agreement').
2. [*name of PFI*] has completed appraisal of the funding requirements for which the Proposed Sub-loan is to be granted, and the requirements and details of the Proposed Sub-loan have not materially changed from the allocation information provided under the relevant Allocation Request.
3. (*where there are any material changes in the funding requirements or Proposed Sub-loan*) that the changes in the requirements or Proposed Sub-loan do not negatively impact on the quality of the Proposed Sub-loan.
4. The sub-borrower is a Qualified Borrower within the meaning of the Agreement.
5. All previous disbursements made to the [*name of PFI*] have been utilised in accordance with their respective Allocation Requests and Disbursement Requests.

Signed this day of202.....

Name:

Name:

Signature:

Signature:

Position:

Position:

(Authorised Representative)

(Authorised Representative)

Annex 5 - Loan Disbursement Confirmation

IN RESPECT OF LOAN NO. _____

Reference is made to the Participating Agreement executed between UECCC and (*name of PFI*), and further reference is made to your Disbursement Request dated _____ requesting Disbursement for the sum of UGX _____.

The terms used in this Loan Confirmation shall bear the same meaning attributed to them under the Agreement. We are pleased to inform you that your Disbursement Request meets the requirements for disbursement. UECCC will therefore disburse to you the sum indicated below as Loan No. _____ on the terms indicated below:

Loan No.	
Qualified Borrower Name	
Loan Amount	
Loan Term/ Duration	
Interest Rate	
Grace Period	
Interest Payment Date	
Principal Repayment Dates	
Principal Payment Installment (to be paid on each Repayment Date)	

A detailed Amortization Schedule is attached to this Letter.

The terms of the Agreement shall apply to the Amortization Schedule.

Please sign below to confirm that you are in agreement with the terms of this Loan Schedule.

Signature: _____ [Authorized Representative]

Uganda Energy Credit Capitalisation Company

We, the undersigned, being authorized representatives of (*name of PFI*) do confirm acceptance by (*name of PFI*) of the terms of the Amortization Schedule for Loan No..... and herewith enclose Promissory Notes covering each principal repayment and interest thereof. 37 UECCC CSF Operations Manual

Signature: _____

Signature: _____

Name: _____

Name: _____

Position: _____

Position: _____

Date: _____

Date: _____

Annex 6 - Form III

Incident Notification and Investigation Template and Details of non-conformance/incident/accident



FOR BANK AND BORROWER USE

Part B: To be completed by Borrower within 24 hours

B1: Incident Details			
Date of Incident:	Time:	Date Reported to PIU:	Date Reported to WB:
Reported to PIU by:	Reported to WB by:	Notification Type: Email/'phone call/media notice/other	
Trading Name of Main Contractor:		Trading Name of Subcontractor:	

B2: Type of incident (please check all that apply) ¹
Fatality <input type="checkbox"/> Lost Time Injury <input type="checkbox"/> Displacement Without Due Process <input type="checkbox"/> Child Labor <input type="checkbox"/> Acts of Violence/Protest <input type="checkbox"/> Disease Outbreaks <input type="checkbox"/> Forced Labor <input type="checkbox"/> Unexpected impacts on heritage resources <input type="checkbox"/> Unexpected impacts on biodiversity resources <input type="checkbox"/> Environmental pollution incident <input type="checkbox"/> Dam failure <input type="checkbox"/> Other <input type="checkbox"/>

See Annex for definitions

B3: Description/Narrative of Incident
Please replace text in italics with brief description, noting for example: <ol style="list-style-type: none"> I. <i>What is the incident?</i> II. <i>What were the conditions or circumstances under which the incident occurred (if known)?</i> III. <i>Are the basic facts of the incident clear and uncontested, or are there conflicting versions? What are those versions?</i> IV. <i>Is the incident still ongoing or is it contained?</i> V. <i>Have any relevant authorities been informed?</i>

B4: Actions taken to contain the incident			
Short Description of Action	Responsible Party	Expected Date	Status

For incidents involving a contractor:
 Have the works been suspended (for example, under Contract GCC7.6 or GCC8.9 of Works)? Yes ; No ;
 Please attach a copy of the instruction suspending the works.

B5: What support has been provided to affected people



FOR BANK AND BORROWER USE

Part C: To be completed by Borrower (following investigation)

C1: Investigation Findings
<p>Please replace text in italics with findings, noting for example:</p> <ul style="list-style-type: none"> I. <i>where and when the incident took place</i> II. <i>who was involved, and how many people/households were affected</i> III. <i>what happened and what conditions and actions influenced the incident</i> IV. <i>what were the expected working procedures and were they followed</i> V. <i>did the organization or arrangement of the work influence the incident</i> VI. <i>were there adequate training/competent persons for the job, and was necessary and suitable equipment available</i> VII. <i>what were the underlying causes; where there any absent risk control measures or any system failures</i>

C2: Corrective Actions from the investigation to be implemented (to be fully described in Corrective Action Plan)		
Action	Responsible Party	Expected Date



FOR BANK AND BORROWER USE

Part C cont.: To be completed by Borrower (following investigation)

C3a: Fatality/Lost time Injury information						
Cause of fatality/injury for worker or member of the public (please check all that apply):						
1. Caught in or between objects <input type="checkbox"/> 2. Struck by falling objects <input type="checkbox"/> 3. Stepping on, striking against, or struck by objects <input type="checkbox"/>						
4. Drowning <input type="checkbox"/> 5. Chemical, biochemical, material exposure <input type="checkbox"/> 6. Falls, trips, slips <input type="checkbox"/> 7. Fire & explosion <input type="checkbox"/>						
8. Electrocution <input type="checkbox"/> 9. Homicide <input type="checkbox"/> 10. Medical Issue <input type="checkbox"/> 11. Suicide <input type="checkbox"/> 12. Others <input type="checkbox"/>						
Vehicle Traffic: 13. Project Vehicle Work Travel <input type="checkbox"/> 14. Non-project Vehicle Work Travel <input type="checkbox"/> 15. Project Vehicle Commuting <input type="checkbox"/>						
16. Non-project Vehicle Commuting <input type="checkbox"/> 17. Vehicle Traffic Accident (Members of Public Only) <input type="checkbox"/>						
Name	Age/DOB	Date of Death/Injury	Gender	Nationality	Cause of Fatality/Injury	Worker (Employer)/Public
C3b: Financial Support/Compensation Types (To be fully described in Corrective Action Plan template)						
1. Contractor Direct <input type="checkbox"/> 2. Contractor Insurance <input type="checkbox"/> 3. Workman’s Compensation/National Insurance <input type="checkbox"/>						
4. Court Determined Judicial Process <input type="checkbox"/> 5. Other <input type="checkbox"/> 6. No Compensation Required <input type="checkbox"/>						
Name	Compensation Type	Amount (US\$)	Responsible Party			
C4: Supplementary Narrative						
<p>For incidents involving a contractor: Have the works been suspended in part or whole (for example, while corrective actions are put in place under Contract GCC7.6 or 8.9 of Works)? Yes <input type="checkbox"/>; No <input type="checkbox"/>; Please attach a copy of the instruction suspending the works.</p>						

Annex 7 - Promissory Note

PARTICIPATING AGREEMENT (Dated)

BETWEEN

UGANDA ENERGY CREDIT CAPITALISATION COMPANY LIMITED

AND

[Name of PFI]

PROMISSORY NOTE NO.....

FOR VALUE RECEIVED, we [name of PFI] hereby promise to pay Uganda Energy Credit Capitalisation Company Limited hereinafter 'the UECCC' on ('the Principal Payment Date') the sum of UGX (Uganda Shillings) being the instalment of the amount of principal ('the Principal Sum') due from [name of PFI] to the UECCC under the abovementioned Agreement.

We, [name of PFI] further promise to pay interest in arrears to the UECCC on the Principal Sum outstanding on the Interest Payment Date at the rateper annum, which interest is payable on the Interest Payment Date.

We further confirm that in the event that the UECCC opts to communicate amounts payable on account of principal instalment and interest by way of Demand Notes issued by the UECCC in accordance with the Agreement, we shall pay such amount stated in the Demand Notes so issued. The amounts stated as payable in such Demand Notes shall not be subject to contest in the absence of manifest error.

Signed and Sealed at Kampala this..... day of 20.....

The Common Seal of

[name of PFI]

Affixed in the presence of:

Name:

Signature:

Position:

Name:

Signature:

Position:

Annex 8 - PFI Application to UECCC for a PCG or TRG Guarantee

[This form is to be submitted to UECCC by PFIs upon completion of appraisal of the sub-loan pending approval by the PFI's credit committee. The purpose of this form is to enable the PFI to obtain approval by UECCC for a PCG or TRG Guarantee for the loan that has been appraised but pending approval by the PFI's Credit Committee. Approval of the Guarantee by UECCC is subject to availability of funds as Guarantees will be extended to PFIs on a first-come, first-serve basis.]

Please attach copies of relevant documents as requested or as deemed necessary.

PFIs must complete all the fields in the form.

Date _____

Managing Director

Uganda Energy Credit Capitalisation Company

P. O. Box 29725

Kampala.

The undersigned Participating Financial Institution (PFI) hereby applies to UECCC under the Guarantee for Solar Working Capital Loans for the transaction described below:

1. APPLICANT PFI

- a. Name of PFI: _____
- b. Address: _____
- c. Name and title of person(s) to contact: _____
- d. Telephone number: _____
- e. Facsimile number: _____
- f. E-mail address: _____

2. BORROWER - DATA

- a. Name of Borrower _____
- b. Address: _____
- c. Telephone number: _____
- d. Facsimile number: _____
- e. E-mail address: _____
- f. Type of business:
- g. Date of establishment: _____

- h. Number of Years in Business (*at least 2 years*) _____
- i. Names and titles of principle owners: _____

- j. Names and titles of principle managers: _____

- k. Number of employees: _____
- l. Names and qualifications existing technical staff
- m. Quality Assurance: Evidence of Certification of products (*attach evidence*).
- n. Customer Protection: Evidence of company providing Warranties (*attach copy*)
- o. Does the company have rural presence or plans to establish outlets, agents or franchises in rural areas (*list outlets, branches, agents or franchises*).

3. SUB-BORROWER - FINANCIAL INFORMATION

- a. Sub-Borrower must have audited financial statements (*attach audited financial statements for the last two years plus latest interim statement if any*).
- b. Attach PFI's most recent analysis of Sub-Borrower's financial position based on financial statements or other criteria. Does the Sub-Borrower have a banking relationship with the PFI? [] Yes [] No
If yes for how long? _____
- c. Do any shareholders of the Sub-Borrower own 20% or more of its capital stock? [] Yes [] No
If Yes, indicate their names and percentage of stock interest.

4. LOAN TRANSACTION

- a. Purpose of loan _____
- b. Amount and date of Loan Facility conditionally approved by PFI for Sub-Borrower: _____
- c. Proposed loan interest Rate (%) _____
- d. Indicative amortization schedule for the Loan _____
Note that maximum loan period for eligible loans is Forty-two (42) months.
- e. Interest rate and fees applicable to Loan Facility: _____
- f. Estimated total interest due on Loan Facility: _____
- g. Final maturity date of Loan Facility: _____
- h. Currency of Loan Facility (*Only UGX loans are eligible for Guarantee*): _____

5. REQUESTED UECCC GUARANTEE AND RELATED SECURITY

- a. For PCG, a one-off Guarantee Fee payable to UECCC (1.5% of the Guaranteed Amount);
For TRG a one-off administrative fee (0.25% of the guaranteed amount): _____

List the Security required for the Loan Facility:

Traditional Security

Non-Traditional Security

- b. Any guarantee to be accessed from other sources for the subject loan (% of principal).

If the PFI loan is already covered by another guarantor up to 50% of the principal amount then it will not be eligible for a UECCC PCG or TRG.

6. Compliance with World Bank’s environmental and social safeguards and fiduciary/anti-corruption requirements

The PFI will be required to comply with the ESMS for EASP.

DECLARATION BY THE PFI

Defined terms are those utilized in the PFI’s Master Guarantee Agreement with UECCC. If the PFI believes that any additional information should be supplied to provide the UECCC with a complete profile of the subject transaction, such information should be attached.

The PFI hereby agrees to pay the Guarantee Fee determined by the UECCC prior to UECCC issuance of a Guarantee Certificate. UECCC will issue the Guarantee certificate not later than 10 days following payment of Guarantee fee and request for the Guarantee Certificate.

The PFI certifies that the representations made and the facts stated in this Guarantee Application, including all accompanying information, are complete and true to the best of its knowledge and belief, and that it has not omitted any material facts. The PFI furthermore agrees that: (1) it has not otherwise financed the subject transaction, (2) the representations and facts contained in this Guarantee Application and accompanying information shall form the basis of, and be incorporated in, the Guarantee, if issued, (3) proceeds recovered from any Security will be shared on a pro rata basis.

Authorized signatories:

Name _____ Title _____ Signature _____ Date _____

Name _____ Title _____ Signature _____ Date _____

The form must be signed by at least of two authorized signatories.

Please attach the following supporting documents to the application:

- (i) Summary of the Appraisal by the PFI of the loan application.
- (ii) Certificate of incorporation/registration of the applicant company and Memorandum and Articles of association where applicable.

- (iii) Audited Financial Statements of the applicant company for the last 2 years (for 1st time guarantee applicants) and interim financial statement if any
- (iv) CVs of key technical staff of the company.

Confirmation of Receipt of Guarantee Application

[UECCC Letterhead]

Date _____

Name of Applicant PFI: _____

Address: _____

Fax Number: _____

Dear _____:

Uganda Energy Credit Capitalization Company (ECCC) is pleased to acknowledge receipt of your Application for a Guarantee for a proposed loan to (Name of loan applicant) _____.

We note that your Guarantee Application requests a UECCC Guarantee cover for a portion of the proposed working capital loan totaling UGX _____, (in words _____). The Guarantee Fee chargeable will be 1.5% of UECCC's agreed risk-sharing portion of the principal amount of the approved loan for a PCG and 0.25% for a TRG.

An initial review of your Guarantee Application indicates that the following additional information will be required to process the transaction [list the items]: _____

_____.

We request that this information be furnished as quickly as possible, following receipt of which processing of your Guarantee Application will commence.

Sincerely yours,

Managing Director

Uganda Energy Credit Capitalisation Company

Annex 9 - Guarantee Cover Sanction

[UECCC Letterhead] Date

Name of Applicant PFI:

Address:

Fax Number:

Dear :

Uganda Energy Credit Capitalisation Company (UECCC) is pleased to advise that pursuant to: (1) your Application for a Guarantee, and (2) the terms and conditions of the Agreement between the Parties dated _____, this Loan Guarantee Cover Sanction confirms UECCC's willingness to provide a loan guarantee to the PFI under the following terms:

1. Borrower:
2. Guarantee Cover: For PCG, up to a maximum of 50% of the approved loan principal amount that the PFI will extend to the Sub-Borrower. For TRG, up to a maximum of 80% of the approved loan principal amount.
3. Guaranteed Fee: For PCG 1.5% of the loan principal amount guaranteed by UECCC. For TRG, 0.25% of the loan principal amount guaranteed by UECCC.
4. Approval of the loan should be within a period not exceeding 30 calendar days from the date of this Loan Guarantee Sanction.

Accordingly, the PFI can proceed to approve the loan. Upon approval of the loan, the PFI shall submit a Loan Approval Notice (accompanied by 1) Loan offer and loan agreement signed by the borrower; 2) Details of the collateral pledged by the sub-borrower; and 3) Evidence of payment of guarantee fees) to UECCC for issuance of a Guarantee Certificate.

Sincerely yours,

Managing Director

UECCC

Annex 10 - Guarantee Certificate

Date _____

Name of Applicant PFI: _____

Address: _____

Fax Number: _____

Dear _____:

Uganda Energy Credit Capitalisation Company (UECCC) is pleased to advise that pursuant to: (1) your Application for PCG / TRG loan Guarantee and (2) the terms and conditions of the Agreement between the Parties dated _____, this Guarantee Certificate No.....is issued by UECCC to _____ (PFI) in the amount of UGX. _____. The terms used herein shall have the same meaning ascribed to them as in the above documents.

As the PFI, you will be expected to extend a Loan Facility to the sub-borrower to provide a loan identified in the Guarantee Application. The terms and conditions of the UECCC Guarantee to the PFI are as follows:

1. Borrower: _____
2. Estimated Principal Amount in UGX _____
3. Estimated Guaranteed Amount in UGX _____
4. Pledged Security: _____
5. Estimated Effective Date: _____
6. Estimated Expiry Date _____
7. Special Conditions required by UECCC: _____

In accordance with the Agreement it is required that disbursement of the loan to sub-borrower is effected within 90 days from the date of issue of this certificate. Failure of which the Guarantee will lapse.

Provided that the PFI satisfactorily complies with the above conditions and the terms and conditions of the Agreement between the Parties, UECCC hereby guarantees payment of the Guaranteed Amount. The Guaranteed Amount shall be paid to the PFI in Ugandan Shillings after occurrence of an event of Sub-Borrower default.

This Guarantee Certificate is not transferable.

Signatures _____

Managing Director

Director Finance and Administration

Annex 11 - PFI and Private Energy Company Quarterly Reporting to UECCC

(a) LoC: from PFIs to UECCC

(To be submitted in Microsoft Excel. Excel template will be provided)

SUB-BORROWER FINANCING														
Quarterly Reporting and Monitoring template from PFIs to UECCC														
PFI: Quarter:														
S. No.	PFI	Client Details						Sub - Loan Details				System Details		
	Branch	Names	Category SHS PUE Clean Cooking Household Wiring	Tel. No.	No. of systems purchased	Location-(District)	Location- (Subcounty/ Village)	Date of Disbursement	Disbursed Amount (UGX)	Loan Period	Interest Rate	Supplier Name	System Type	Size of System
1														
2														
3														

(b) LoC (Working Capital): Solar Companies Reporting to UECCC through PFIs

SOLAR COMPANIES WORKING CAPITAL FACILITY													
Quarterly Reporting and Monitoring template from Solar Companies to UECCC thru PFIs													
Name of Solar Co:						Address/Contact of Solar Co:				Reporting Period:			
.....								
Customer Data					Sales Details (cash/credit)					System Details			
Serial No.	Names	Category (household SME Sector or Institution)	Specify SME Sector	Gender	Loan or Cash Sales	Date of Sales	Amount (Cash/PAYG)	Loan Period (if credit)	Interest Rate (%) (if credit)	Tel. Contact	Location (where sys is installed)	System Type	Wattage/ Size of System
Remarks by Company:													
Signature by Company Official:													

(c) LoC (Working Capital): Clean Cooking Companies Reporting to UECCC through PFIs

CLEAN COOKING COMPANIES WORKING CAPITAL FACILITY											
Quarterly Reporting and Monitoring template from Clean Cooking Companies to UECCC through PFIs											
Name of Company: Quarter:.....											
Customer Data					System Details						
Serial No.	Customer Name	Customer Phone Contact	District of Residence	Sub-County/Village	Date of Sale (DD/MM/YY)	Type of Clean Cooking Technology (hh-charcoal, hh-firewood, Babequ, PuE, charcoal/firewood oven, electric oven, duofuel, biogas, LPG, Ethanol, Solar, EPC , and so on)	No. of stoves Purchased	Receipt Number	Stove Size	Retail Price of Stove (UGX)	Remarks by Company

Remarks by PFI:

Signature by PFI Official:

(d) Direct Lending (Working Capital): Reporting from Solar Companies to UECCC

SOLAR COMPANIES WORKING CAPITAL FACILITY												
Quarterly Reporting and Monitoring template from Solar Companies to UECCC												
Name of Solar Co:					Address/Contact of Solar Co:				Reporting Period:			
.....							
Customer Data				Sales Details (cash/credit)					System Details			
Serial No.	Names of Client	Category (H/h, SME or Institution)	Gender	Loan or Cash Sales	Date of Sales	Amount (Cash/ /PAYG)	Loan Period (if PAYG)	Interest Rate (%) (if credit)	Tel. Contact	Location (where sys is installed)	System Type	Wattage/ Size of System
Remarks by Company:												
Signature by Company Official:												

(e) Direct Lending (Working Capital): Clean Cooking Companies reporting to UECCC

CLEAN COOKING COMPANIES WORKING CAPITAL FACILITY											
Quarterly Reporting and Monitoring template from Clean Cooking Companies to UECCC											
Name of Company: Quarter:											
Customer Data					System Details						
Serial No.	Customer Name	Customer Phone Contact	District of Residence	Sub-County/Village	Date of Sale (DD/MM/YY)	Type of Clean Cooking Technology (hh-charcoal, hh-firewood, Babeque, PuE, charcoal/firewood oven, electric oven, duofuel, biogas, LPG, Ethanol, Solar, EPC, and so on)	No. of stoves Purchased	Receipt Number	Stove Size	Price of Stove (UGX)	Remarks by Company

Remarks by PFI:

Signature by PFI Official:

(f) PFI Quarterly Report on Solar Working Capital Loans Guaranteed by UECCC

Date _____

Performance status of working capital loans to solar companies guaranteed by UECCC for calendar quarter ending:

PFI Details (Name, Address, Tel. No.):

Name of Borrower	Amount Disbursed	Outstanding principal (a)	Guarantee Cover (%) (b)	UECCC Exposure (a) * (b)	Days to Expiry of the loan	Principal Amount in Arrears	Days in Arrears	Actions** Taken to recover	Summary of collateral pledge

** Could include the following: telephone contact, follow-up visits, demand notice delivered to the borrower, recourse to guarantors, filing of lawsuit, , and so on. Explanatory narrative of any unusual items should be attached.

Printed Name and Title of Authorised Signatory

PFI Signature & Stamp

DATE OF RECEIPT OF REPORTS	Day	Month	Year	Received within 15 days of Quarter end?
Quarterly Accounts	[Day]	[Month]	[Year]	YES NO (days late)
Quarterly Performance Report	[Day]	[Month]	[Year]	YES NO (days late)
Environmental Progress Report (Pro-forma in ESMS)	[Day]	[Month]	[Year]	YES NO (days late)

CONFIRMATION OF REPORTING COMPLETENESS			
Type of Reporting	Required Data & Minimum Thresholds	Received	Not Received/ incomplete
Quarterly Management accounts Received	Signed Balance sheet, Cashflow Statement, P&L	YES	NO (include detail)
Facility Performance (see also Project Activity Reporting requirements a. below)	1. List of loans on issue (projects, sub-borrowers, loan amount) against budget	YES	NO (include detail)
	2. Total outstanding debt against budget	YES	NO (include detail)
PFI Financial Covenants	1. PFI Debt Service Coverage Ratio (DSCR), calculated as (Earnings before Interest, Tax, Depreciation and Amortisation divided by Total Debt) above 1x.	YES NO	
	2. Current ratio should not fall below 1.5 or the promoters will have to provide cash to meet the shortfall;	YES NO	
	3. Debt/Equity ratio shall not exceed 70:30.	YES NO	
Environmental and Social Performance (see also Non-Financial Performance Indicators requirements below)	Full environmental and social performance report submitted on all PFI sub-projects received?	YES NO (Further information required (specify))	
	Any observations?	NO	
		YES (Further information required (specify))	

CONFIRMATION OF REPORTING COMPLETENESS			
Type of Reporting	Required Data & Minimum Thresholds	Received	Not Received/ incomplete
Development Impact Performance (Clean Energy Access) (See also Non-Financial Performance Indicators requirements b. below)	Target number of households to achieve clean energy / clean cooking access under issued loans/projects (can be expressed as number of energy products/units to be sold or households connected to electricity resulting from the project/loan) Actual number of households achieving clean energy/ clean cooking access to date (can be expressed as number of units sold or households connected resulting from the project/loan)	[#] N/A (Further information required (specify))	[#] N/A (Further information required (specify))

Action/Follow up Required	Responsible (initial)	Follow-up Sent? (Date)	Item received/issue closed?
			YES
			NO
			YES
			NO
			YES
			NO
			YES

			NO
--	--	--	----

Form completed by

Signed

[Name of Portfolio officer]

[Name of Portfolio Manager]

Date: [date]

Date: [date]

Signature:

Signature:

Annex 12 - UECCC Reporting to GOU and World Bank

IDA Project Funding	Project Indicators	Annual Performance (r1Y Status)	Year 2	Year 3	Year 4
Fund Amount = US\$	Volume of financing to beneficiaries for access to energy (Amount (US\$)) UECCC:				
Components					
Off-Grid	Number and Tier level of off-grid household connections provided under the project (Number and Tier level):				
	Number and Tier level of off-grid household connections provided under the project to female headed households (Number and Tier level)				
	Productive uses technologies financed (Number)				
	Productive uses technologies financed of which female recipients (Number)				
	Commercial enterprises benefited from modern energy solutions (Number)				
	Commercial enterprises benefited from modern energy solutions of which female-led (Number)				
	Public institutions by category - health center, school, water pumping, and so on provided with off-grid access (Number)				
	Energy savings from the project (MWh/year)				
Clean Cooking	Number of clean cooking solutions provided (Number)				
Energy Access in Refugee Host Communities	Number of off-grid connections provided under the project in refugee-hosting districts (Number)				
	Number of off-grid connections provided under the project, of which refugees (Number)				
	Commercial enterprises electrified under the project with off-grid solutions in refugee-hosting districts (Number)				
	Commercial enterprises electrified under the project, of which refugees (Number)				
	Productive uses technologies distributed under the project in refugee-hosting districts (Number)				

IDA Project Funding	Project Indicators			Annual Performance (r1Y Status)	Year 2	Year 3	Year 4
	Productive uses technologies distributed to refugees customers (Number)						
	Public institutions provided with off-grid access in refugee-hosting districts (Number)						
	ESMS Reporting Requirements as Specified in Annex to Part A of the POM.						
	Number of clean cooking solutions provided under the project in refugee-hosting districts (Number)						
	Number of clean cooking solutions provided under the project in refugee-hosting districts, of which refugees (Number)						
	Number of public institutions provided with clean cooking solutions in refugee-hosting districts (Number)						
Remarks							

Annex 13 - Pro-Forma Participation Agreement

PARTICIPATING AGREEMENT

BETWEEN

UGANDA ENERGY CREDIT CAPITALISATION COMPANY (THE "UECCC")

AND

.....
PARTICIPATING FINANCIAL INSTITUTION

Dated

THIS AGREEMENT is made this day of 2023 between **UGANDA ENERGY CREDIT CAPITALISATION COMPANY** (hereinafter referred to as '**UECCC** ') of P.O. Box 29725, Kampala, Uganda of the one part and**PFI name**..... operating under the Laws of the Republic of Uganda having its registered office at, (hereinafter referred to as The Participating Financial Institution or PFI , which expression shall where the context so admit include its successors and assigns) of the other part.

WHEREAS:

WHEREAS by the Financing Agreement dated the day of, 2023. (herein after called 'the Financing Agreement'), signed between the Government of Uganda and the International Development Association (herein after called, 'Association'), the Association agreed to extend to the Government of Uganda, an amount equivalent to two hundred and thirty-seven million, seven hundred thousand SDR equivalent Special Drawing Rights (SDR 237,700,000 ("Credit") and an amount equivalent to a hundred and sixty-nine Special Drawing Rights (SDR 169,600,000 ("Grant") for the purpose and upon terms and conditions of the Financing Agreement;

WHEREAS by the Energy Sector Management Assistance Program Multi-Donor Trust Fund ("ESMAP-MDTF") Grant Agreement dated the day of, 20..... (hereinafter called 'the ESMAP Grant Agreement'), signed between the Government of Uganda and the Association, the Association agreed to extend to the Government the sum of US\$10,000,000 (United States Dollars ten million) ('the ESMAP Grant'). upon the terms and conditions as set forth in the Agreement; and

WHEREAS by the Clean Technology Fund ("CTF") Grant Agreement dated the day of, 20..... (hereinafter called 'the CTF Grant Agreement'), signed between the Government of Uganda and the Association, the Association agreed to extend to the Government a grant which in aggregate does not exceed thirty million United States Dollars (\$ 30,000,000) ("the CTF Grant"), upon the terms and conditions as set forth in the CTF Grant Agreement:

WHEREAS the Government has agreed pursuant to the terms of the Funding Agreements to make available to the UECCC part of the Financing, through a Subsidiary Financing Agreement.

WHEREAS "the Funding Agreements" means, collectively, the Financing Agreement, the ESMAP Grant Agreement and the CTF Grant Agreement.

WHEREAS the UECCC and the PFI have agreed to enter into this Agreement, which is the Participating Agreement, upon the terms and conditions set forth herein.

NOW THEREFORE, subject to the terms and conditions of the Participating Agreement the parties hereto agree as follows:

NOW THEREFORE IT IS HEREBY AGREED AS FOLLOWS:

ARTICLE I

DEFINITIONS

Whenever used in this agreement, unless the context otherwise requires, the following terms shall have the following meaning:

- (a) **Credit Support Facility (CSF)** - means a menu of Credit Support Instruments including Lines of Credit, Partial Credit Guarantees and Technology Risk Guarantees aimed at encouraging the participation of local financial institutions in financing of off-grid solar equipment for lighting and charging, clean cooking technologies powered by solar, biomass, biogas, LPG, ethanol and electricity productive uses of solar such as irrigation, cooling and refrigeration and eligible efficient electrical appliances and Internal Wiring and Three Phase connections.
- (b) **Eligible Enterprises** - means a private sector enterprise, operator or investor which meets the set eligibility criteria and to which a Participating Financial Institution proposes to make or has made a sub loan for carrying out electrification and or clean cooking activities.
- (c) **Eligible Household** - means a household which meets the set eligibility criteria and to which a Participating Financial Institution proposes to make or has made a sub loan for carrying out electrification and or clean cooking activities.
- (d) **Sub-project** means a specific scheme; activity or service financed or proposed to be financed by an Eligible Household/Enterprise using the proceeds of a sub-loan.
- (e) **Sub-loan** - means a loan proposed to be made or loan granted by a Participating Financial Institution (PFI) to an Eligible Household or Enterprise for carrying out electrification or clean cooking activities.
- (f) **PFI** - means a Participating Financial Institution, which has satisfied the set eligibility criteria for participating in the CSF.
- (g) **Charter** - means the Memorandum & Articles of Association of the PFI and/or any other Legal Instrument/License governing the Financial Business Operations of the PFI.
- (h) **Lending Policy** - means Statement of Operating Policies and Procedures for Sanction, disbursement and follow up of Credit facilities of the PFI as adopted by its Board of Directors.
- (i) **Enterprise Eligibility Criteria** - unless otherwise agreed, means the preconditions which make an enterprise eligible to access a sub-loan as provided in section ----- of this agreement.
- (j) **Household Eligibility Criteria** - unless otherwise agreed, means a physical person residing in Uganda.
- (k) **Participating Agreement** - means any agreement entered into by UECCC and the PFI pursuant to the provisions of this agreement.

ARTICLE II

2.1 PFI Applications for CSF Instruments

- (a) UECCC agrees to consider applications for Credit Support Instruments from PFIs by way of a Line of Credit (LOC), Partial Credit Guarantees and Technology Risk Guarantees to support PFI sub loans to eligible households and enterprises, provided however, that the total financing available to various PFIs would be limited to funds made available to UECCC by the Government of Uganda under the Subsidiary Financing Agreement.
- (b) UECCC shall advise a PFI about availability of funds upon receipt of application from the PFI. The CSF Instruments will be extended on a first-come, first-serve basis and all applications will be subjected to a screening or due diligence process.

2.2 Eligible Purposes

Eligible purposes include acquisition/purchase and installation of solar systems, clean cooking technologies powered by solar, biomass, biogas, LPG, and ethanol and productive uses of solar such as irrigation, cooling and refrigeration and eligible efficient electrical appliances, internal wiring and three-phase connections.

2.3 Environmental and social standards

PFI shall comply with the environmental and social standards and practices satisfactory to the World Bank, including anti-corruption and anti-money laundering requirements and Environmental, Social, Health and Safety requirements in the UECCC's Environmental Social Management System (ESMS).

2.4 Terms and Conditions of PFI Sub-Loans

- (a) Sub-loan amounts will be determined by the PFI on the basis of assessment and appraisal of sub-project costs and genuine credit needs in accordance with the Lending Policy of the PFI and will be denominated in Uganda shillings.
- (b) PFI shall be responsible for packaging all sub-loans.
- (c) Repayment of sub-loans by Eligible Households/Enterprises shall be over such a period/periods as may be prudently set by the PFI in accordance with its Lending Policy, provided that the maturities of sub-loans from the PFIs and their grace periods shall in no case exceed sixty (60) months from the date of first disbursement. The PFI shall notify UECCC of the maturities applicable to sub-loans made to eligible households/enterprises.
- (d) Sub-loan interest rate from PFI to sub-borrowers will be determined by the PFIs in accordance with their credit procedures but should remain competitive and reflect the cost of funds from UECCC. The PFI shall on a quarterly basis notify the UECCC of the interest rates applicable to sub-loans made to eligible households/enterprises.
- (e) Each eligible household and enterprise shall comply with World Bank acceptable practices/procedures, including goods and services shall be purchased at a reasonable price,

account being taken also of other relevant factors such as time of delivery, efficiency and reliability of the goods and availability of maintenance facilities and spare parts thereof.

- (f) Disbursement shall be made by the PFI in accordance with the requirements of the Sub-loan and upon satisfactory compliance with the PFIs conditions of sanction regarding equity contribution, security, and others.
- (g) Disbursements of sub-loans shall be made by the PFI only after receipt of a UECCC disbursement under a sanctioned facility.
- (h) The PFI shall have the right to obtain all such information as World Bank and UECCC shall reasonably request relating to the sub-loan funded activities, however, the sub-loan funded activities shall not include any Excluded Activities.
- (i) The PFI shall have the right to suspend or terminate the right of the eligible household/enterprise to use the proceeds of the credit upon the failure by such eligible household/enterprise to perform its obligations under its contract with the PFI.

ARTICLE III

UECCC Sanction of CSF Applications

- 3.1 When submitting a formal application for CSF Instruments, the PFI shall furnish UECCC with information including but not limited to the following:
- (a) Charter, including Certificate of Incorporation, Memorandum & Articles of Association of the PFI and/or any other Legal Instrument/License governing the Financial Business Operations of the PFI (Bank of Uganda Licence, Uganda Microfinance Regulatory Authority Licence or other legal instrument/licence as applicable)
 - (b) Audited financial statements for the recent 3 years. The accounts should have been audited by an accounting firm registered under the Institute of Certified Public Accountants of Uganda
 - (c) Resolution to borrow signed by authorized signatories of the PFI.
 - (d) Company profile
 - (e) Management structure of the Board and the Current Board of Directors with a brief profile of the members.
 - (f) Other relevant information in support of the application.
 - (g) Proposed Security to cover the LOC Facility.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this agreement to be signed in their respective names as of the day and year first above written.

SIGNED FOR AND ON BEHALF OF UGANDA ENERGY CREDIT CAPITALISATION COMPANY:

Signature: -----

Name: -----

Title: -----

IN THE PRESENCE OF:

Signature: -----

Name: -----

Title: -----

SIGNED FOR AND ON BEHALF OF (PFI):

Signature: -----

Name: -----

Title: -----

IN THE PRESENCE OF:

Signature: -----

Name: -----

Title: -----

Annex 14 - Pro-Forma Loan Agreement terms to PFIs

ELECTRICITY ACCESS SCALE-UP PROJECT

FINANCING AGREEMENT

BETWEEN

UGANDA ENERGY CREDIT CAPITALISATION COMPANY

AND

..... (PFI NAME)

Dated -----

THIS AGREEMENT is entered into this day of 2023,

BETWEEN

UGANDA ENERGY CREDIT CAPITALISATION COMPANY (hereinafter referred to as “UECCC” having its office at Plot 29/33, Amber House, Kampala Road of P.O. Box 29725, Kampala,

AND

..... (**PFI NAME**), operating under the Laws of the Republic of Uganda having its Head Office at ----- (hereinafter referred to as “PFI”), which expression shall where the context so admit include its successors and assigns, of the other part.

WHEREAS:

- A. WHEREAS Government of Uganda (‘GOU’) is implementing the Electricity Access Scale-up Project (EASP) with the objective of increasing access to energy for households, commercial enterprises, industrial parks, and public institutions nationwide, including in refugees hosting districts.
- B. WHEREAS by the Participating Agreement dated the day of, 2023. (hereinafter called 'the Participating Agreement'), signed between UECCC and(PFI Name) the parties agreed to implement the Project as stipulated in the Participating Agreement;
- C. WHEREAS PFI is a registered Financial Institution under the Laws of Uganda carrying on the business of providing financial services including the provision of loans to borrowers.
- D. WHEREAS PFI has applied to UECCC for a Line of Credit for purposes of provision of sub-loans to households and enterprises; working capital loans to Energy service companies; wiring and three-phase on-grid connections.
- E. WHEREAS at the ---- Board meeting, the UECCC Board of Directors approved a Line of Credit of UGX ----- (UGX amount in words) to the PFI.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1.	Line of Credit Amount	UGX ----- (UGX amount in words).
2.	Purpose of the Line of Credit	<p>The funds are to be applied exclusively for any or all of the following purposes:</p> <ul style="list-style-type: none"> (i) Provision of working capital loans for purchase or import financing of solar equipment including Solar Home Systems (SHS), Institutional Solar Systems, Solar Productive Use Equipment (PUE), Efficient Electrical Appliances, On-grid PUEs and Clean Cooking technologies, covering inventory including purchases/import financing for stock, expenses relating to acquisition of the stock including taxes, import dues, transport costs and clearing, assembly of solar and clean cooking components. (ii) Institutional and household wiring and three-phase connections for on-grid electricity. (iii) Provision of term loans to private institutions and/or Energy Service Companies for supply and installation of standalone solar systems or clean cooking solutions for Private and Public Institutions. (iv) Provision of end user (consumer) loans to households and enterprises for the acquisition of solar systems and/or clean cooking solutions, wiring, and three-phase connections for on-grid electricity.
3.	Financing Period	<p>The financing period between UECCC and PFI ismonths (.....years), including a grace period of months on principal repayments. The date of the first disbursement will mark the beginning of the financing period.</p> <p>However, the loan periods between PFI and the final beneficiaries will be freely negotiable but not to exceed sixty (60) months.</p>
4.	Interest Rate	<p>The interest rate from UECCC to PFI shall be per annum. Interest will be paid in quarterly instalments, that is, 31st March, 30th June, 30th September and 31st December of each year. Interest rate to final beneficiaries shall be determined by PFI but is subject to.....</p> <ul style="list-style-type: none"> • maximum on-lending market margin of 10% (For Tier 1 – 3 and funds) • maximum on-lending market margin of 15% (For Tier 4 and Leasing Companies) <p><i>delete bullet as appropriate</i></p>
5.	Principal Repayments	<p>Principal repayments will be made in.....</p> <ul style="list-style-type: none"> • equal semi-annual instalments (For Tier 1 – 3 and funds) • equal quarterly instalments (For Tier 4 and Leasing Companies) <p><i>delete bullet as appropriate</i></p>

6.	Penalty Interest	In the event of a default, a penalty charge of 0.5% per month above the monthly contractual interest rate will be charged on the principal and interest amounts in default.
7.	Disbursement of Funds	<p>End user on-lending UECCC will disburse the line of credit in tranches. The first tranche will be disbursed after fulfilling the pre-disbursement condition in clause 14 and will be subject to a maximum of UGX.....</p> <ul style="list-style-type: none"> • UGX equivalent of US\$50,000 (For Tier 1 – 3 and funds). • UGX equivalent of US\$25,000 (For Tier 4 and Leasing Companies) <p>The second and/or subsequent tranches will be disbursed subject to full accountability for the first tranche and based on a pipeline of sub-loans.</p> <p>Working capital sub-loans</p> <ul style="list-style-type: none"> • Disbursements for PFI working capital sub-loans will be made to the PFI upon furnishing UECCC with an executed sub-loan agreement between the PFI and the sub-borrower on a case-by-case basis. • Working capital sub-loans amounts exceeding US\$500,000 shall require UECCC no objection before execution of the sub-loan agreement. • Working capital sub-loans exceeding the equivalent of US\$1,500,000 shall require World Bank ‘no objection’.
8.	End user sub-loan limits	Sub-loans to sub-borrowers shall be subject to a maximum value of UGX 25 million for households and a maximum of UGX 60 million for enterprises in accordance with the PFI credit policies and procedures
9.	Security	<p>For Tier 1–3 An executed demand Promissory Note covering the principal and interest thereof duly executed by the authorised signatories of ...(PFI Name) in favour of UECCC. The Promissory Note will be called upon the occurrence of an event of default which shall occur when(PFI Name) fails to pay when due any outstanding amount of principal with respect to the Line of Credit extended to it, and such failure continues for a period of sixty (60) consecutive calendar days.</p> <p>For Tier 4, leasing companies, and Funds The security will include a combination of any of the following, covering up to 200% of the principal amount</p> <ul style="list-style-type: none"> • Mortgage over landed securities • Debentures over fixed and floating assets (present and future) • Personal guarantees where applicable • Other risk mitigation instruments offered in the market where applicable. <p><i>Delete as appropriate</i></p>

10.	Monitoring	<p>For purposes of monitoring, PFI and the final beneficiaries shall permit the World Bank and UECCC or persons designated by World Bank and UECCC, subject to being accompanied by a duly designated officer or representative of(PFI Name), to visit beneficiaries and conduct such checks as they may wish and shall provide them with all the necessary assistance for the purpose.</p> <p>PFI will provide quarterly summarized reports using a template provided by UECCC including but not limited to the following key information:</p> <p>PFI branch, sub-borrowers' details (Name, Telephone, Gender), loan purpose, loan amounts, interest rates, location of sub-borrower (District and Sub-county) and repayment performance.</p> <p>PFI will also furnish UECCC with annual audited financial statements within Six (6) months following each ended financial year.</p>
11.	Disbursement targets	<p>.....(PFI name) commits to utilize the funding in accordance with the targets submitted with the request for disbursements in section 14 of this agreement. Continued failure to meet 50% of the quarterly target over two consecutive quarters may lead to recall of funds by UECCC.</p>
12.	Misuse of funds	<p>In case of use of funds by(PFI Name) for any other purpose other than as specified in section 2 above, a re-allocation of the funds is to be made to an eligible final beneficiary within a period of 3 months, failure to re-allocate within the period would render the immediate full repayment of the non-compliant loan amount to UECCC.</p>
13.	Environmental and Social requirements	<p>All activities financed by the PFI from the proceeds of the Line of Credit shall be carried out in accordance with the applicable National laws on Environmental and Social Standards, and the Environmental and Social Management System prepared by the UECCC for the project.</p>
14.	Standard Governance, Anti-Corruption and anti-Fraud Clauses	<p>Schedule 2</p>
15.	Conditions precedent to disbursement	<p>Will include (without limitation to the following)</p> <ul style="list-style-type: none"> (i) Board Resolution to borrow signed by the authorized signatories of(PFI name) (ii) Security (<i>to indicate as applicable</i>) in favour of UECCC duly executed by the authorized signatories of(PFI Name) and duly registered as applicable. (iii) Executed Memorandum of Understanding with at least two UECCC prequalified Energy Service Companies (ESCOs). (iv) Quarterly on-lending targets by(PFI name) over the loan period acceptable to UECCC .

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed in their respective names as of the day and year first above written.

For and on behalf of: UGANDA ENERGY CREDIT CAPITALISATION COMPANY

MANAGING DIRECTOR

Witnessed by

DIRECTOR TRANSACTION EXECUTION

For and on behalf of: -----PFI

MANAGING DIRECTOR

Witnessed by

Signature:

Name:

Designation:

Schedule 1:

All activities financed by.....(PFI Name) from the proceeds of the Line of Credit shall be carried out in accordance with the applicable National laws on Environmental and Social Safeguards and the following Environmental and Social safeguards applicable to UECCC financing

End user loans

- (a) Comply with UECCC E&S requirements including screening, monitoring and reporting of E&S performance of their sub-projects in accordance with **Form I** of this schedule
- (b) Comply with the applicable national laws and regulation of environmental, health and safety and labour provisions.
- (c) Ensure that funded sub-projects meet the set quality standards through use of pre-qualified suppliers prior to disbursement of sub-loans.
- (d) Submit quarterly E&S reports to UECCC and report significant E&S incidents within 48 hours to UECCC using **Form II** and **Form III** of this schedule.
- (e) Remedial actions in case of significant E&S non-conformity that may include but not limited to recalling of non-conforming loans and exclusion from subsequent funding by (PFI Name).

Working Capital Loans from..... (PFI Name) to Energy Service Companies (ESCOs)

Sub-loan agreements between..... (PFI Name) and ESCOs shall include the following provisions

- (a) Provision requiring Private energy companies to comply with applicable national laws on environment, labour, health and safety to be included in sub-loan agreements.
- (b) Provision for development and implementation of an Environmental and Social Management Plan (ESMP) commensurate with the risks and impacts of their subprojects to be included in the sub-loan agreements in accordance with the template provided in **Form IV** of this schedule
- (c) Require sub-borrowers (ESCOs) to monitor their E&S performance and Submit quarterly E&S reports to(PFI Name) for onward submission to UECCC in accordance with **Form II** of this schedule
- (d) Require sub-borrowers to report major incidents within 48 hours of knowing about the incident to UECCC with a copy to the PFI in accordance with **Form III** of this schedule

Form 1: Environmental and Social Transaction Screening Form

This form is to be filled by the PFI [if applicant has applied through PFI] or UECCC E&S Personnel [if applicant is to be directly finance by UECCC]

Section A: Applicant's Background Information	
Name of Applicant:	
Facility applied For:	
Amount Applied For:	
Brief Description of the Applicant's nature of business including geographical location of the business:	
Purpose of Funding:	
<p>Does the applicant satisfy the eligibility criteria for private energy companies under annex 7 of the ESMS</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>Is the proposed project appearing on the Exclusions List:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes, applicant shall be advised of the decision not to process the application. No need to proceed with further screening of the applicant.</p>	
<p>Does the subproject activities have any negative impacts on the following:</p> <p>(a) Labour and working conditions of its employees including OHS <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain</p> <p>(b) waste management (solar batteries, solar panels etc.) <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain</p> <p>(c) Gender mainstreaming to address issues such as Gender Based Violence (GBV), discrimination against women and Sexual Exploitation and Abuse (SEA), among others. <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please explain</p>	
<p>Status of Safety and emergency preparedness of existing facilities where the financed equipment will be installed.</p> <p><input type="checkbox"/> In place , If in place, provide the hazard map and safety and emergence preparedness plan</p> <p><input type="checkbox"/> Not in place If not in place, develop the hazard map and safety and emergence preparedness plan</p>	
<p>i. Companies or subprojects that do not satisfy the eligibility criteria in annex 7 of the ESMS and/or are dealing in activities on the exclusion list will be rejected.</p> <p>ii. Companies or subprojects that satisfy the eligibility criteria in annex 7 of the ESMS and/or are not dealing in activities on the exclusion list but answer "yes" to any of the other questions above – the company or sub-project shall be categorized as moderate risk and therefore shall be subjected to the ESDD.</p>	

iii. **Companies or subprojects that satisfy the eligibility criteria in annex 7 of the ESMS and are not dealing in activities on the exclusion list and answer No to the other questions above** –the Companies or sub-projects shall be categorized as low risk and therefore shall not be subjected to the ESDD.

Environmental and Social Regulatory Compliance and Liability

Please indicate with a (✓) if the following applies:

Environmental Compliance

- The applicant complies with environmental regulations and standards of Uganda.
- The applicant is in possession of all necessary environmental permits, licenses and approvals applicable to the sub-project (If applicable).
- The applicant has been issued or fined for non-compliance with environmental or worker occupational health and safety regulations and standards in the last two years.
- The applicant is subject to on-going or pending administrative or court action due to environmental or worker health and safety offences.
- The applicant is exposed to potentially significant environmental liabilities (such as those arising from known or suspected indiscriminate hazardous waste disposal related to past or on-going operations).
- The applicant has received formal grievances related to poor environmental or health and safety performance.
- Within the last five (5) years, the applicant or their associated institution has been the focus of the press, NGOs or social media regarding environmental or worker health and safety performance.

If the answer to any of the above is “yes”, please provide further details:

.....

Social Compliance

- The applicant complies with relevant international social legislation and agreements.
- The applicant complies with national labour and employee protection regulations (those related to occupational health and safety (OHS), employment of minors (child labour), prohibition of forced labour, non-discriminatory treatment of employees at the workplace and gender).
- The applicant is in possession of all necessary social and labour-related permits, licences and approvals for the operation of the sub-project.
- The applicant or their institution has been fined for non-compliance with OHS, labour and public safety /sanitary regulations and standards in the last two years.
- The applicant is subject to on-going or pending administrative or court action due to labour or sanitary offences.
- The applicant has had significant incidences in the last two years involving deaths or serious injuries and or significant environmental damage.

The applicant has received formal grievances related to poor social or labour practices.
 Within the last five (5) years, the applicant has been the focus of the press, NGOs or social media regarding social or labour issues.
 The applicant is exposed to potentially significant social liabilities (such as those entailing acquisition of land occupied by squatters) related to past or on-going operations.

If the answer to any of the above is “yes”, please provide further details

.....

.....

.....

Positive Impacts

List the positive impacts likely to be associated with the sub-project (such as towards climate change and, creation of decent jobs etc.)

Risk Categorisation

(a) Environmental and Social Risk Categorisation

- Moderate Risk - Low Risk

(b) Justification of the E&S Risk categorisation

[based on the nature of applicant’s business, exposure to potential significant E&S risks and impacts, whether proposed activities are on the list of excluded activities and applicant’s E&S management systems]

Note: If the risk categorisation is moderate, proceed to carryout due diligence using the form in Appendix 5 as required, otherwise, recommend approval of the application subject to meeting other appraisal requirements. The findings from the E&S Due Diligence stage will inform whether the transaction processes should proceed or not.

Signature..... (E&S Specialist)

Date

Form II: Quarterly E&S Performance Reporting Template

NAME OF INSTITUTION/COMPANY		
FINANCING PRODUCT		
AMOUNT BORROWED		
PFI		
E&S RISK CATEGORISATION	<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> Substantial	
REPORTING PERIOD	FROM:	TO:

For the reporting period indicated above, please provide the following information about your E&S Performance:

1. Progress on the commitment to address the negative impacts identified at appraisal.

E&S issue(s)	Actions Committed to close issues	<u>Responsibility by (name/title person responsible)</u>	To be addressed by (date)	Status (Closed/Open)

Form III: Incident, Non-Conformity and Corrective Action Log

Form III is to be added here to the Loan Agreement. The pro-forma of Form III is at Annex 6 in this document

Form IV: An Indicative Outline of the Environmental and Social Management Plan (ESMP) for Energy Service Companies

1. CHAPTER 1: INTRODUCTION

- a. Rational for the ESMP
- b. Objectives and purpose of the ESMP
- c. Overview of the Project
- d. Policy, legal, and regulatory framework for ESMP

2. CHAPTER 2: PROJECT DESCRIPTION

- a. Project location
- b. Project development objectives, project components, activities, beneficiaries
- c. Scope of work
- d. Construction/installation methods
- e. Materials required including waste disposal
- f. Total investment of the project

3. CHAPTER 3: ENVIRONMENTAL AND SOCIAL ECONOMIC CONDITIONS

- a. Physical Conditions
- b. Biological Conditions
- c. Social-Economic Conditions

4. CHAPTER 4: ENVIRONMENTAL AND SOCIAL IMPACTS

- a. Type and scope of impacts (including those related to OHS, legacy and liability matters)
- b. Impacts and Risks in Construction Phase
- c. Impacts and Risks in the Operations Phase

5. CHAPTER 5: IMPACT MITIGATION MEASURES

- a. Measures to be integrated into the detailed technical design
- b. Mitigation Measures during the Planning Phase
- c. Mitigation Measures during the Construction Phase
- d. Mitigation Measures during Operation Phase

6. CHAPTER 6: IMPLEMENTATION

- a. Roles and responsibilities
- b. ESMP Implementation Arrangement / Organizational structure
- c. Stakeholder Engagement and Responsibilities of Stakeholders

7. CHAPTER 7: ENVIRONMENTAL and SOCIAL MONITORING PROGRAM / MONITORING, REPORTING, and EVALUATION

- a. Objectives of the Environmental and Social Monitoring Program

- b. Environmental Monitoring Plan

The monitoring is to be undertaken as per the project phase that is:

- i. Construction phase monitoring;*
- ii. Operations phase monitoring;*
- iii. Maintenance phase monitoring; and*
- iv. Decommissioning phase monitoring.*

8. CHAPTER 8: CAPACITY DEVELOPMENT AND TRAINING

- a. Technical Assistance Support for the implementation of safeguards
- b. Training Programs Proposed

9. CHAPTER 9: ESMP COST ESTIMATION

- a. Cost for mitigation measures by contractor
- b. Costs for Environmental Monitoring programs
- c. Cost of Training and Capacity building
- d. Total cost of ESMP Implementation

10. CHAPTER 10: GRIEVANCE REDRESS MECHANISM

- a. Objectives of the GRM
- b. Grievance categories
- c. Community GRM procedure
- d. Grievance tracking and reporting
- e. Workers GRM
- f. World Bank Grievance Redress System

11. CHAPTER 11: INTERGRATION OF THE ESMP INTO THE PROJECT

REFERENCES

ANNEXURES (e.g., record stakeholders views during consultations, attendance lists, grievance receipt form, etc.)

Schedule 2. Standard Governance, Anti-Corruption and anti-Fraud Clauses

[NAME OF PFI] (the "PFI") irrevocably commits to the implementation of its sub-loans to its sub-borrowers, from the date of signature of this Loan Agreement and as long as principal, interest or other amounts are due under the Loan, to be in compliance with the ESMS and in particular with the following provisions:

- (a) Report to UECCC:

- (i) Its annual audited balance sheets, audited income statements and annual activity report;

- (ii) An annual monitoring report on the projects financed by this credit line (sub-projects) including environmental categories of projects and a report at the end of implementation, within three (3) months from the date of the last disbursement of the Loan;
- (b) Prepare annual audits at the PFIs own expense, by an audit firm of accountants deemed acceptable to UECCC, and submit the reports to UECCC;
- (c) Not distribute dividends in the event that, after such distribution, it is found in default for the payment of sums due to UECCC;
- (d) Allow the representatives of UECCC and the persons appointed by UECCC, free access to all documents concerning financed projects and collaborate with UECCC to enable UECCC to carry out effectively and under the best conditions, the EASP Project supervision;
- (e) Quarterly reports to UECCC on the key indicators of short- and medium-term effects appearing in the reporting templates;
- (f) Ensure compliance with required financial standards and practices, including policies and procedures of the Credit Support Facility Project Operations Manual (POM)
- (g) Ensure compliance with the Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 (the Anti-Corruption Guidelines available on the World Bank website) including: (i) immediately reporting to the World Bank any allegations of fraud and corruption in connection with the use of proceeds of the Bank financing that come to its attention; (ii) cooperating fully with representatives of the World Bank in any investigation into allegations of fraud and corruption in connection with the use of proceeds of Bank financing; (iii) including in its legal agreements with its borrowers receiving sub-loans out of the proceeds of the Bank financing the right of the World Bank to inspect all accounts, records and other documents relating to the project required to be maintained pursuant to the Legal Agreement, and to have them audited by, or on behalf of, the World Bank. ;
- (h) Exercise its obligation, in relation to each of the sub-borrowers, to protect its interest, the interests of the sub-borrowers as well as those of UECCC and the World Bank;
- (i) Not to assign, modify, repeal, or waive any of these obligations, without prior agreement with UECCC;
- (j) Evaluate and supervise the sub-projects, preparing periodic reporting to UECCC, in accordance with Annex 12 of the POM;
- (k) Ensure that each sub-borrower receiving a sub-loan has fulfilled Environmental and social requirements in compliance with the UECCC ESMS and in accordance with the provisions of the POM, and provisions of all applicable Environmental and Social Laws, Environmental and Social Instruments and Performance Standards;
- (l) Ensure that the sub-projects comply with all laws and regulations relating to prohibited activities, such as forced labor, child labor, illegal cross-border trade in waste, protected natural habitats, rehabilitation or construction of dams, nuclear, military, or paramilitary;
- (m) Ensure that the works, goods and services to be financed by each sub-loan are used exclusively for the realization of sub-projects eligible to be funded by EASP;

- (n) Supervise the sub-projects;
- (o) Suspend or terminate sub-loans in the event of failure by the sub-borrower to meet its obligations under the sub-loan agreement;
- (p) Inform UECCC as soon as possible of any condition that interferes or threatens to interfere in the implementation of the sub-project in accordance with the sub-loan agreement;

Annex 15 - World Bank Financial Intermediary Financing Guidelines

UECCC must manage the CSF in accordance with the World Bank's Financial Intermediary Financing Policies and Guidelines- FIF Policy 2016

Annex 16 - Eligibility Criteria for PFIs

Eligibility Criteria for Tier 1, 2, and 3 PFIs

- Valid Banking License from BOU: to operate as a Tier 1,2, or 3 Financial Institution
- Compliance with UECCC’s ESMS requirements for the relevant Tier.
- Should have a demonstrable interest in the renewable energy sector evidenced by a documented board approved strategy for the sector including portfolio lending targets.
- Audited Financial Statements for the previous three (3) Financial Years.
- Compliance with the following performance indicators:

Table 1. Performance Indicators for PFIs in Tiers 1, 2 and 3

Performance Indicator	Benchmark
Total capital to risk weighted assets ratio	12% minimum
Liquid Assets to Total Assets ratio	20% minimum
Non-Performing Loans to Total loans and advances ratio	5% maximum
Liquid assets to total deposits ratio	30% minimum
Cost to income ratio	70% maximum
Single credit exposure limit ratio	25% of core capital maximum
Net income after tax	Positive net income in the last 2 years for PFIs older than 5 years in Uganda Exceptions possible for PFIs younger than 5 years in Uganda and for 2021 due to COVID 19.

UECCC will monitor all PFIs annually to ensure that they continue to meet the eligibility criteria.

Eligibility Criteria for Funds

- Valid Constitutional documents and Certificates of Registration/Incorporation
- Valid License from Uganda Microfinance Regulatory Authority (UMRA) where applicable.
- Capability to comply with UECCC’s ESMS requirements for at minimum a Tier 3 FI.
- Good governance - adequate board composition and practices; competent management with adequate managerial autonomy; adequate organization and institutional capacity with policies and manuals in place.
- Must have an adequate loan portfolio management system, for its lending programs.
- Should have a demonstrable interest in the renewable energy sector evidenced by a documented board approved strategy for the sector including portfolio lending targets.
- Audited Financial Statements for the previous three (3) Financial Years.

Eligibility Criteria for Tier 4 PFIs

- Valid Constitutional documents and Certificates of Registration/Incorporation.
- Valid License from Uganda Microfinance Regulatory Authority (UMRA)
- Capability to comply with UECCC's ESMS requirements for a Tier 4 FI.
- Good governance – adequate board composition and practices; competent management with adequate managerial autonomy; adequate organization and institutional capacity with policies and manuals in place.
- Must have an adequate loan portfolio management system, for its lending programs.
- Should have a demonstrable interest in the renewable energy sector evidenced by a documented management approved strategy for the sector including portfolio lending targets.
- Audited Financial Statements for the previous three (3) Financial Years.

Eligibility Criteria for Leasing Companies

- Valid Constitutional documents and Certificates of Registration/Incorporation.
- Valid License from Uganda Microfinance Regulatory Authority (UMRA) where applicable
- Good governance – adequate board composition and practices; competent management with adequate managerial autonomy; adequate organization and institutional capacity with policies and manuals in place.
- Must have an adequate loan portfolio management system, for its lending programs.
- Capability to comply with UECCC's ESMS requirements for Leasing Companies.
- Should have a demonstrable interest in the renewable energy sector evidenced by a documented board approved strategy for the sector including portfolio lending targets.
- Audited Financial Statements for the previous three (3) Financial Years and Most recent Management accounts.

Financial Indicators for sanctioning LoC applications for Tier 4 and leasing companies

Tier 4 FIs and leasing companies must have:

- (i) An asset size above one (1) billion UGX.
- (ii) A loan portfolio size above one (1) billion UGX; and

Qualitative Assessment for All PFIs

Table 4. Qualitative Assessment Checklist

Assessment Area	Maximum Score	Score
Governance Effectiveness and Strategy	10	
Management Effectiveness	6	
Product Development and Delivery	6	
Asset and Liability Management System	10	
Accounting and Financial Management	8	
Financial Sustainability	6	
Environmental, Social and Governance (ESG) Policy	10	
Outreach	2	
Prudence and transparency in product pricing	6	
Financial Transparency	36	
TOTAL	100	

The pass mark for the qualitative assessment checklist is 80 out of 100 maximum.

Annex 17 - Eligibility Criteria for Sub-Borrower Companies

Sub-borrower Companies are private, for-profit institutions, legally permitted to borrow under their business charter or articles of incorporation that include:

- (i) Companies that sell or install Solar Home Systems (SHS), Clean Cooking Solutions or Solar Productive Use Equipment (PUE),
- (ii) Companies that are end users of SHS, Solar PUE, or Clean Cooking Solutions.
- (iii) Companies that provide energy services for example operation and maintenance services and customer training for SHS, Solar PUE, or Clean Cooking Solutions,
- (iv) Companies that produce SHS, Solar PUE, or Clean Cooking Solutions by assembly of components.

Sub-borrower Companies must satisfy the following eligibility criteria

- **Licensed with adequate ownership structure:** Companies should have a valid domestic company registration and should be duly licensed with a tax identification number. The company must be in full compliance with relevant national regulations pertaining to tax, legal and accounting norms.
- **Eligible company business models:** include cash sales, PAYGO, Energy Service Companies (ESCOs)
- **Adequate Business Plan:** Companies should have a three-year forward-looking business plan covering marketing, sales, distribution, procurement, and financing.
- **Hold a valid bank account** with a BOU recognized financial institution legally registered for operations in Uganda.
- **Audit:** Have an external independent audit report of the last three financial years. In the case of domestic companies, the accounts must be audited by a member of the Institute of Certified Public Accountants of Uganda (ICPAU).
- **Quality of operations:** Companies 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. Companies should ensure that they have the trained agents/staff for the sales and installation of quality products. Companies 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 solar companies.
- **Past Experience:** Have demonstrable relevant business operations for at least two years locally or internationally.
- **Product Standards:** The Companies' products to be financed by loans from PFIs under the CSF or loans directly from UECCC must meet the following standards:

Off-grid Solar Products for Lighting and small Appliances (Household and Commercial)

Companies can apply for credit support for sales of products which meet the following criteria:

- System delivers ESMAP MTF criteria (Minimum Tier 1) for each product. (Attach proving documents)
- Proof that product has a valid certificate from the Uganda National Bureau of Standards (UNBS) for **Plug & Play Solar kits** - Standard Number: US IEC TS 62257-9-8:2020 (Product requirement standards), US IEC TS 62257-9-5: 2018 and for **Component Based Solar Systems**, including but not limited to: Standard Numbers: **PV Modules**: US IEC 61215-1:2016 and US IEC 61215-2:2016, **Batteries**: US IEC 61427-1:2013, US IEC 61427-2:2015 and US IEC 61829:2015, **Inverters**: US IEC 62109-2:2011 and US IEC 62116:2014, **Charge controllers**: US IEC 62509:2010. Companies must provide proof that product components comply with all relevant UNBS and IEC standards (provide list of standards relevant to that product and proof of compliance) combined with IEC certification on the batteries and other component parts. The test results should be attached.

Solar Productive Use Equipment (PUE)

Companies can apply for credit support for sales of products which meet at least one of the following criteria:

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 from the Uganda Bureau of Standards (UNBS), combined with IEC certification on the batteries. The test results should be attached.
3. Proof that product components comply with all relevant IEC standards (provide list of standards relevant to that product and proof of compliance)
4. Products with remote monitoring capability, where the company can provide verifiable appliance performance data to UECCC showing available service over the whole 12 months of operation, will be automatically eligible

Clean Cooking Solutions

Companies can apply for credit support for sales of Clean Cooking Solutions which meet the following criteria.

The Companies 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.

Standards for Household Biomass Cookstoves

For household biomass cookstoves using carbonized biomass fuel such as charcoal, Class-2 stove or above as per US 761:2019

For household biomass cookstoves using uncarbonized biomass fuel such as fuelwood, Class-3 stove or above as per US 761:2019

Modern household biomass cookstoves using processed biomass fuel such as pellets, Class-1 or above as per US 761:2019

Tests done 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

Household Biogas - should comply with US 1642:2016 Domestic biogas stoves' specification

LPG - should comply with US 971:2019 - LPG Specification

Ethanol - should comply with US 1685:2017 - Standard specification for Denatured Ethanol for use as cooking and appliance fuel

Electric cooking devices - Induction cookstoves and EPCs

Efficiency at least 80% following the testing protocol US ISO 19867-1:2018

Safety evaluation as per IEC 60335-2-6:2008 (Household and similar electrical appliances – Safety – Part 2-6: Particular requirement for cooking ranges, hobs, ovens and similar appliances)

Solar electric cooking devices

Proof that product has valid certificate from the Uganda Bureau of Standards (UNBS), combined with relevant IEC certification.

- **Warranty and after-sales service:** Proof of a satisfactory consumer protection plan, including warranties within a stipulated period. Companies must have an established and active after-sales service capability. Companies 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. Companies must have preventive maintenance plan clearly showing the plan for regular maintenance and after-sales-service of the products.
- **Adequate accounting systems and management information and IT support:** All Companies must have adequate accounting, bookkeeping, management and adequate system software support.
- **Recycling:** companies must submit a duly signed declaration as commitment that the company 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).
- **Compliance with E&S requirements:** In accordance with the UECCC ESMS, companies must set up an E&S management system commensurate to the risks and if needed contract the services of a certified hazardous waste handler. Companies must provide a declaration with supporting evidence stating compliance with World Bank fiduciary requirements including anti-corruption (Annex 15) and all applicable Uganda laws and UECCC EASP ESMS policies covering Environmental and Social impacts of their businesses.
- **Organizational Code of Conduct:** Must comply with anti-fraud, anti-corruption and anti-money laundering requirements as set out in Annex 15 of the CSF Manual

- **Positive EBITDA** with minimum 2-year track record in relevant markets.
- **Pass UECCC's due-diligence process:** to ensure product authenticity and company operations.
- **Capacity:** Companies must be capable of implementing the proposed business plan in the chosen market.
- **Data System:** Maintain a system to provide data required for project implementation and monitoring.
- **Blacklisted Companies Not Eligible:** Companies which are debarred/blacklisted by Multilateral/Donor funding agencies and or Government of Uganda will not be considered for participation.
- **Solar Product Minimum Tier:** UECCC EASP funding will support solar products that meet at minimum "Tier 1" level of service as defined by the Multi-Tier Framework Access Definition.
- **Unincorporated End Users:** Sub-borrowers under the LoC will also include unincorporated end users of eligible solar equipment or clean cooking solutions that meet PFI credit standards, comprising individuals, households, farmers, and other cooperatives. These sub-borrowers are not eligible for direct lending from UECCC.