

## Promotion of solar lighting

### Call for interested companies

#### In short

Participating companies receive an incentive (grant) for every **certified solar system (solar lamp or solar home system)** sold, rented or installed to end-users. The incentive is paid after sales have been reported and verified (Results-Based Financing approach - see blue information box on the next page).

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#### Who is eligible?

Private firms, private individuals, registered associations and cooperatives are eligible to apply for the support. NGOs are eligible if they pursue a commercial approach, that is, if they are registered as a commercial business in Rwanda. Charities and government organisations are not eligible for support. However, these organisations can team up with an eligible company that will be the project implementer and applicant.

EnDev supports the sale of solar systems to end-consumers on a **commercial basis**. Several business models are accepted, including Pay-As-You-Go (PAYG) and Fee-For-Service (F4S); and companies are free to choose their own business model. For more information on these business models, see the blue box on PAYG and F4S (page 4).

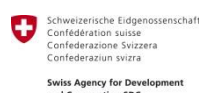
Companies that wish to apply for solar lighting support must fulfil the following **conditions**:

- Have a credible plan to scale up operations in rural areas through commercial approaches;
- Be an importer of Lighting Global-certified solar systems (retailers should partner up with their importers to claim their sales; retailers should not apply for incentives directly);
- Be registered with the Rwanda Development Board (RDB) as a private company;
- Have a valid tax and social security clearance certificates at the time of submission of the business plan;
- Have a commercial bank account;
- Have bank financing or own funds to finance operations;
- Comply with the conditions set out in this document.

#### If you are an importer

Importers will sign a contract with UOB, start selling systems to end-consumers and then claim results directly with UOB. Companies are guaranteed incentives according to the contract, once results are verified.

Funded by:



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## If you are a retailer

Retailers will not sign a contract directly with UOB, but need to partner with an importer to claim incentives. Retailers and Importers need to reach an agreement on how to claim and share incentives for their joint sales.

### Excluded from support are:

- Charities and research/academic institutions operating in Rwanda or outside Rwanda
- Public institutions including REG, MININFRA, RURA and private companies owned by staff who are directly involved in the Energising Development (EnDev) programme from the above mentioned public institutions
- Private companies owned or co-owned by staff from UOB, EnDev, GIZ, GVEP, SNV or any other institution directly involved in the EnDev programme.

## Which solar systems are supported?

To receive incentives for the sale of solar systems, the systems should be:

- Certified by **Lighting Global** (former Lighting Africa)
- Be sold, rented or installed to end-consumers on a **commercial basis**
- Have a credible warranty of at least 1 year through a **working warranty system**.
- Imported less than three months before the contract signing

If the system is not certified by Lighting Global yet, the system might be still eligible for support. The table below is an overview of potential cases.

Lighting Global certification	Admission for support
Approved by Lighting Global	Direct admission
Under testing at Lighting Global but not approved yet	Provisional admission*
Tested by another institution or untested products	No admission

\*In case of products currently under testing, the following documents should be submitted:

- Proof of submission of the products to Lighting Global for testing
- Results of Lighting Global “initial screen method” (ISM) 6-week test or preliminary tests for SHS

## What is Results-Based Financing?

*Results-Based Financing (RBF) is a new financing approach introduced by the UK Department for International Development (DFID) and implemented by Energising Development in several countries, including Rwanda. The idea behind the approach is to reward companies for their previously-agreed and delivered results.*

*RBF is a private sector support mechanism to motivate private companies to move into new business areas in renewable energy. Results-Based Financing is different from traditional grants. The key feature is payment upon delivery. Private companies are expected to take the full risk until the contracted results – in this case the successful sale of solar products to rural customers – have been achieved. Funds are disbursed after independent verification of results. This means that participating companies will have to pre-finance their projects, either through commercial bank loans or other sources of funds.*

*RBF funding is intended to reduce or mitigate commercial market failures by providing financial incentives to the private sector to overcome typical, but temporary, market development risks. RBF is not intended to subsidise the long-term sales price of products to customers. The programme will only pay financial incentives. Large scale capacity building measures are not foreseen. The participating companies are free to use the financial incentives for whatever activity they deem necessary to develop their markets.*

### Validity of product admission

- Admission can be withdrawn if the Lighting Global approval of the product expires without evidence of renewal (i.e. the certificate expires);
- Provisional admission is valid for a period of 1 year;
- Provisional admission can be extended after 1 year subject to submission of documentation from LG that the product is still undergoing testing;
- For provisionally accepted products, the product manufacturer’s warranty should be at least 2 years;
- For provisionally accepted products, the admission will be withdrawn if the LG testing results fail.

### What happens if products fail the LG testing while having provisional acceptance for EnDev support?

The withdrawn product will no longer be eligible for support starting from the date of the negative test result; however, the previously disbursed incentives

do **not** have to be refunded. The company is taking an additional risk of selling not-yet certified products and if the test results are negative, the remaining stock will not be eligible for incentives any longer.

### Which actors are involved?

#### Urwego Opportunity Bank (UOB)

Urwego Opportunity Bank of Rwanda, Ltd. (UOB) is a licensed commercial bank headquartered in Kigali, Rwanda. UOB was selected as the implementer of the programme and will execute the financial management of the fund on behalf of Energising Development Rwanda. UOB will assess the companies during the application period, realise the contractual arrangements with the private companies, administer the fund, disburse the incentives, and monitor and verify the results.

#### Energising Development (EnDev) Rwanda

Energising Development (EnDev) is an energy access partnership currently financed by six donor countries – the Netherlands, Germany, Norway, Australia, the United Kingdom and Switzerland. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH acts as lead agency for the implementation of the programme.

### How does it work?

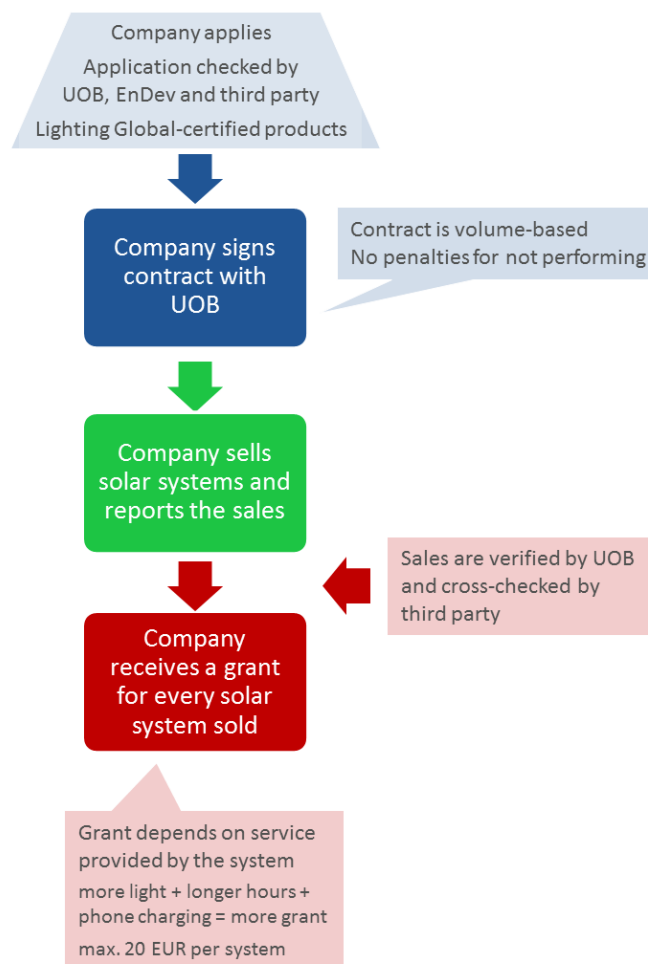
#### Application process

Companies can apply for support by submitting an application to UOB. If the application is successful, the company will conclude a contract with UOB that fixes the maximum results that have to be fulfilled (e.g. sales of up to 3000 systems), and the payment that can be received per system (e.g. 15 EUR per system). Companies are **guaranteed the incentives** if the sales are verified according to the contract.

The figure on this page gives an overview of the process.

#### Service Level Agreements

The contracts signed between companies and UOB are called Service Level Agreements, and will be “volume-based”. That is, companies will conclude a contract for a maximum amount of financing of EUR 50,000. This contract will be valid for a maximum of



one year. Once the maximum amount of incentive agreed in the contract has been reached, or the contract has expired, companies can renew the contract, under the conditions applying at signature of the new contract. No company can sign more than 5 contracts per year.

Due to the volume-based contracts, you get rewarded for your sales – no sales simply mean no rewards. This also means, if a company signs a contract but then does not perform, it does not have any consequences. With a contract companies only receive a bonus for sales, but there are **no penalties for not selling**.

#### Claims, verification and incentive disbursement

Once the contract has been signed, companies can start to sell systems under the EnDev programme. The companies can claim their sales at UOB and receive the agreed incentives. Only sales during the validity period of the contract (sales after the date of contract signing and before the expiration of the contract) are considered for incentives. Companies

## Are Pay-As-You-Go (PAYG) or Fee-For-Service (F4S) business models accepted?

**Yes!** The Results-Based Financing support accepts all commercial business models that target customers in rural areas. It is up to each company to define their business model and EnDev or UOB will not interfere with this.

While upfront sales are easiest to monitor, EnDev also accepts sales or rentals over a longer period of time, such as PAYG or even F4S.

### How will it work?

In principle, the counting approach is that:

**Reported number of new customers =**

**New, additional customers – defaults**

Incentives will be paid out for the reported number of new customers. One prerequisite is that a company following a PAYG or F4S model uses a database-like monitoring system that is able to track new customers and defaults on an individual customer basis.

### Simple example:

Date of contract signing: company has no customers

Quarter 1: company has 1000 new customers. It receives incentives for 1000 customers.

Quarter 2: company has 1300 new customers, thus in total it now has 2300 customers (1000+1300). However, 100 customers have defaulted on their payments. Reported number of new customers is therefore 1200 (1300-100). It receives incentives for 1200 customers.

While this is the standard procedure, counting methods can be negotiated during the application process based on the company business model, and will become part of the contract.

can claim up to four times within a contract. The minimum number of systems they can claim is 200 systems. Companies prepare the claim including the information about the sales (name of customer, telephone number, location, type of system sold, etc.) and submit it to UOB. A special template for reporting will be used (Results form, provided by UOB and part of the contract). UOB will carry out a document check, followed by a telephone verification of a sample of customers. If this verification is positive, an independent verifier will call another sample of customers and visit some customers in the field. Once these checks are done,

UOB will initiate the disbursement.

## Ensure a working warranty system

One important requirement of the EnDev support is that the companies offer a **working warranty system** for their customers. This means that companies need to replace faulty products through a warranty system and as part of the verification and impact assessment, customers will be asked about their experience with the warranty system.

## What if the company receives a grant from another organisation?

One of the rules of EnDev support is that individual solar systems cannot be double-subsidised and double-reported to different programmes or organisations promoting the same models. This means, if a product is reported to UOB and EnDev, it should not receive another grant, nor should it be reported to another (donor) organisation or programme.

Companies should be transparent about their application and receipt of other grants. To avoid any misunderstandings, EnDev advises companies to contact UOB for clarification once they have applied or received support from another donor or organisation.

In general, the following rules apply:

- If companies receive technical assistance, in-kind contributions (e.g. transport for events), support of partners (e.g. cooperatives), indirect support from another donor or organisation, there are no special requirements from EnDev besides transparent information exchange.
- If companies receive grants for buying stock or direct cash contributions for other models than those specified in the incentive contract, there are no special requirements from EnDev besides transparent information exchange.
- If companies receive grants for buying stock or direct cash contributions **for the same models** as the ones specified in the incentive contract, they have to provide UOB with the same details about those sales as for the EnDev-supported sales.

If companies want to start with the same models as supported by the Energy Small and Medium

Enterprises Grant Project (ESME), they have to share their report to ESME stating that they have reached their target for that model.

### How high are the incentives?

In Rwanda, Energising Development intends to support up to 880,000 people with a total subsidy of up to EUR 2.5 million until December 2017.

The maximum amount of RBF incentive per solar system sold is capped at EUR 20. This represents access to Tier 1 energy services according to the SE4All Global Tracking Framework 2015 for an entire household (for more information on the Tier levels, please consult the SE4All Global Tracking Framework 2015 pages 175 and 212). The amount of incentive per solar system is based on the number of people benefitting from the service, according to the SE4All. The table below gives an overview of the incentive amounts per each LG-certified product. Therefore, the **incentive is fixed for each solar system type**, regardless of the actual household size of the customer (an average of 5 people per household is assumed according to statistical data for Rwanda). Note: If you would like to sell a LG-certified product that is not currently on the list, please contact UOB and the list will be updated.

An annual review process will assess the market conditions and uptake of the support on a yearly basis, and will set the level of incentives for the next year. The first review took place in September 2015 and the next one is scheduled in September 2016. The initial incentives are higher and will likely be reduced annually. This mechanism should encourage early companies.

### How to apply?

The call for interested companies is open and applications will be assessed on a first-come, first-serve basis.

Companies that fulfil the conditions mentioned above can apply for incentive contracts with UOB. The application should be **submitted electronically only** to UOB in the form of a filled out application form.

If the application is successful, UOB will contact the company to sign a Service Level Agreement that states the terms and conditions that need to be fulfilled to receive the incentives.

For further information, companies can request additional information or meeting with the Programme Manager at UOB.

#### Published by:

Urwego Opportunity Bank Ltd (UOB)  
Plot No. KN Av 20  
P.O Box 748  
Kigali, Rwanda.

<http://urwegobank.com/energising-development.html>

#### Contact:

Alfred Ntaganda  
Programme Manager  
Phone 0788 306 011  
Email nalfred@uomb.org

Yvette Ingabire  
Programme Assistant (UOB)  
Phone 0788669861/ 0727650070  
Email yingabire@uomb.org

#### Designed by:

creative republic / Thomas Maxeiner  
Visual Communications, Frankfurt a. M.  
Germany, [www.creativerepublic.net](http://www.creativerepublic.net)

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## Incentive table

Solar system model	Incentive amount [EUR]
Anji Da Sol SSL 200	11.92
Azuri Indigo Duo Solar Home System	16.02
Barefoot Connect 600	20.00
Barefoot Firefly Mobile Lamp (Gen. 2.5)	6.22
Barefoot Go 250	11.44
d.light D20 /D20G	18.79
d.light S2	3.39
d.light S20	3.80
d.light S300	8.70
Fosera Li-ion Solar Home System 9800	20.00
Fosera Pico Solar Home System (PSHS) Family	depends on configuration
Fosera Pico Solar Home System 2800	13.55
Fosera Pico Solar Home System 7000	18.79
Free Play Energy Solar Energy Centre	19.25
Futura Energy Station	20.00
Greenlight Planet Sun King Eco	3.94
Greenlight Planet Sun King Mobile	10.12
Greenlight Planet Sun King Pro 2	12.81
Greenlight Planet Sun King Pro All Night	15.34
Greenlight Planet Sun King Solo	6.78
GS Yuasa AKARi	20.00
GS Yuasa Mini Moshi-Moshi	20.00
India Impex JS30 Mobile	6.78
Little Sun	1.20
Micromark Compact LED Solar Light	2.67
Mobisol Family SHS	20.00
Niwa Home Run 400 X3	20.00
Niwa Modular Solar Systems	depends on configuration

Solar system model	Incentive amount [EUR]
Niwa Multi 100 Plus	7.69
Niwa Multi 300	6.45
Niwa Office 200 X2	12.56
Niwa Uno 50	2.52
Nuru Energy NL3-1000 Laerdal Light	5.82
Nuru Energy NL3-800	4.43
Omnivoltaic ovBeacon MB2 – 090	9.78
Omnivoltaic ovBeacon MB2 – 200	14.00
Omnivoltaic ovBeacon MB2 – 290	20.00
Omnivoltaic ovBeacon MB2 – 380	20.00
Omnivoltaic ovCamp HS1-144_LB2244	20.00
Omnivoltaic ovCamp HS1-36_LB1122	20.00
Omnivoltaic ovCamp Solar Home Systems	20.00
Omnivoltaic ovPilot X	12.35
Orb Solectric 15	20.00
Orb Solectric 30	20.00
Panasonic Solar Lantern	12.35
Philips Solar Home Lighting System	6.09
Renewit G1 Solar Power Lantern	16.65
Schneider Mobiya TS120S / Awango TS120	16.65
Sinoware Solar Lamp	10.99
Solarworks! Solar Home System	20.00
Solarworks! Solar Kit Lithium	8.99
Trony Solar Sundial TSL 01	9.96
WakaWaka Light	4.09