



RWANDA ENERGY ACCESS AND QUALITY IMPROVEMENT PROJECT

Component 3b Increasing Access to Clean Cooking Solutions

Innovation Sub-Grants Guiding Document

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1 Introduction

The Government of Rwanda in partnership with the private sector is facilitating a competition-based development of markets for clean-cooking products and technologies through a Results-Based Financing program. The biomass energy strategy target is to reduce the percentage of households that use firewood for cooking from the baseline value of 79.9% in 2017 to 42% by 2024, and phasing-out the use of charcoal in urban areas. The implementation of the Biomass Energy Strategy requires that substantial grant resources be made available to the sector to address the affordability and awareness gaps as well as the unproven nature of many new technological solutions in Rwanda. Cash expenditure on cooking fuels remains limited in Rwanda as 97 percent of households use either firewood or charcoal, which means that the market for clean cooking solutions will require substantial business and technological innovations.

Rwanda Energy Access and Quality Improvement Project (EAQIP) aims to increase access to clean cooking solutions for 500,000 households. EAQIP's Component 3b of the project is a Results-Based Financing (RBF) clean cooking program that partially subsidizes purchases of clean and efficient cooking solutions by eligible households. The clean cooking RBF is initially supporting Tier 2+ solutions, with the objective to gradually increase the minimum performance level requirements as affordable Tier 3+ solutions become widely available. It supports both urban and rural households.

In urban areas, the focus of the clean cooking RBF is to reduce and eventually phase out traditional cooking practice and replace it with Tier 3+ clean cooking solutions. In rural areas, the focus is on reducing the reliance on firewood as a cooking fuel, by gradually introducing more efficient (Tier 2+) and clean cooking (Tier 3+) solutions. The two focus areas will contribute to the objectives of (i) phasing out charcoal use in urban areas; and (ii) reducing the reliance on firewood in rural areas. The performance of eligible cooking technologies is demonstrated through laboratory testing and/or field-based data. RBF incentive amounts are linked to the verified output, outcome, and impact level results; differentiated by cooking technology performance levels and consumer income categories (Ubudehe categories); and reviewed and adjusted periodically.

Component 3b is co-financed by the Clean Cooking Fund (CCF) of the World Bank's Energy Sector Management Assistance Program (ESMAP). The total financing amount is US\$ 17 million for Results-based financing program and US\$ 3 million as technical assistance.

Under Component 4, technical assistance and training will be provided to local producers to improve the local product design and quality production. For this to be achieved, there should be opportunities for the companies to access financing support to improve the quality of their products and put in place market development strategies with an aim of delivering better services to beneficiaries. It is in this line that innovation sub-grant was considered important.

Innovation grants will be available through a competitive process to encourage innovative technological, business, and financing approaches with focus on meeting the poor households' cooking need and encouraging female entrepreneurs in the cooking sector.

The main purpose of this guiding document is to provide the administrators/managers of the Clean Cooking (CC) - Results-Based Financing (RBF) Program (CC-RBF Program) on the overall context and specific operational procedures to implement the innovation sub-grants program. This guiding document contains sets of operational procedures, steps and processes on how the innovation sub-grants program is implemented and how the innovation grants are disbursed to qualified beneficiaries.

2 Rationale for the Sub-Grants

The Rwanda clean cooking subsector is developing, with some companies dedicating their investment to designing and producing improved cook stoves. The types of technologies produced include stoves that use different types of fuel such as firewood, charcoal, Liquefied Petroleum Gas (LPG); some of the stoves are movable and others are fixed in the kitchens. Business models used to sell their products differ from company to company; some would prefer to bid whenever a tender is launched, while others retail their products at different marketplaces or to specific market groups. With all these initiatives of companies, households in Rwanda still have few available options for meeting their cooking needs in terms of fuels and stove technologies. Self-built stoves and traditional charcoal stoves are still commonly used as simple and accessible means of cooking.

Efficient cookstoves account for only 13.5 percent of stoves nationwide. Clean fuel stoves, including LPG are used by about 4.6 percent of households, mostly in urban areas. Affordability underscores the choices households make, especially in rural areas, where households across all consumption quintiles rely on firewood or crop residues as their primary fuel. Most of the Stoves found on the Rwandan market do not meet the minimum requirements for tier 2 solutions that an improved cook stove needs to meet to reduce the consumption of fuel and limit the quantity of harmful emissions in air.

The technologies that have so far been tested show gaps mainly in terms of reducing carbon monoxide (CO) from charcoal stoves and Particulate Matter (PM) emissions from wood stoves. Moreover, the thermal efficiency achieved in the case of wood stoves put the technologies under tier 2 or tier 3 not far from the tier 2 limits. In terms of business models, the marketing strategies employed do not help companies sell enough products on the one hand, and limit potential customers access to the technologies on the other. Low sales lead to increased retail prices and limit their ability to produce sufficient quantities. The adoption of improved and modern cooking technologies requires increased availability of affordable and diverse technological and financing solutions that fit the needs of diverse consumers. The innovation sub-grant program will contribute to alleviating these challenges by:

- ✓ Supporting Innovations aiming at producing more efficient and lower emission cooking technologies

- ✓ Fostering innovative business models that could expand the coverage for households and improve the performance of the clean cooking markets

3 Types of supported innovation projects

The main objective of the subgrants is to accelerate access to clean cooking technologies. Specific objectives are:

- To support new product innovators to reach production and commercialization stage
- To commercialize innovative products and business models that address the affordability and accessibility of clean cooking technologies
- Provide an integrated set of business development services to accelerate business growth

Therefore, the targeted grantees are those that will help the program to achieve its objectives. The competition is open to companies of all sizes, businesses including micro, small and medium-sized enterprises, and other organizations.

The preferred projects applying for the innovation sub-grants are the innovation projects including production, dissemination, and marketing of clean cooking technologies. Eligible projects are in the phase of innovation development and are based on a comprehensive business plan, addressing the specific identified challenges and demonstrate high potential in terms of technology improvement and/or increasing access to markets and company competitiveness and growth. The candidate projects should have a well elaborated innovative concept which demonstrates a clear technological advantage and economic viability. The concept should present considerable novelty to the national market: e.g. new products, processes, services or market application.

Preferences will be female entrepreneurs, local entrepreneurs, international entrepreneurs in consortium with local entrepreneurs who show a clear knowledge transfer plan, and innovations that have direct linkages with the RBF program with clear pathways to help meet the access target.

Nature of the projects to be financed includes:

- Innovative product development with a promising prototype
- Product piloting and subsequent scale up of production
- Production machinery acquisition
- Business models that have passed the trial and testing stage
- Business models under implementation but in need of expansion
- Equipment for business digitalization
- Innovative Product delivery models that facilitate customers to access products with minimum delivery expenses
- Product traceability and usability monitoring systems

4 Financing Amount

The total innovation subgrant basket is of \$1,500,000 to finance innovation projects. With the purpose of supporting enough applicants and providing substantial support to successful applicants, any eligible project will be financed in the range of \$10K-\$50K to execute activities that lead directly to innovative products and business models. However, depending on the nature of the innovation and the stage of development, the grant can exceed \$50K but may not exceed the hard limit of \$150K.

5 Excluded Project Costs

To maximise the outcome of the support provided to the eligible applicants, there will naturally be expenses that will not be covered by the sub-grant funds. Where these expenses must be covered, the applicant will demonstrate how they will be catered for. The following are the type of expenses that will not be financed by the subgrant:

- Land acquisition for project infrastructure
- Bank loan repayment
- Staff salaries and office supplies
- Any other business adjacent to the core clean cooking project
- Payment of taxes and customs duties
- Purchase of project vehicles

The subgrant shall not offer one hundred per cent of the cost of the project. The applicant will present, with the application, a description of how his/her contribution is not less than 30% of the total cost of the project, mainly covering those expenses the subgrant does not cover.

6 Eligibility Criteria

The competition is open to companies of all sizes including micro, small and medium sized enterprises operating in the cooking energy sector.

For the company to be eligible, it shall always comply with the following eligibility criteria:

- It shall be registered with a competent institution in Rwanda eg, with BRD for companies, with RCA for cooperatives.
- It should be in full compliance with relevant national regulations pertaining to tax, legal, and accounting norms.
- It should have a valid cooperation agreement with EDCL.
- It should be an active producer/marketer/vendor of modern cooking technologies, whether already participating in the RBF program or not. In case the applicant is not yet participating in the RBF, he/she should show how the grant will help him/her to fulfil the program's requirements and show a willingness to join it.

In addition to meeting the criteria listed above, the submitted project must be innovative, related to clean cooking energy technologies and focussed on either technology development or an innovative business model. If the innovation applies to both, the applicant will clearly choose the one that is the most relevant. The application will be assessed on the innovation ideas rather than the chosen focus.

Applications from consortia of applicants are welcomed. In this case, at least one of the organisations (companies) should be a local organization in Rwanda. A total of up to three partners are allowed in the consortia (including the lead). A lead applicant, which will be the Grant Recipient should be clearly identified during the application. The roles played by each of the partners should be described along with clear milestones.

7 How to apply

Applicants should carefully read this guiding document. There are two focus areas to choose from:

- Innovations aiming at producing more efficient and lower emission cooking technologies
- Innovative business models that could expand the coverage for households and improve the performance of the clean cooking markets

During the application, a company should clearly show which focus is being putting forward. In case the innovation idea overlaps between the two focus areas, the company will have to clearly indicate a focus area that best fits the idea.

The applicants should pay attention to the following when applying:

1. The grant application form should be properly filled out and submitted to EDCL
2. Only applications submitted using the Grant Application Form will be accepted.
3. Due Diligence checks will be undertaken on the applicants
4. Any applicants that are found to have provided misleading or false information will be disqualified from the applications process.
5. Only the information provided in your Grant Application Form will be assessed. Any additional documents attached will not be considered.
6. Applications must be submitted before the deadline defined in the specific call for applications; late submissions will not be considered.

8 Application Assessment

The sub-grant component of the Clean Cooking RBF program will operate on an open and transparent basis; applications will be assessed against the assessment scoring criteria, detailed in this guiding document. The key steps for assessing an application are as follows:

1. After the deadline, only applications that meet the eligibility criteria and scope of the competition will be assessed.

2. Applicants will be notified if their applications are out of scope with full reasons as to why.
3. Even if a project idea scores highly, passing due diligence check is a pre-requisite for the application to be successful
4. More than one evaluator will assess each of the applications against scoring criteria
5. Feedback will be provided to applicants marked during the full assessment. This will consist of a total score and information outlining the areas for improvement.

9 Assessment scoring criteria

This section contains the assessment scoring criteria for Applications. You should refer to this section to help write good quality Applications and to maximise your chances to pass the assessment.

Applications should:

1. demonstrate an understanding of the challenges faced by the country in the clean cooking sector
2. demonstrate sufficient knowledge and understanding of the proposed innovative idea
3. demonstrate consideration of the practicality of implementation of the cooking system in the locale where it is to be implemented.
4. name the key members of the proposed team that will be delivering the program of work; and
5. outline the respective roles of all key members of the team and detail their relevant experience.
6. Outline key milestones to complete the project

The scoring guide below and the assessment criteria give indicative marks. Evaluators are free to use the full range up to the maximum score per question.

SN	Assessment question	Maximum Score
1	Contribution to the national strategy How will the innovation idea contribute to increasing access to efficient cooking technologies?	25
2	Knowledge Transfer measures What measures are being taken to ensure the knowledge is transferred during the project lifetime?	20
3	Project Management and implementation plan What is the plan to manage the project? What are the relevant skills and expertise of the team?	15
4	Project Finances How much will the project cost to deliver and how will this be spent to ensure value for money? How will the 30% cost contribution by the applicant be provided?	30

5	Gender representation Does the project team have a minimum participation of women of at least 30%?	10
	Total	100

10 Clarification on Assessment Questions

SN	Assessment question	Clarification
1	Contribution to the national strategy How is the innovation idea addressing existing the clean cooking challenges?	This question seeks to understand the reasons behind the selection of the proposed innovation idea. For focus area one, you should clearly describe technological improvements that the proposed innovation will achieve and why the applicants think the technology will positively improve cooking practices of the Rwandan community. For focus area two, the applicants should clearly demonstrate that the proposed business/marketing model will improve and expand the markets for clean cooking systems.
2	Knowledge Transfer measures What measures are being taken to ensure the knowledge is transferred during the project lifetime? Does the international project partner with a local company? (for international applicants)	The applicants will demonstrate that the technology and/or knowledge will be transferred to the communities in the area of implementation. The applicants should describe the activities (for example trials, demonstrations, training activities etc. if applicable) that will help to achieve this. List all the companies you will be cooperating/collaborating or working with in delivering this project.
3	Project Management and Implementation Plan What is your plan to manage the project? What are the relevant skills and expertise of the team?	The applicants will have to clearly set forth their project plan in a Gantt chart. They will detail the aims and objectives of their projects, how they plan to accomplish these and who will deliver this project effectively. List the deliverables you expect to achieve at each stage of the project. There is an expectation of clear work packages, milestones, and deliverables. Clearly describe relevant risks to this project and how you plan to mitigate them. Describe the roles, skills, and relevant experience of the project team.

		Note that the grant disbursement will be linked to milestones the disbursement cannot be beyond December 2026.
4	<p>Project Finances</p> <p>How much will the project cost to deliver and how will this be spent to ensure value for money?</p> <p>How will the 30% cost contribution by the applicant be provided?</p>	<p>Projects should demonstrate value for money. All cost information provided should be clearly explained and all rates must reflect fair market value. All material costs should be justified. Your answer should clearly describe what you will spend the funding on and explain why. The eligible costs are those directly related to the project such as appropriate Labour costs. Any claims made for items listed in the excluded project costs will not be paid.</p> <p>Funding will not be provided for the total budget. At least 30% should be provided by the applicant. Show which portion of the total will be provided and explain how it will be covered.</p>
5	<p>Gender representation</p> <p>Does the project team have a minimum participation of women of at least 30%?</p>	<p>The applicants will have to demonstrate that in their team composition, there is participation of women.</p>