



## WINDOW 5 OPERATIONS MANUAL *Version 04/23.06.2021*

*Development Bank of Rwanda*

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THE WORLD BANK  
RENEWABLE ENERGY FUND PROJECT (P160699)  
ENERGY ACCESS & QUALITY IMPROVEMENT PROJECT (P172594)

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## Acronyms

BRD	Development Bank of Rwanda
EAQIP	Energy Access and Quality Improvement Project
EDCL	Energy Development Corporation Limited
GESI	Gender and Social Inclusion
GoR	Government of Rwanda
IVA	Independent Verification Agent
MINECOFIN	Ministry of Finance and Economic Planning
MININFRA	Ministry of Infrastructure
MICC	Management Investment Credit Committee
NEP	National Electrification Plan
OM	Operations Manual
OMIS	Off-grid Monitoring and Information System
OSC	Off-grid Solar Company
PIU	Project Implementation Unit
RDB	Rwanda Development Board
RBF	Result-based Financing
REF	Renewable Energy Fund
REMA	Rwanda Environment Management Authority
SACCO	Saving and Credit Cooperative Society
SHS	Solar Home System, or simply “system”
SSA	Sub-Saharan Africa

# A. RBF DESIGN

## 1 Introduction

The Government of Rwanda (GoR) has set an ambitious target of universal access to electricity by 2024, with 52% of the population to be reached by the grid and 48% of the population by off-grid solutions<sup>1</sup>. The gap to achieve the National Strategy for Transformation (NST1) target is 1,285,686 connections, comprised of 936,978 connections targeted from Solar Home Systems (SHS) and 348,708 connections targeted from mini-grid systems. Therefore, the annual off-grid connection required from now to 2024 is 321,422 of which new SHS connections required per year is 234,245. However, from 2016-2018, average off-grid connections stood at 90,000 households per year, mainly SHS connections. This is 38% of the annual planned target.

The Renewable Energy Fund (REF) was established in 2017 to accelerate the adoption of off-grid electricity access in Rwanda. The REF has been providing lines of credit to SACCOs (Window 1), Microfinance Institutions and Banks (Window 2), Mini-Grid Developers (Window 3), and Off-Grid Solar Companies (Window 4). A Result-Based Financing (RBF) subsidy scheme of US\$ 15 million was recently approved by the GoR and the World Bank, which will be implemented as Window 5 under the existing REF program.

The Rwanda Energy Access and Quality Improvement Project (EAQIP) was established in 2020 to increase access to modern energy for households, enterprises, and public institutions and enhance the efficiency of electricity services in Rwanda. The EAQIP Component 3: Increasing Access to Off-grid Electricity and Clean Cooking Solutions offers RBF for (a) off-grid solar connections to reach poorer and more remote areas and (b) clean cooking solutions, with business models and financing instruments.

This document is the Operations Manual (OM) that guides the implementation of the REF Window 5. This OM will also guide the implementation of EAQIP Subcomponent 3a: Increasing Off-grid Electricity Access (US\$ 15 million equivalent IDA). In case there are differences between the provisions of this OM and the overall REF OM and EAQIP OM, this OM takes precedence. This OM is divided into five parts: A) RBF Design, B) RBF Roles and Responsibilities, C) RBF Procedures, D) RBF Program Review, and E) List of Annexes.

## 2 Rationale for the RBF subsidy

Lack of affordability of Tier 1+ SHS has emerged as a key challenge for the scale and speed of distribution of off-grid technologies in the country. The market for high-income households in Rwanda is saturated and increased competition for innovative business models is necessary to serve households with affordability constraints and/or irregular income. Of all the solar lighting products sold in 2018, 8% were sold to Ubudehe 1, 41% to Ubudehe 2 and 51% to Ubudehe 3 households (EnDev Rwanda, 2019).

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<sup>1</sup> GoR (2017) National Strategy for Transformation (NST1) for 2017–2024.

OSCs started to expand to riskier customers (with lower or irregular income), which led to an increase in their default rate, between 5% and 25% (EnDev, 2018). This challenge is not unique to Rwanda but has been experienced by OSCs across Sub-Saharan Africa as business models are yet to have fully adapted to servicing lower income households, with limited affordability. The RBF scheme will allow OSCs to offer off-grid services at a lower price to low-income households which help to minimize their default risk, allowing more OSCs to participate in the REF program and the off-grid market more broadly. The expectation is also that the subsidy will increase the number of OSCs leveraging REF credit line from other Windows.

### **3 International best practices**

Countries like Bangladesh and Nepal have been active in the off-grid sector for the past 20 years. In Bangladesh, the Infrastructure Development Company Limited, a non-banking financial institution established under the Government of Bangladesh, is playing a major role in off-grid electrification since 1997. In Nepal, the Alternative Energy Promotion Centre, a semi-autonomous government institution established in 1996, was given the mandate to develop renewable energy technologies in the country. Both institutions provide subsidy and credit facilities for off-grid technologies, largely funded through donor programs. In 2019, a Rwandan delegation of representatives from the Development Bank of Rwanda (BRD), Ministry of Infrastructure (MININFRA), Energy Development Corporation Limited (EDCL) and Energy Private Developers (EPD) visited Bangladesh and Nepal and learned that off-grid development in these countries has succeeded largely due to dedicated subsidy and credit financing. The delegates learned that credit in combination with subsidies, can help address the affordability challenge. It was also learned that subsidy programs contributed to market development, job creation, private sector growth and economic development.

### **4 Domestic experience**

The GoR and Energising Development (EnDev) Rwanda, in partnership with Urwego Bank Plc., launched a pilot RBF program – the Pro Poor RBF - in 2019, which was designed by EnDev Rwanda based on past experience with RBF programs in Rwanda. This program has offered – much like the Window 5 RBF – a subsidy program to households, via OSCs, to reduce the end-user price of SHS on the market. The Pro Poor RBF program was rolled out in five districts in the south of Rwanda and had a maximum incentive budget of around 2.3 million euros. The program was funded by DFID and Power Africa while EnDev, represented by GIZ, had provided Technical Assistance (TA) to EDCL and Urwego Bank based on its global expertise in RBF programs. Many of the tools (e.g. Eligibility Tool), principles (e.g. different subsidy levels for each Ubudehe category) and procedures (phone and field verification) that have been developed under the Pro Poor RBF program is being used by the Window 5 RBF. The Pro Poor RBF ended in March 2021.

## 5 Guiding principles

The subsidy delivery process follows a set of principles guiding its actions. These principles are displayed in Figure 1. The principles are not specific procedures but will help in guiding the operations and decisions.

**Cost sharing:** The Window 5 RBF does not offer a hundred percent subsidy. It is believed that some customer contribution supports market development. The possibility of market distortions due to hundred percent subsidy needs to be taken into consideration. It is important to learn from experiences elsewhere. For instance, microfinance institutions in Bangladesh experienced rising bad debts from their SHS loans due to the government’s unanticipated introduction of hundred percent SHS subsidy. From this example, it is expected that excessively high subsidy levels in Rwanda could also increase default rates of SHS loans already offered by OSCs.

**Program efficiency:** OSCs will have some costs associated with the subsidy documentation and claim. Delays in subsidy disbursement can increase costs, which the OSCs may ultimately transfer to the customers. Therefore, the REF will aim to disburse subsidies in the shortest possible time. The subsidies will be delivered to eligible OSCs within a period of maximum 30 working days from the date of claim received by EDCL.

**Figure 1: The guiding principles**



**Use of technology:** The use of digital technology should aid the implementation of the RBF program. The OSCs can express their interest in Window 5 participation by submitting an application package through the BRD website - <https://www.brd.rw/brd/ref/>. The OSCs will use the Eligibility Tool, a web-based platform managed by EDCL, to check household eligibility and confirm

the SHS sales. The EDCL uses the Off-grid Management Information System (OMIS) software to store the household electrification data. The OMIS is linked with the LODA database, which provides the Ubudehe category for each potential customer. The Eligibility Tool, which is synchronized with OMIS, confirms the eligibility status of a particular household based on the information such as the Ubudehe category, electrification status, and off-grid (SHS) demarcation as per the NEP. These technologies are fostering the implementation of Window 5 and ensure that the right amount of subsidy is provided to the right households.

**Transparency:** The Window 5 Operations Manual is available on the BRD website. The list of eligible OSCs are also provided on the EDCL website. Lastly, BRD and EDCL will make the subsidy implementation progress report publicly available through their websites.

**Quality control:** The RBF implementation goes hand in hand with the implementation of the Ministerial Guidelines for Solar Home Systems (i.e. June 2019 version). The aim is to ensure an optimal price-quality balance. Another form of quality control is the verification and follow-up on the quality of after sales service, which will be conducted by EDCL.

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

## 6 Scope of Window 5 Operations Manual

### 6.1 Targets

The key results indicator for Window 5 is in line with the overall REF and EAQIP program, which is the number of people provided with new or improved electricity service. In addition, two intermediate indicators will be tracked regularly, as summarized in Table 1. The overall aim of the REF program is to reach nearly 1.8 million people and to generate renewable energy capacity of 6.6 MW by the end of the program. It is expected that the Window 5 fund can subsidize about 370,000 off-grid household connections, which will benefit about 1,480,000 people. The remaining household target will be covered by other REF Windows or future subsidy funds.

**Table 1: REF Window 5 and EAQIP Off-grid Indicators**

Indicator	Unit	End Target
Number of estimated households and micro-enterprises with access to subsidized off-grid SHS	Number	<b>370,000</b>
Number of people provided with access to electricity	Number	<b>1,480,000</b>
Total result-based grant financing provided	USD	<b>30,000,000*</b>
	FRW	<b>29,566,782,000**</b>
Renewable energy generation capacity from SHS under Window 5	MW	<b>5.47</b>
<i>* Includes US\$ 15 million from EAQIP. ** Calculated using the BNR average exchange rate as published on 14 June 2021 (1 USD = FRW 985.5594)</i>		



## **6.2 Duration of the RBF**

The Window 5 is accepting applications starting from 2<sup>nd</sup> October 2020. This application applies only for the REF funding and an application strategy will be developed for the EAQIP funds once the REF funds are utilized. The REF funds will be available until 30<sup>th</sup> September 2023. The EAQIP funds will be available until 31<sup>st</sup> December 2026.

The Window 5 will end at the same time as the overall EAQIP program, which is 31<sup>st</sup> December 2026, or as soon as the fund has been depleted. OSCs must submit the last claim before 1<sup>st</sup> October 2026.

## **6.3 Carbon RBF**

For its duration, Window 5 is expected to also receive carbon result-based payments from the Carbon Initiative for Development (Ci-Dev) which is a World Bank trust fund that mobilizes private finance for clean energy access in low-income countries. Carbon credits are expected to be disbursed upon approval of the Ci-Dev Additional Financing to the EAQIP, to be processed subsequent to its effectiveness. Ci-Dev delivers RBF to innovative and transformative business models driven by the private sector in energy access. The fund utilizes a simplified methodological framework built on Clean Development Mechanism (CDM) to quantify, verify, and certify the emission reductions such as carbon dioxide (CO<sub>2</sub>) and (CH<sub>4</sub>), as well as other greenhouse gases.

Ci-Dev is expected to provide a total estimated amount of USD 820,000 to purchase around 60,000 tCO<sub>2</sub>e from Window 5 in the time period of 2021-2024. It is expected to support to subsidize an additional number of about 10,000 off-grid connections.

## **6.4 Eligibility criteria for households (beneficiaries)**

Households living in off-grid SHS zones, except Ubudehe 4, are eligible to benefit from Window 5, subject to certain additional eligibility criteria spelled out below. The off-grid zones are identified by the National Electrification Plan (NEP) and can be found on the REG website. Support under Window 5 will initially not be available for sales to residents of mini-grid zones, as identified by the NEP. The Window 5 will follow any updates to the NEP, as communicated by REG. Any changes to the NEP that happen after customer registration in the Eligibility Tool, will not affect the eligibility for subsidy disbursements that were already allocated to customers prior to NEP updates.

The household eligibility criteria are as follows:

- Resident of SHS zones as identified by NEP at the time of registration in the Eligibility Tool;
- The Window 5 subsidy will be provided only to Ubudehe 1, 2 and 3 households;
- The Window 5 subsidy will only be provided to a household once;
- Households who are currently benefiting from a SHS subsidy (i.e. grant that lowers end-user pricing) from other programs, such as from development partners or local government, are not eligible for the Window 5 subsidy;
- Households already connected to the grid, to a mini-grid or to another SHS, at the time of registration, are not eligible for the Window 5 subsidy.

## 6.5 Subsidy levels

The subsidies are expected to be fully passed on to final beneficiary households by the participating OSCs. The subsidy levels are progressive, depending on the Ubudehe level of the household. The lower the Ubudehe category, the higher the subsidy. See Table 2 for more details:

**Table 2: Subsidy levels per Ubudehe**

Category	Percentage coverage (of final price)	Maximum subsidy (in FRW)
Ubudehe 1	90%	FRW 100,000
Ubudehe 2	70%	FRW 80,000
Ubudehe 3	45%	FRW 50,000

NB: The subsidy amount in FRW (3<sup>rd</sup> column) is determined based on the approved subsidy amount available in USD currency (Annex 6). The eligible households will get subsidy in FRW, not in USD. Subsidy level for each Ubudehe category will be the lower of above two options: 1) a set maximum in absolute terms (in FRW, 3<sup>rd</sup> column), or 2) a set maximum in relative terms (in %, 2<sup>nd</sup> column).

For example, an OSC signs up a customer in the Ubudehe 2 category for a SHS that has an end-user price of FRW 130,000. The customer will be eligible for the maximum FRW 80,000 subsidy, which is 61.54% of the initial end-user price and not the maximum subsidy level of 70% for Ubudehe 2. Since the relative subsidy level (FRW 130,000\*70% = FRW 91,000) exceeds the absolute subsidy level, the absolute subsidy level (FRW 80,000) applies.

Conversely, if an OSC signs up a customer in Ubudehe 2 category for a SHS with an initial end-user price of FRW 90,000, the customer will be eligible for a 70% subsidy, which is FRW 63,000 and thus not the maximum absolute subsidy level of FRW 80,000 for Ubudehe 2. Since the absolute subsidy level (FRW 80,000) exceeds the relative subsidy level, the relative subsidy level (FRW 90,000\*70% = FRW 63,000) applies.

The BRD in consultation with the Government of Rwanda and the World Bank will regularly review the subsidy levels (Table 2) to reflect market changes (such as rate of inflation, foreign currency fluctuation, overall cost of living, etc.) and to ensure sustainability of the program. The review of market conditions shall take place at least every six months (6) or on an as-needed basis. The value of the subsidy paid per system may thus reduce or increase over the life of the program, to a nominal level during the final period of the program.

For customers already included in the Window 5 RBF, subsidy levels at the time of sales registration will be honored until the completion of the subsidy payment even if the subsidy levels for new customers changes over time.

## 6.6 Customer contribution

A large portion of the price will be paid for through the RBF subsidy, as summarized in Table 2. The remaining portion will be paid by the customer, as a customer contribution. The customer can pay

in cash or PAYGO installments, depending on the terms of the customer’s preferred OSC. The customer contribution is fundamental to creating ownership, empowering beneficiaries, promoting sustainability and motivating OSCs to provide after-sales service. For example, if an Ubudehe 1 customer plans to install a SHS with a price of FRW 120,000, Window 5 provides FRW 100,000 subsidy and the customer will pay FRW 20,000 as their contribution. Connection/installation fees that may be charged by some OSCs to customers are considered part of the customer contribution.

## 6.7 Disbursement schedule

### 6.7.1 Disbursement schedule for PAYGO/credit sales

The subsidy will be paid in three installments, in case of PAYGO or credit sales. This modality includes all business models except those with upfront cash payment of 100% customer contribution.

The Window 5 subsidy schedule will be as displayed in Table 3 for SHS priced FRW 115,000 or more:

**Table 3: Subsidy disbursement schedule with SHS PAYGO price of FRW 115,000 or more**

Disbursement	Condition	Ubudehe	Ubudehe	Ubudehe
		I	II	III
1 <sup>st</sup> Installment	Upon installation and verification by EDCL	45,000	45,000	45,000
2 <sup>nd</sup> Installment	After adequate customer service for 1 year and at least 15% of customer’s contribution (incl. down payment) and its verification	45,000	30,000	-
3 <sup>rd</sup> Installment	After adequate customer service for 3 years and 100% of the customer’s contribution and its verification	10,000	5,000	5,000
<b>Total subsidy</b>		<b>100,000</b>	<b>80,000</b>	<b>50,000</b>

The first installment will be paid after SHS installation and passed verification by EDCL (or the IVA). The second installment for PAYGO customers in Ubudehe 1 and 2 will be paid after 1 year of SHS installation and minimum customer repayment of 15% and its verification. The third installment for PAYGO customers in Ubudehe 1 and 2 will be paid after 3 years of warranty period and 100% customer contribution paid to the OSC. For Ubudehe 3 PAYGO customers, the second installment will be the last installment and will come after three years and 100% completion of customer contribution. It is assumed that reaching the customer contribution thresholds (of 15% and 100%, respectively) is a proxy of adequate customer service, as customers would discontinue payment in the event of product failure. There is a separate grievance redress mechanism in place to handle product performance issues. Customers can raise these issues directly with the supplier or through the EDCL complaints line to ensure the issue is addressed.

If SHS price is below FRW 115,000, then the percentile distribution applies as displayed in Table 4:

**Table 4: Percentile subsidy disbursement schedule for SHS PAYGO price below FRW 115,000**

Disbursement	Condition	Ubudehe	Ubudehe	Ubudehe
		I	II	III
1 <sup>st</sup> Installment	Upon installation and verification by EDCL	50%	50%	50%
2 <sup>nd</sup> Installment	After adequate customer service for 1 year and 15% of customer's contribution (incl. down payment) and its verification	45%	45%	45%
3 <sup>rd</sup> Installment	After adequate customer service for 3 years and 100% of customer's contribution and its verification	5%	5%	5%
<b>Total subsidy</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

For example, if the PAYGO price of a SHS product is FRW 105,000, Ubudehe I household will get FRW 94,500 subsidy (90%). 50% of the total FRW 94,500 subsidy (i.e. FRW 47,250) will be disbursed as the first installment.

#### 6.7.2 Disbursement schedule for cash sales

Subsidy will be paid in 2 installments in case of cash sales. 80% of the subsidy amount will be disbursed upon system installation and EDCL verification. Remaining 20% of the subsidy amount will be disbursed after 3 years. The disbursement schedule for cash sales is displayed in Table 5.

**Table 5: Subsidy disbursement schedule for cash sales**

Disbursement	Condition	Ubudehe	Ubudehe	Ubudehe
		I	II	III
1 <sup>st</sup> Installment	Upon installation and verification by EDCL	80%	80%	80%
2 <sup>nd</sup> Installment	After 3 years after ensuring adequate customer service and its verification	20%	20%	20%
<b>Total subsidy</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

The OSC, at the time of subsidy claim, will report to EDCL the amount of subsidy claimed under a. PAYGO sales and b. cash sales.

NB: In order to be eligible under cash sales, the OSC should collect one hundred percent of the customer contribution upon SHS installation. The partial down payment will be considered as PAYGO/credit sales.

#### 6.8 Window 5 incremental cost coverage

To cater for the overhead of the Window 5 program, BRD will charge the participating OSCs a fee of 4% plus 18% VAT of the total subsidy received to cover its incremental operating costs. The OSCs have two options: this fee will either be paid upfront by the companies to BRD or it will be deducted from a confirmed subsidy amount, at the time of disbursement.

## **6.9 Earmarking of subsidy per company**

The OSCs are eligible for any subsidy amount they have requested for in the application form which will be assessed by BRD through an appraisal process and approved based on their capacity.. Based on performance of the OSC over time, BRD may reduce the agreed amount for the OSC or accept additional fund requests (noting that any review of additional funding requests will take into account the OSC's progress on already-allocated funds). This review will take place every 6 months or as soon as the agreed amount is expected to get fully utilized. The OSCs are encouraged to apply for next tranche of subsidy amount at least two (2) months before the expected utilization of the previous tranche. This will avoid the financing gap and ensure smooth continuity of the installation of solar systems by OSCs.

Once an OSC has installed the SHS for an eligible customer, the Eligibility Tool will automatically earmark the subsidy amount for this particular customer, unless it is confirmed that the remaining milestone(s) will not be reached. The OSC can pool back the remaining subsidy amount already earmarked for a particular customer into the main basket after OSC formally repossesses the SHS from the customer and writes off the customer's remaining payment as bad debt. This earmarking will ensure the availability of funds that will be needed to complete the full subsidy payment for each customer over a 3-year period. The EDCL (or IVA) will cancel these repossessed customers from the ET and mark them as ineligible for future subsidies.

## **6.10 End user pricing**

The Window 5 is primarily expected to cover the commercial viability gap for low-income households. Funds should thus be fully used to reduce end-user pricing and OSCs must present their new pricing scheme (compared to non-subsidized price) as part of the application process. The OSC must present a non-subsidized PAYGO price and also a non-subsidized cash sales price (if applicable) in its Window 5 application. The subsidy amount should be deducted from the unsubsidized PAYGO or cash price, depending on their business model and the timing for subsidy disbursement.

The OSCs are required to report on their pre-subsidy price, their subsidized price, the customer contribution and the means of customer contribution (i.e. upfront or PAYGO installment) as part of the regular reporting to EDCL and in the Claim Form for the subsidy scheme. The pricing agreed to in the Grant Subsidiary Agreement will be the pricing entered into the Eligibility Tool. The latter reporting format is provided in Annex 3.

## **6.11 Foreign exchange rate**

The BRD will disburse subsidy to OSCs as per the disbursement schedule (Section 6.7). The subsidy disbursement will be in equivalent local currency (FRW). The subsidy values in FRW have been determined based on an average of the National Bank of Rwanda (BNR) published rate of exchange over the previous year. The BRD in consultation with the Government of Rwanda and the World Bank will regularly review the subsidy levels (FRW subsidy, Table 2) every six months or as needed to reflect possible steep changes in the foreign exchange rate, to ensure that the USD value of the subsidy is adequately reflected in FRW. The value of the subsidy in FRW will be reflected in the

Subsidiary Grant Agreement with the OSC at the time of its signing, and possible changes will be promptly communicated to the OSCs for their adoption. BRD will also document and keep track of possible change in the FRW subsidy values within their accounting, monitoring and reporting duties to the World Bank, and will reflect these also in the Quarterly Progress Implementation Reports.

### 6.12 Eligibility criteria for OSCs

Participation shall be open to all interested OSCs that are able to satisfy the Window 5 eligibility criteria for Window 5 (listed below). OSCs are defined as private institutions, either a business or an NGO, that play a leading role in the majority of the following activities: 1) identifying customers, 2) selling / installing the SHS to the customer, 3) Providing training / product awareness, 4) offering product warranty and after-sales service / customer care and, 5) providing credit to the customer, if applicable. All OSC business models are eligible.

The subsidy amount/percentage is based on whichever end-user price applies to the customer, as explained in Section 6.4. The Window 5 does not differentiate between SHS that are provided to the customer as a cash sale, through a loan from a bank or micro-finance institution, as an integrated PAYGO model, as a pure PPA or some other variant of these basic models.

That said, it is the responsibility of the OSC to ensure that the SHS is bought and used by an eligible household since it is the OSC that will receive the subsidy.

Participating OSCs will be responsible for identifying and contacting customers as well as providing and maintaining the SHS.

OSCs will be appraised according to the following eligibility criteria:

- **Licensed with adequate ownership structure:** Companies should have a valid domestic company registration at RDB and should be duly licensed with a tax identification number assigned by RRA. The company must be in full compliance with relevant national regulations pertaining to tax, legal and accounting norms. The owners and managers of the enterprise must be 'fit and proper'.
- **Agreement with EDCL:** Companies must have a valid Memorandum of Understanding (MOU) with EDCL.
- **Adequate funding:** Companies should have a defined funding strategy with no obvious gaps or constraints on additional funding.
- **Satisfactory end-user pricing scheme:** Companies must demonstrate that the end-user will directly and fully benefit from the RBF subsidy.
- **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, financial and others.
- **Quality products:** Companies should be selling SHS that meet the Ministerial Guidelines (June 2019 version).

- **Warranty and after-sales service:** Companies must have an established and active after-sales service capability and operations should meet the standards outlined in Article 6 of the Ministerial Guidelines on Minimum Requirements for SHS (June 2019 version).
- **Adequate accounting systems and management information and well-organized IT support:** Those companies who are involved in delayed payment (such as PAYGO) services should have good accounting, bookkeeping, management and adequate system software support. This criterion is not mandatory for the companies who are involved in cash sales.
- **Recycling:** Companies must comply with the REF Environmental Code of Practice (ECOP) manual on battery recycling. Proof of past recycling practices is mandatory for companies that have sold SHS in the past 5 years.
- **Gender quotas:** Companies should have at least 10% of the workforce employed, represented by women and be able to demonstrate that they apply the principle of ‘equal pay for equal work’. This criteria will be applied for EAQIP funds only.

Participating OSCs will enter into a Grant Subsidiary Agreement with BRD, which outlines the rights and obligations of both parties under the program. The companies should be willing to transfer emission reduction credits generated by their RBF activities under Window 5 to BRD with no additional payment to be made by BRD. This agreement will also include a Customer Service Code of Conduct that will detail the standards that companies are expected to adhere to<sup>2</sup>.

Once accepted into the program, OSCs will be expected to meet the eligibility criteria at all times. OSCs will be monitored continuously and will be reviewed annually on a case-by-case basis. OSCs that are blacklisted by EDCL or BRD are not eligible to participate to Window 5.

### 6.13 Timing of enrollment

OSCs can apply for participation in Window 5 by submitting application documents online through BRD website. The last claim should be submitted three (3) months prior to the end of the EAQIP project (1<sup>st</sup> October 2026).

### 6.14 Eligibility criteria for SHS products

#### 6.14.1 System quality and warranty

The subsidy is applicable to any multi-light, multi-function SHS that complies with the Ministerial Guidelines for Minimum Standards of Solar Home Systems (June 2019 version),<sup>3</sup> which details all quality standards, warranty requirements, and after-sales care and system service level requirements for the Rwandan market.

#### 6.14.2 No subsidy for refurbished systems

The OSCs reserve the right to repossess the SHS if the beneficiary household defaults on the remaining payment to the OSC. As per its repossession policy, the OSC can repossess the system,

<sup>2</sup> Building on the one developed by GOGLA: <https://www.gogla.org/consumer-protection>.

<sup>3</sup>[https://www.mininfra.gov.rw/fileadmin/user\\_upload/Ministerial\\_Guidelines\\_on\\_minimum\\_requirements\\_for\\_solar\\_home\\_systems.pdf](https://www.mininfra.gov.rw/fileadmin/user_upload/Ministerial_Guidelines_on_minimum_requirements_for_solar_home_systems.pdf)

refurbish and install it to another customer. However, refurbished systems are not eligible for a subsidy.

### **6.15 Implementation tools and platforms**

Window 5 will use several tools and platforms to carry out the RBF program. Each of these platforms is explained below.

#### *6.15.1 Off-grid Monitoring Information System (OMIS):*

OMIS is an information system that allows the GoR and in particular, EDCL to:

- Track rural electrification and sector developments
- Report accurately on developments to internal and external stakeholders
- Develop targeted interventions to accelerate rural electrification
- Engage in evidence-based policymaking

#### *6.15.2 Eligibility Tool*

It is a web-based tool, managed by EDCL, which will support the implementation of the RBF. The Eligibility Tool (ET) will allow OSCs to execute the eligibility check, to pre-register sales and to confirm sales as explained below:

1. Companies to check the eligibility of potential customers based on the predefined criteria in Section 6.3 (eligibility check);
2. To pre-register a sale once the eligibility of a customer is confirmed and both the customer and company agent agree to move forward with the sale;
3. Companies to register a sale once the SHS is installed and contract is signed by both parties (customer and company's representative) and witnessed by the village leader or cell leader to ensure that households only benefit from one subsidized system (sales registration). The list of all the newly connected customers under the program will be signed by the cell leader.

The ET is linked to OMIS and the OMIS is linked to *Monitoring & Evaluation Information System (MEIS)*, which is managed by the Local Administrative Entities Development Agency (LODA). The ET provides information on eligibility status, national IDs, household IDs and Ubudehe categories. Linking OMIS, the LODA MEIS and the ET ensures that the demographic data required will be as up to date as possible, sales are being tracked accurately and monitoring is streamlined. An OSC will be granted access to the ET only after their Grant Subsidiary Agreement has been signed, they've received training by EDCL on how to use the ET, and BRD has confirmed that the company has stock available to launch.

In the event of changes in the price of the system (see Section 6.11) for a given OSC, BRD will sign an addendum to the Grant Subsidiary Agreement and coordinate with EDCL to update the revised price on the ET.



### 6.15.3 OSC PAYGO platform

The eligible OSCs will record payment transactions, including on their PAYGO platform if applicable, and share these payment records with EDCL and BRD through the Window 5 Claim Form. These payment records will be used during the verification process.

### 6.15.4 REF automation platform

The REF may develop or procure a data aggregation platform that will automate various steps and processes under the REF program. First, this will allow the REF to keep track of subsidies paid, or earmarked, per OSC and across the program. This will also enable both BRD and EDCL to monitor progress by the RBF program and the sector at large. A dashboard to provide OSC-specific as well as sector-wide trends is also anticipated. Second, the platform will be able to confirm the customer payment data reported by the OSC by comparing it with third-party sales data. This may reduce the manual verification requirements.

### 6.15.5 Mobile Money Platforms

Many OSCs will accept payments from customers using mobile money platforms offered by mobile network operators. These platforms give OSCs a digital record of all payments by customers, including the time, the amount, and the phone number of the payment sender. If applicable, eligible OSCs will sign an information-sharing agreement with the mobile network operator and EDCL to share payment data. The data may also be supplied by a 3rd party platform. The payment data supplied by mobile money platforms may create the opportunity for more efficient and reliable payment verifications.

## 6.16 Data inputs to subsidy calculation

The subsidy will be calculated based on the following inputs:

**Table 6: Inputs to subsidy calculation**

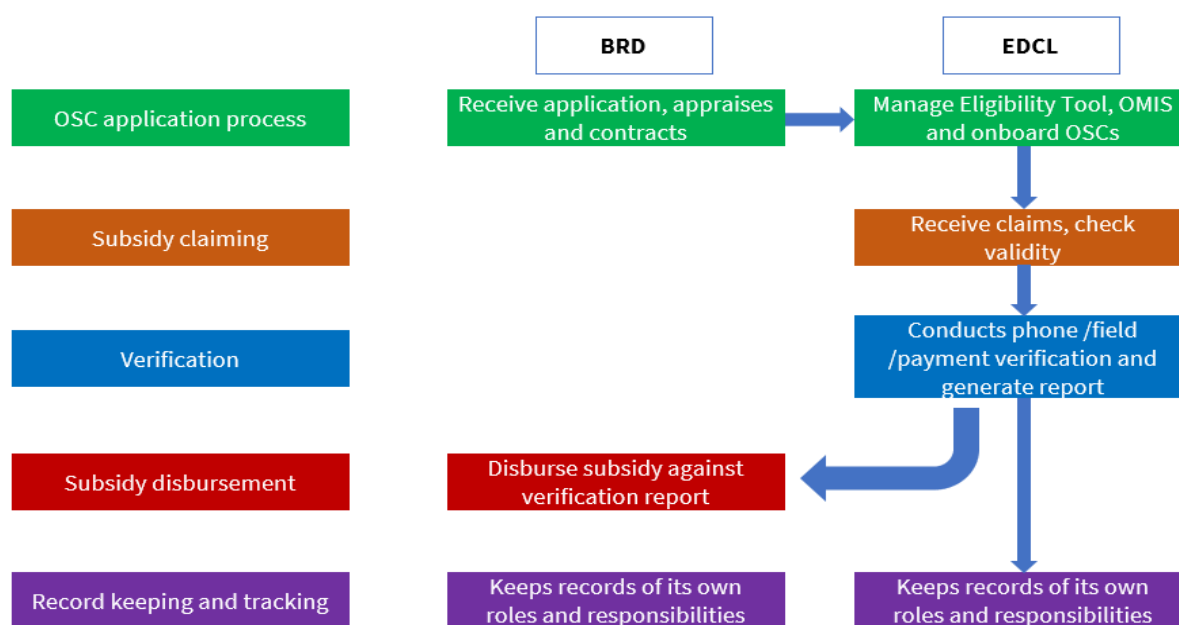
<b>Input</b>	<b>Source of input</b>
SHS price and payment schedule	OSC (during initial RBF application)
Customer's Ubudehe category	Eligibility Tool based on national ID input
Absolute or relative subsidy amount	Pre-set calculation based on Table 2

## B. RBF ROLES AND RESPONSIBILITIES

### 7 Stakeholders

The Window 5 RBF program is a form of collaboration between different institutions within government, the private sector and the World Bank. The implementation lies between EDCL, which will focus on the RBF implementation and BRD, which will focus on the grant management and disbursements. Figure 2 gives an overview of how the implementation is designed.

**Figure 2: Window 5 implementation arrangements**



#### 7.1 BRD

##### 7.1.1 REF Project Implementation Unit (PIU)

The PIU was already established within BRD and will be responsible for the administration of the subsidy in the following ways:

- Receives and appraises OSC applications for enrollment in the Window 5;
- Appraises OSCs and generates appraisal report, which will be presented to the World Bank and BRD Management Investment and Credit Committee (MICC) for approval;
- Issues notification letters to approved OSCs, and also to non-approved OSCs, explaining the issues that need to be addressed to participate in the program;
- Signs Grant Subsidiary Agreement with OSCs that are accepted in the RBF program. The template for the agreement is presented in Annex 2. Signs the addendum to the agreement with OSCs as and when necessary
- Has access to Eligibility Tool (but no rights to modify data);
- Agrees with EDCL on the content of the verification report to ensure that the information provided allows BRD fulfil its M&E reporting requirements (e.g. number of HHs, size of equipment in Watt, etc.).

- Reviews and approves verification reports and disbursement requests from EDCL or the IVA;
- Prepares disbursement notes and secures approvals;
- Submits first verification reports to World Bank for ‘no-objection’, prior to disbursement;
- Makes disbursements to OSCs on their designated bank account;
- In consultation with EDCL, determines potential suspension of the OSC from the program if >10% of sample fail for two consecutive claims submitted.
- Works closely with EDCL’s off-grid unit for matters related to the technical issues;
- Conducts impact studies and shares the findings with the World Bank, government agencies and other relevant stakeholders;
- Provides technical assistance for activities related to capacity building, mass-user awareness, training etc.;
- The GRM committee at BRD will handle complaints from OSCs, end-beneficiaries, and other relevant stakeholders;
- Organizes Steering Committee meetings and shares the progress, issues and challenges;
- Conducts regular meetings with BRD management and seeks guidance;
- Conducts regular meetings with World Bank and seeks guidance;
- Prepares monthly internal subsidy progress report;
- Reports to World Bank in quarterly progress report.

#### 7.1.2 *Management Investment Credit Committee (MICC)*

- The MICC of BRD sits every week, to review and approve the initial OSC applications. The PIU will also take advise from MICC on the issues and challenges related to subsidy administration.

## 7.2 **Energy Development Corporation Limited**

- Signs MoU with OSCs (regardless of participation in REF program);
- Manages OMIS, including the Eligibility Tool;
- Orientation to participating OSCs on the use of the Eligibility Tool and claiming procedures and granting of access to the Eligibility Tool;
- Manages the monthly reporting from OSCs and ensure consistency of the information provided for the purposes of the verification process too;
- Is responsible for the verification process, and either conducts it itself or hires and manages an Independent Verification Agency (IVA);
- Is responsible for field investigations under the implementation of Window 5 in case of unsuccessful claims and as needed;
- Submits verification reports and Results Form to BRD for the disbursement of subsidy of a particular claim;
- Provides feedback to OSCs on the submitted claims;
- As needed, reviews pending complaints received by OSCs for their resolution (not solved by the GRM system under the REF) in close consultation with, BRD to find remedial resolutions. If required, escalates complaints to Steering Committee;
- Ensures an enabling environment for OSCs and off-grid market developments;
- Provides overall monitoring of off-grid market developments;

- Provides overall guidance and technical backup to the PIU. The EDCL off-grid team and PIU will meet on a weekly basis to discuss the issues related to Window 5;
- Provides information on grid extensions, as updated within the NEP;
- Conducts field level activities such as mass-user awareness campaigns, based on a yearly plan, in close coordination with BRD/REF.

### 7.3 REF Steering Committee

The REF Steering Committee consists of representatives from key institutions within the GoR, as detailed in the REF Operations Manual. It fulfils the following responsibilities:

- Provides oversight/strategic guidance to PIU and monitors the subsidy implementation;
- Provides advise/solutions on the challenges that may arise during subsidy administration;
- Regularly reviews and approves the revised rules and guidelines for subsidy administration;
- Facilitates coordination between key government agencies and resolves issues.

### 7.4 World Bank

- Provides overall guidance and technical support to the PIU;
- Provides ‘no-objection’ to final decision on OSCs’ participation/suspension in Window 5;
- Provides ‘no-objection’ to first verification reports;
- Conducts site-visits to observe impact and challenges in the subsidy implementation;
- Reviews and supports project implementation performance, including financial management of the subsidy;
- Discusses and agrees with BRD and EDCL on changes needed in the Window 5 OM. Identifies and raises issues that might impede effective administration of the subsidy;
- Monitors compliance with the Operations Manual and the World Bank’s fiduciary and operational policies and procedures.

### 7.5 Off-grid solar companies

OSCs that meet the eligibility criteria as defined in section 6.11, can submit a Window 5 RBF Application Form (see Annex 1) through the BRD website. Once enrolled into the RBF program, the OSCs are expected to fulfill the following roles and responsibilities:

#### 7.5.1 *Identifying eligible households and supply eligible SHS*

At this stage, OSC will be responsible for beneficiaries’ mobilization and recording. The OSC is also responsible for procuring and distributing eligible SHS to eligible beneficiary households. The Leader of a village (*Umudugudu*) or the cell (*Akagari*) will need to witness the sale by signing the contract between the OSC and the eligible household. The OSC must then submit the list of all connected households within a cell to be signed and stamped by a cell (*Akagari*) leader. The OSC must collect the required documentation and submit electronically its claim i.e. SHS installation and payment details to EDCL as per the information provided in section 7.3.

#### 7.5.2 *Basic customer awareness is mandatory*

The OSCs are required to provide basic awareness to beneficiary households on a) proper handling of the system; b) conditions for warranty/guarantee; c) basic features of the system; d) benefits; e)

regular cleaning of the panel; f) contact information for after-sales-service; g) amount of customer contribution and payments terms etc. It is advised to OSCs to provide an information brochure containing the basic information of the system. A User Manual written in Kinyarwanda is also recommended for each customer.

#### *7.5.3 Adequate resolution of beneficiary complaints required*

All participating OSCs are required to have a functioning customer service number in place, either directly or through an agent, that has the capacity to log complaints and requests for service. The OSC technicians or call center agents are required to return the call of the customer within 72 hours after the complaint is registered. Customers may also register any challenges on the national customer care line set up by EDCL.

#### *7.5.4 Proper handling of depleted batteries is a must*

The participating OSCs are responsible for proper handling and disposal of end-of-life batteries and other solar accessories as per their plan submitted to BRD/REF.

#### *7.5.5 OSC reporting requirements*

For sales to be eligible for an incentive, they must have been reported both through the monthly reporting to EDCL and the Eligibility Tool (see Section 8.3 for more details). This is to ensure that EDCL has customer contact information and other details necessary to conduct verification. Monthly sales reporting by OSCs to EDCL is mandatory, regardless of participation in Window 5. See Section 8.6 for more details.

In addition, OSCs are responsible for submitting a Claim Form (see Annex 3 for a summarized template) to both EDCL and BRD via a designated email address. The Claim Form needs to be submitted in an Excel format which is available on BRD website - <https://www.brd.rw/brd/energy-investments/>.

OSCs will also need to be able to show the following documentation at any time during the contract period, if requested by EDCL or BRD:

- Sales records, customer contracts and import records;
- Warranty records for products, including name, address and phone number of dealers, importers and / or manufacturers.

Where applicable, the OSC is expected to provide access to the payment data in the PAYGO software (either through a manual download or access via an API) so that the REF and EDCL can analyze and validate information provided by the OSC.

The OSC should submit on a quarterly basis reports on the performance of the subsidy to BRD. The First Quarter, Second Quarter, Third Quarter and Fourth Quarter starts from January – March, April – June, July – September, October – December respectively. The report shall be due on 30<sup>th</sup> day of starting month of the following quarter. The quarterly reporting template is provided on **Annex 5**.

### *7.5.6 Suspension*

Whenever an OSC deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by OSC and approved by EDCL and BRD. EDCL, BRD and World Bank will closely monitor the performance against the time-bound action plan. BRD reserves the right to suspend OSC's participation in Window 5 if the eligibility criteria remain unfilled and performance against the action plan (subject to World Bank non-objection), which would lead to automatic rejection of any subsidy claims.

The OSCs may be suspended from the program if >10% of the sample size fail in two consecutive claims.

## **7.6 Customers**

### *7.6.1 Requesting OSCs to provide warranty service*

The customers who face technical issues with the SHS, will have the right to demand the OSCs for warranty provision and after sales service, as per the OSC's warranty coverage. The OSC has to provide such service for free, within the 3-year warranty period. The OSCs may charge a fee for any service that the customer may require after 3 years from SHS installation date. The fee shall be agreed upon between customer and OSC. Customers that are found to have technical issues during the verification process will not be disbursed on until the technical issues have been satisfactorily resolved.

### *7.6.2 Registering a complaint*

If the beneficiary household does not receive a response from the OSC within 2 weeks after reporting the issue or if in case of malfunction of the SHS, and/or the repair is not done within one month, the customer should contact EDCL and register a complaint. EDCL will register the complaint and escalate it at BRD Grievance Redress Mechanism (GRM), if necessary. EDCL will share the complaint with the OSC, those complaints related to the OSC performance. Both the OSC and EDCL should have dedicated staff responsible to attend complaints and service requests. The GRM committee at BRD will handle complaints from OSCs and other relevant stakeholders.

## C. RBF PROCEDURES

### 8 Procedures for OSCs

#### 8.1 OSC application to Window 5 RBF program

Tools & templates required:
<ul style="list-style-type: none"><li>• Application Form</li><li>• Template for formal letter requesting Window 5 participation</li><li>• Window 5 FAQ document</li></ul>



OSCs must fill in an Application Form and submit it through the BRD website. The aim of the application process is to confirm that the applicant has all the capabilities needed to deliver quality equipment, service and after-sales service to customers and that it has the internal integrity and rigor to cope with the reporting and audit requirements attached to the grant. The application will focus on its operational setup, product portfolio, pricing plans, and other information relevant to successful program participation. The following files and records need to be submitted:

1. A formal letter requesting to participate in the Window 5 RBF;
2. RBF Application Form, to be downloaded from and uploaded to the BRD website - <https://www.brd.rw/brd/ref/>;
3. Certificate of company registration from Rwanda Development Board (RDB);
4. Audit report and tax clearance certificate of past three financial years. For companies less than three years, audit report and tax clearance certificate of the past one financial year;
5. Curriculum vitae of the members of the Board of Directors and the management team;
6. Business plan of the company, if available;
7. Copy of MoU signed with EDCL;
8. Description of its products compliant with Ministerial Guidelines, distribution and customer support process.
9. Internal policy for proper disposal/recycling of end-of-the-life component/battery;
10. Pricing plan for RBF scheme and how this differs from pre-subsidy pricing (if applicable);
11. If available, organizational chart for the IT and data processing function. Summary list for IT hardware, database and application software and communication equipment.

The Window 5 Application Form is attached in Annex 1.

#### 8.2 Signing Grant Subsidiary Agreement

Tools & templates required:
<ul style="list-style-type: none"><li>• Grant Subsidiary Agreement</li></ul>



Successful OSCs will receive a notification letter from BRD and are invited to sign a Grant Subsidiary Agreement with BRD. The template for the agreement is provided in Annex 2. OSCs applying for subsidy funding under Window 5 are required to agree to the following requirements:

- Allow qualified EDCL and BRD representatives, on a need-to-know basis, access to privileged and confidential information necessary to appraise whether the OSC meets and/or continues to meet the agreed qualification criteria;
- Agree to devote adequate resources to the Project, to establish and maintain an adequately staffed sales and after sale services team, management group, or equivalent, and to join any available Project-related training;
- Agree to provide customer payment data and installation information (including GIS coordinates), required to verify eligibility of subsidy claims;
- Agree to potentially integrate PAYGO software by linking it with the OMIS or BRD managed platforms;
- Agree that BRD and the World Bank may conduct independent audits of the OSCs accounts related to the systems installed that have been subsidized through the Window 5.
- Agree to transfer emission reduction credits generated by their RBF activities under Window 5 to BRD with no additional payment to be made by BRD.

### 8.3 Conducting eligibility check through Eligibility Tool

Tools & templates required:
<ul style="list-style-type: none"> <li>• Eligibility Tool</li> <li>• Eligibility Tool User Manual</li> </ul>

Once the OSC has signed the Grant Subsidiary Agreement, it becomes eligible to participate in the Window 5 subsidy program. EDCL will onboard companies by providing detailed instructions on how to identify eligible customers and how to claim subsidy for them.

Once the program onboarding has been completed, the OSC can sell, finance, install and distribute the SHS as per its own business model.

At this stage, the SHS supplying company will be responsible for beneficiaries' mobilization and recording. The companies will be able to determine in the Eligibility Tool whether a customer is eligible for a RBF subsidy and, if eligible, how much subsidy. The following information will be confirmed in the Eligibility Tool:

- 1) The Ubudehe category of the beneficiary;
- 2) The eligible area (NEP off-grid areas);
- 3) OMIS database to exclude risk of double subsidy;
- 4) Confirmation of sales (see section 8.5)

More specific instructions will be provided to OSCs in a Window 5 Eligibility Tool User Manual.

### 8.4 Pre-registration of sales through Eligibility Tool

Tools & templates required:
<ul style="list-style-type: none"> <li>• Eligibility Tool</li> </ul>



- |   |
|---|
| <ul style="list-style-type: none"> <li>• Eligibility Tool User Manual</li> <li>• Pre-registration Bulk Upload template</li> </ul> |
|---|

Companies should pre-register customers in the Eligibility Tool after a customer’s eligibility is confirmed. The pre-registration allows a company to “reserve” a customer for a period of 15 calendar days. During these 15 days, a pre-registered customer is blocked for other participating companies. Companies should confirm a pre-registered customer in the Eligibility Tool within this reservation period. Pre-registrations cannot be renewed once expired. Companies can do an individual customer pre-registration or a bulk pre-registration. A template will be provided as an annex to the Window 5 Eligibility Tool User Manual. This template can be used to upload pre-registration data through the Eligibility Tool.

### 8.5 Confirmation of sales through Eligibility Tool

Tools & templates required:
-----------------------------

- |   |
|---|
| <ul style="list-style-type: none"> <li>• Eligibility Tool</li> <li>• Eligibility Tool User Manual</li> <li>• Registration Bulk Upload Template</li> </ul> |
|---|

The confirmation of sales is the last step in ensuring that the subsidy is reserved permanently for the company. Companies can confirm sales in the Eligibility Tool when: 1) a contract between the company and the customer has been signed, and 2) the purchased SHS has been installed at the customer’s home. Each time a sale is confirmed in the Eligibility Tool, the corresponding incentive will be deducted permanently from the company’s remaining budget.

Each company will have one or more Admin Users. Only Admin Users can confirm sales in the Eligibility Tool. Sales can be confirmed in two ways, which will be explained in more detail in the Window 5 Eligibility Tool User Manual:

1. Individually: Users can confirm sales individually on the registration page.
2. In Bulk: Users can confirm pre-registered sales in bulk using the upload function

The Eligibility Tool will have a function to export the confirmed sales into an excel file called ‘Registration Bulk Upload Template’. The Window 5 Eligibility Tool User Manual will explain in detail how the remaining information should be filled in this template.

### 8.6 Claim submission through email

Tools & templates required:
-----------------------------

- |   |
|---|
| <ul style="list-style-type: none"> <li>• Window 5 Claim Form template</li> <li>• Window 5 email address to submit claims</li> <li>• Monthly Report to EDCL</li> </ul> |
|---|

To bundle administrative work for both the OSC and the Window 5, the claim submission schedule is as follows:

- Each company can submit one claim every quarter if the number of customers that have achieved a milestone is lower than 500;
- If a company has more than 500 customers reaching a disbursement milestone within a quarter, then the company may submit a second claim within that quarter.

Companies can thus not submit more than two claims per quarter.

The Claim Form (available in Excel format on BRD website - <https://www.brd.rw/brd/energy-investments/e>) contains company product information. In addition, the Claim Form specifies the claim period, based on the sales confirmation date. Since each confirmed sale has a specific sale date, EDCL will automatically know for which sales the claim is being submitted.

Moreover, OSCs should use the Claim Form to report the payment data of each customer. This is necessary to verify that customers have reached the 15% or 100% customer contribution threshold, for PAYGO disbursement 2 and 3, respectively.

The following information will be submitted through the Claim Form:

1. Name and Ubudehe category of the customer
2. National identification number of the customer
3. Confirmation date (as registered in the Eligibility Tool)
4. PAYGO vs Cash customer
5. Phone number of customer
6. Milestone achieved: 1, 2 or 3?
7. Product type and serial number
8. For PAYGO customers: unique customer ID #
9. Total Sales Price
10. Total customer contribution to date
11. Raw payments data (including date and time of each transaction, amount per transaction, type of payment account and account number)

The following information will be submitted through the OSC Monthly Report and/or Eligibility Tool:

1. Sales date
2. Name and gender of the customer
3. Household size
4. National identification number of the customer
5. Phone number of the customer or another contact
6. The product name and model number
7. Confirmation date
8. Sales / service contracts that includes agreed end-user price of SHS, number of agreed installments and installment amount
9. Location of the household (i.e. village, Cell, Sector, District), with GIS coordinates

10. Customer status (active, paid off)
11. Repossession date (with customer ID)

All companies participating in the Window 5 RBF are also required to report all their sales (subsidized and regular sales) to EDCL on a monthly basis, in line with the requirements set out in the MoU signed with EDCL. The report template for monthly reporting differs from the data export from the Eligibility Tool. This Monthly Report contains additional details – compared to the Claim Form -- which are required for claim verification and disbursement. For that reason, it is important that the sales date in the Monthly Report to EDCL matches the confirmation date in the ET.

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

Any customers that do not pass the phone, contract and/or field verification, but that have a chance to be corrected, must be corrected within 1 month and will be processed during a next claim submission.

Should a company fail to provide the information requested or misreport this information, an escalation process will be initiated, which may ultimately result in expulsion from the program. The PIU will escalate issues at BRD management who will decide on the level of expulsion, with no-objection from the World Bank.

Please see Section 9.2 for more detail on how EDCL processes claims.

### **8.7 Providing warranty**

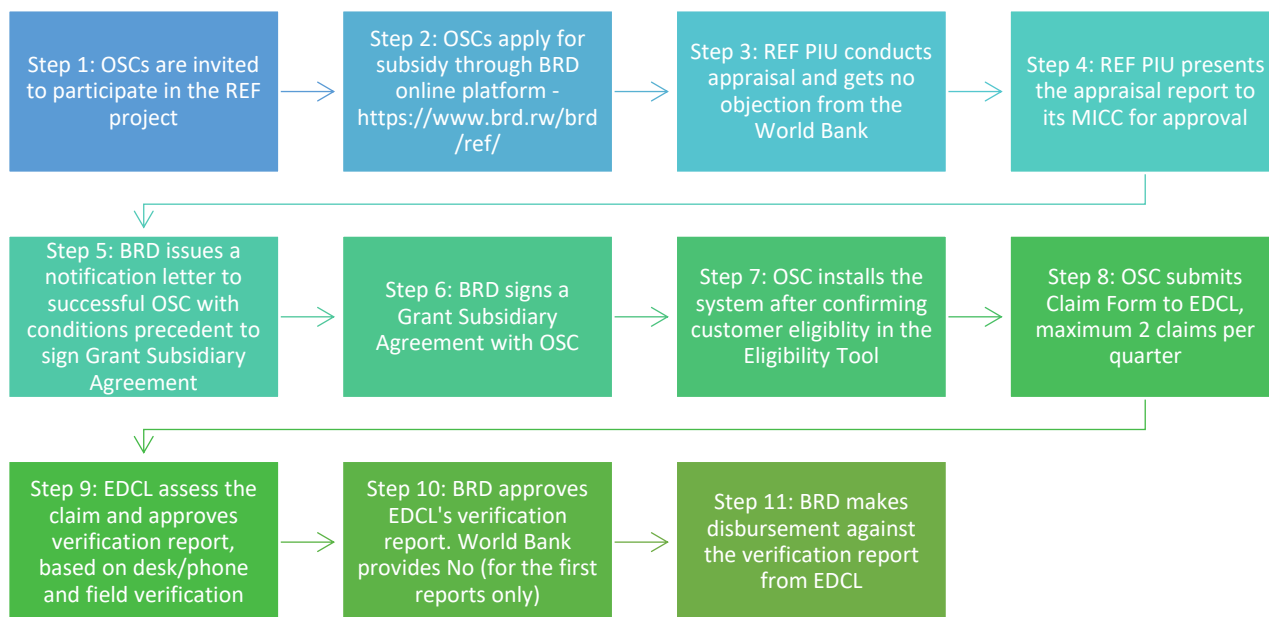
All participating OSCs are required to provide a minimum 3 years warranty and an after sales contract that commits to the availability of spare parts and technical service for a minimum 5 years after the installation of the system as per the provisions stipulated on Article 6 of the Ministerial Guidelines on Minimum Standards Requirements for Solar Home System (June 2019 version). Failure to comply with Article 6 will lead to suspension from RBF program.

## **9 Procedures for BRD and EDCL**

In summary, BRD and EDCL will take the following steps, in response to the steps taken by the OSCs:

Step 1, step 2, step 7 and step 8 in below chart were explained in more detail in section 8, which describes the step-by-step procedures for OSCs. Step 3, step 4, step 5, step 6, step 9, step 10 and step 11 are elaborated in this section 9, which stipulates the procedures for BRD and EDCL.

**Figure 3: From OSC application to subsidy disbursement**



NB: Step 3 and Step 4 are waived for those OSCs who are already eligible as suppliers under the REF.

This waiver is proposed to avoid the appraisal of the same OSC multiple times. However, the BRD will prepare a short documentation to confirm receipt of all required documentation, eligibility of SHS technologies, adequacy of targeted beneficiaries, and adequate pricing plan. In addition, BRD will conduct an annual review to ensure that these OSCs are compliant to the eligibility criteria at all times.

### 9.1 BRD: OSC appraisal, OSC eligibility review and contracting

Tools & templates required:
<ul style="list-style-type: none"> <li>• Grant Subsidiary Agreement (Annex 2)</li> <li>• Window 5 OM for OSC eligibility criteria</li> </ul>

BRD will select eligible OSCs through an appraisal process. The appraisal process follows the Window 5 eligibility criteria (section 6.11). Those OSCs who fulfill the eligibility criteria will be selected and sign a Grant Subsidiary Agreement. Figure 3 (step 1 – 6) provides procedures of OSC appraisal and contracting.

### 9.2 EDCL: Different types of verification and their sample sizes

Tools & templates required:
<ul style="list-style-type: none"> <li>• Phone verification customer list</li> <li>• Field verification customer list</li> </ul>

- Phone verification survey questionnaire
- Field verification survey questionnaire
- Verification Report
- Result Form (in Excel)

The verification of reaching the milestones will be conducted by EDCL or the IVA. The verification process includes a desk check of all customers submitted in a claim, for a.) completeness and accuracy; b.) the establishment of the sample size for phone verification and field verification; c.) payment verification; and d.) verification reporting. Desk verification will take place for all claims regardless of the milestone(s) being claimed. See Section 9.3 for more details.

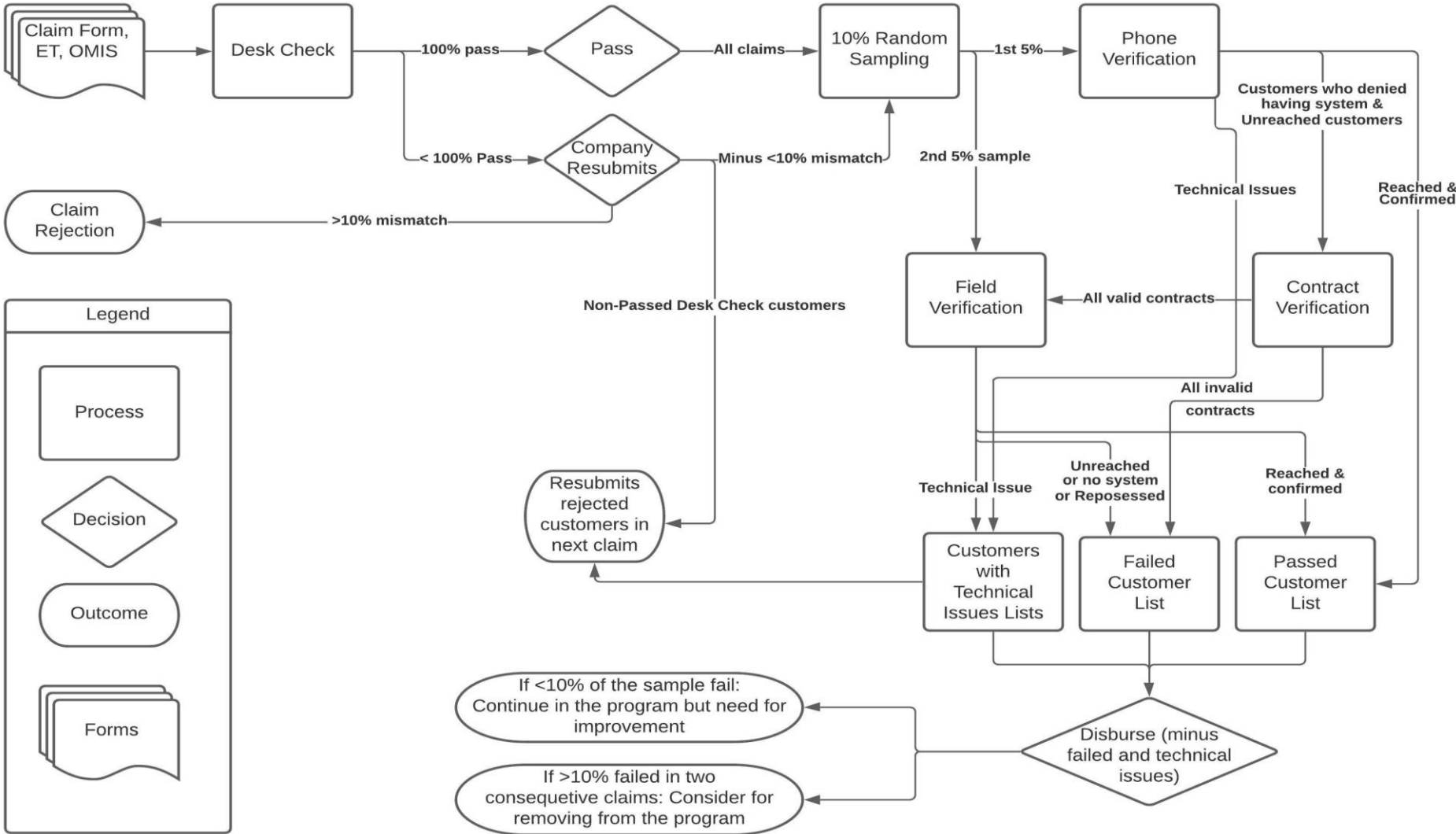
Field and phone verification are required to confirm the claim for customers reaching the first disbursement milestone, for both PAYGO and cash sales, while payment verification and phone verification is required for reaching the second and third disbursement milestone for each PAYGO sale. Second disbursement for cash sales will only require phone verification (no payment or field verification) to confirm the customer still has the system and working properly, as completion of payment will have been verified during first milestone disbursement. Each of these steps is described in below sub-sections.

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

**Table 7: Verification samples at each disbursement level**

<b>Desk Verification</b>	<b>Phone verification</b>	<b>Contract verification</b>	<b>Field verification</b>
<i>Disbursement 1- upon installation (both PAYGO &amp; Cash)</i>			
On 100% of claim	5% sample size	Customers unreached, denied having systems and repossessions in phone verification	5% sample size, plus all customers whose contracts are found valid during the contract verification
<i>Disbursement 2 – 1 year into service and 15% customer contribution (PAYGO only)</i>			
On 100% of claim, including confirmation that disbursement 1 was disbursed	5% sample size	NA	NA
<i>Disbursement 3 – 3 years into service (both PAYGO &amp; cash) and or 100% customer contribution (PAYGO)</i>			
On 100% of claim, including confirmation that disbursement 1 and 2 were disbursed	5% sample size	NA	NA

**Figure 4: Window 5 Milestone One Verification Process**



### 9.3 EDCL: claim verification

#### 9.3.1 Initial desk verification

Tools & templates required:
<ul style="list-style-type: none"><li>• Window 5 Claim Form (Excel template)</li><li>• Window 5 email address to receive claims (<a href="mailto:ref5claims@edcl.reg.rw">ref5claims@edcl.reg.rw</a>)</li><li>• Eligibility Tool</li><li>• OMIS report</li><li>• Results Form (in Excel format)</li><li>• Company File</li></ul>

The EDCL (through IVA) will conduct a desk-based verification of 100% claims submitted by the OSC for all disbursements. The verification will be conducted by comparing the information provided on the Claim Form with Eligibility Tool and OMIS database. The main step conducted for the first milestone is to compare sales confirmed in the Eligibility Tool with data submitted by OSCs through the Monthly Report to EDCL and through the Claim Form. The results of this data check are stored in the Results Form. Based on the data in the Results Form, EDCL will determine the validity of the claim. In summary, EDCL will check the following:

- The correct subsidy amount is claimed for each household (based on Ubudehe level and SHS price);
- Customer payments reached the threshold for the claimed installment and respected the disbursement condition;
- Sales claimed for in the Claim submission were registered through the Eligibility Tool (and thus met household eligibility criteria, including living in an eligible off-grid zone, and SHS eligibility criteria) and during the monthly reporting to EDCL.

The first and third check may only need to be done once for each customer, during desk verification of the first milestone. During subsequent milestone claiming of the same customer, desk verification will simply confirm that the claim has respected the disbursement condition. For example, the system was installed three year before in order to be eligible for the third milestone.

Desk verification of the second and third PAYGO milestone disbursement will also include a payment verification (see Section 9.3.2).

Desk verification of Cash customers who reached the second (or final) disbursement milestone does not require any payment verification (since this was completed prior to Cash milestone 1 claiming. Instead, the following points will be desk-verified for Cash customers who reached milestone 2:

- That the initial desk verification – to check customer eligibility and to check that the correct subsidy level has been applied – was indeed conducted on this customer during processing of the milestone 1 claim;
- That the sale indeed took place 3 years ago;

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

Once EDCL has completed its analysis, it will notify companies of the determined claim size and any discrepancies found. EDCL will return to the OSC the list of those customers whose information provided on the Claim Form is mismatched with ET and OMIS database. EDCL will reject the entire claim if >10% mismatch cases are found in desk check.

For systems that were not reported to REG/EDCL (or found mismatch) in the Monthly Report or registered in the Eligibility Tool, companies will have five (5) working days to submit the missing sales information to REG/EDCL or through the Eligibility Tool. The companies can resubmit the corrected information during the next claim if they are unable to correct the information within five (5) working days.

Each step shall be recorded with the date of completion and the individual in charge in the Verification Tracking File.

### 9.3.2 Verification of customer payments

As explained in Section 9.3, desk verification is done on all customers claimed for, for each of the milestones. Additionally, as displayed in Table 3 in Section 6.6, the second and third disbursement is conditional upon Pay-As-You-Go customers reaching a customer contribution minimum threshold of 15% and 100%, respectively. A payment verification will take place for each PAYGO customer included in the claim to ensure that the payment data provided illustrates that the customer met the 15% or 100% payment threshold. A sample of each milestone will then be phone verified. Moreover, the list of eligible customers for the second and third instalment can only come upon successful payout of disbursement 1. The customer payment data is submitted by the OSC in the Claim Form and needs to be verified by the EDCL or the IVA.

**Table 8: Payment data inputs required for verification**

Data	Source
Date	Off-Grid Solar Company
Account #	Off-Grid Solar Company
Amount	Off-Grid Solar Company
Unique ID	Off-Grid Solar Company
Unit Price	Off-Grid Solar Company
Eligibility	Eligibility Tool/OMIS/LODA
Ubudehe Category	Eligibility Tool



Total Payments	Calculation
Verification Status	Calculation

In summary, and as explained in Table 7 and 8, payment verification is done via desk review of payments data submitted by the OSC (on 100% of the customers claimed for) and through phone surveys (based on a sample of 5% of the customers claimed for per milestone), as described above.

To verify that conditions are met for any of the three disbursements, EDCL will use random sampling to select the verification sample and to ensure its relevancy. When EDCL (or the IVA) enters the claim data into the Results Form, the sample size (10% of the eligible sales) will be automatically calculated based on the total number of eligible sales passed through desk verification.

Of the total sample for customers reaching the first disbursement milestone, 50% (i.e. 5% of the eligible sales) will be verified using phone verification and at least 50% (i.e. another 5% of the eligible sales) using field verification. For example, if the total sample is 200 in an eligible 2,000 sales, then 100 customers would be verified through phone calls and another 100 through field visits.

Separate Excel sheet/tab in the Results Form will be created to store customer information samples selected for Phone, Contract, and Field Verification.

### 9.3.3 Phone verification

Phone verification will be conducted prior to each of the three disbursements. The sample size will be 5% of the customers claimed for who pass through desk verification/check, per milestone, as indicated in Table 7 and 8. 100% of the sample will be selected randomly.

The verifier will call customers and will ask them a series of questions, as per the Phone Verification Survey Questionnaire, to determine whether they have bought and received a subsidized system. Phone verification of first disbursement milestones is slightly different from phone verification of second and third disbursement milestones since the phone verification for the latter milestones needs to verify that payment thresholds were reached for PAYGO customers or that the customer still has the subsidized systems in the case of cash customers.

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

Once a customer is reached, the verifier will go through the questions in the Phone Verification Survey. All questions need to be asked and answers recorded accurately in the survey tool and dump on an excel file (Results Form). Particular attention should be paid to the “date of sale”, “product type”, and “the condition of the system”. It should be noted that customers sometimes

don't remember the exact date. Hence, a difference of one month between the date of sale indicated by the customer and the company is permissible.

Once all customers have been reached or called maximum six times, the verifiers will notify EDCL that verification is completed and if necessary transmit the results of the verification to EDCL. EDCL will consolidate and analyze the results and complete the corresponding fields in the company Results Form.

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

*Passed Customers:*

- Condition for milestone 1: Customers called are reached and confirmed that they have bought a system ("Pass").
- Condition for milestone 2 and 3: Customers called are reached and confirmed that they have paid at least 15% or 100%, respectively, of the customer contribution. The system is with them and technically working ("Pass").
- Next step: All the pass customers will be recorded in the "Passed Customer List". EDCL will recommend to BRD for the disbursement of subsidy for these customers.

*Failed Customers*

- Condition for milestone 2 and 3: All customers not paying at least 15% or 100%, respectively. All customers system being repossessed by the company.
- Next step: All customers that are in Failed Customer List will be given (by EDCL) to the company with the reason of each failed customer. The claim amount of the failed customers will be deducted from the overall claim amount.

*Customers with Technical Issues*

- Condition for all milestones: If a customer confirms having bought a system, but claims that the system is no longer working due to technical issues, the customer will be recorded in "Customers with Technical Issues List". The OSC will be notified these customers and will be requested to investigate the reason for the system not working.
- Next step: EDCL will share the list of these customers to OSC to investigate the reason for the system not working. The OSC will be requested to repair the issue within 1 month. After 1 month, the EDCL will call "customers with technical issues" to verify whether repairs have been made and document the result of the call. If the system has been repaired and is functioning, the customer will be changed to "passed customer list" and the incentive will be paid out with the next claim or in a separate payment if there is no additional claim.

Each step shall be recorded with the date of completion and the individual in charge in the Result Form.

#### 9.3.4 Contract verification

Contract verification will be conducted for a) all the customers who denied having system and b) all customers were unreachable in the phone verification. The customers who were reached in the phone verification and confirmed that they have bought the system will not go to contract verification. These customers will go to “passed customer list”.

All invalid contracts during contract verification will be considered as failed and will go to “failed customer list”. All the valid contracts will go to extended field verification to have further investigation on the reason of unreachable in the phone verification.

The contract will be considered as “invalid” if:

- the copy of the contract is not available;
- the contract is not signed by both the company and customer and validated by the village or cell leader; and
- the information on the contract such as customer names/ID, price of the system, product name, and customer location are different from the information confirmed by the Eligibility Tool.

*Failed customers:*

- Condition for milestone 1: Any customers who denied having the system or were unreachable in the phone verification will go through contract verification for further investigation. Those customers whose contract are invalid will be recorded in the “Failed Customer List”. Those customers who denied having system and unreachable and for whom the contracts are valid will go for extended field verification

#### 9.3.5 Field verification

Field verification will be conducted on claims pertaining to only the first disbursement milestone, as tables 7 and 8 indicated. For field verification of the disbursement 1 condition, the sample will be selected randomly. Several areas (e.g. Districts or Cells) must be covered during each field verification.

The results of the field verification are, just like the phone verification, recorded in the Results Form.

EDCL will complete an analysis of verification results and inserts the data in the corresponding fields in the Results Form. In addition to the Results Form, EDCL (or the IVA) will also prepare a Verification Report. The outcome of the field verification will be determined based on the following criteria:

*Passed Customers:*

- Condition: Those customers who are reached in field verification, confirmed the sales, and confirmed that the system is working properly.  
Next step: EDCL will record the passed customers in “Pass Customer List” and recommend BRD for the subsidy disbursement with the a claim verification report. Upon receiving the claim verification report from EDCL, BRD will prepare the disbursement note to release the subsidy to the OSC.

#### *Failed Customers:*

- Condition: Those customers unreached in the field visit, denied having the system, or the system is repossessed by the company.
- Next step: EDCL will record the failed customers in “Failed Customer List”. BRD will deduct the claim amount of failed customers from the total claim amount to calculate the eligible claim amount. In addition, EDCL/BRD can call for a meeting between the company and all implementing partners to discuss the issues identified and identify ways to improve company performance and / or Window 5 RBF process.

#### *Customers with Technical Issues*

- Condition: If a customer confirms having bought a system but claims that the system is no longer working due to technical issues, the customer will be recorded in “Customers with Technical Issues List”. The OSC will be notified these customers and will be requested to investigate the reason for the system not working.
- Next step: EDCL will share the list of failed customers to OSC to investigate the reason for the system not working. The OSC will be requested to repair the issue within 1 month. After 1 month, the EDCL will call “customers with technical issues” to verify whether repairs have been made and document the result of the call. If the system has been repaired and is functioning, the customer will be changed to “passed customer list” and the incentive will be paid out with the next claim or in a separate payment if there is no additional claim. The customers will be marked as “unreached” if they are not reached in maximum six (6) attempts of phone calls. The subsidy for all unreached customers will not be paid unless OSC provides alternative phone number and the customers confirm that the technical issues of their system have been fixed by the OSC.

Once field verification is completed, EDCL will prepare the claim verification report (including Results Form of the particular claim), which will need to be signed by verifiers. The signed claim verification report is necessary to initiate disbursement and must be documented and archived.

#### *9.3.6 Outcome of the verification results*

Depending on the answers provided by the customer, the customer will be recorded as part of:

- “Passed Customer List”:
  - For milestone 1: The customer has bought a system, which is in good condition, and still had it when the last report was submitted to OMIS. If a system has been switched off due to non-payment, but has not been repossessed, the customer would still pass.
  - For milestone 2 and 3: The customer, or other source, plausibly indicates that 15% or 100% of customer contribution has been paid to the OSC. If it is verified that the customer payments have reached the payment thresholds, then this also confirms adequate customer service. There is no separate verification of adequate customer service other than the payment verification.
- “Failed Customer List”:

- For milestone 1: a.) the Field Verification found that the customer has not bought a system or the system has been repossessed or the customer was unreachable; and b.) all the invalid contracts found during Contract Verification.
- For milestone 2 and 3: The customer, or another source, does not plausibly indicate that 15% or 100% of the customer contribution has been paid to the OSC.
- “Customers with Technical Issues List”:
  - For all milestones: If the desk verification confirms that the data submitted by the OSC (through Claim Form) does not match with the ET and OMIS database. EDCL will share with OSC the list of all these customers whose data are found inconsistent. Companies will have five (5) working days to submit the missing sales information to EDCL or through the ET. The companies can resubmit the corrected information during the next claim if they are unable to correct the information within five (5) working days.
  - For all milestones: The phone/field verification confirms that the customer has bought a system, but claims that the system is no longer working due to technical issues. The OSC will be notified of these customers with technical issues and will be requested to investigate the reason for the system not working. The OSC has to fix the issue within 1 month.
  - After 1 month, the EDCL will call “customers with technical issues” to verify whether repairs have been made and document the result of the call. If the system has been repaired and is functioning, the incentive will be paid out with the next claim.

**Table 9: Summary of the Verification Outcome**

Outcome	Condition	Next step
Passed	<p>Milestone 1 (PAYGO &amp; Cash):</p> <ul style="list-style-type: none"> <li>• The desk verification of Claim Form matches the price of the system, national ID, name of the customer, Ubudehe category, name of the system, payment mode (PAYGO or Cash), location, and installation date with OMIS and ET database.</li> <li>• All reached customers in phone and field verifications confirm that they have bought the system and has no technical issues (excluding switch off by company due to non-payment).</li> </ul> <p>Milestone 2 and 3 (PAYGO):</p> <ul style="list-style-type: none"> <li>• The desk verification of Claim Form matches the 15% and 100% customers contribution respectively.</li> <li>• The customers reached in phone verification confirm that their system is working properly.</li> </ul> <p>Milestone 3 (Cash):</p> <ul style="list-style-type: none"> <li>• The desk verification confirms that the customer bought the system three (3) years before.</li> <li>• The customers reached in phone verification confirm that their system is working properly.</li> </ul>	<ul style="list-style-type: none"> <li>• All the customers that mismatch the information in desk verification will be returned to the OSC.</li> <li>• EDCL will reject the entire claim if &gt;10% mismatch cases are found in desk check. OSC can resubmit the claim after the correction of the errors.</li> <li>• All the customers that pass in desk verification will go for the 10% random sampling.</li> <li>• All the passed customers will be recorded in the “Passed Customer List”.</li> <li>• EDCL will recommend to BRD for the disbursement of subsidy for passed customers.</li> <li>• BRD will disburse the subsidy to OSC by deducting the claim amount of failed customers and the customers with technical issues.</li> </ul>
Failed	<p>Milestone 1 (PAYGO &amp; Cash):</p> <ul style="list-style-type: none"> <li>• Customers whose contract are found invalid during contract verification.</li> <li>• Customers who were confirmed having no systems during field verification. (SHS not installed or repossessed)</li> <li>• Customers who were unreachable during field verification.</li> </ul>	<ul style="list-style-type: none"> <li>• EDCL will record all the failed customers in “Failed Customer List” and inform to OSC with the reason for fail.</li> <li>• BRD will deduct the claim amount of failed customers from the overall claim amount. The OSC can resubmit the failed customers in the next claim as long as the issues have been rectified.</li> </ul>

	<p>Milestone 2 &amp; 3 (PAYGO):</p> <ul style="list-style-type: none"> <li>• Customers who have not paid 15% and 100% contribution respectively</li> <li>• Customers whose systems have been repossessed by the company.</li> </ul>	<ul style="list-style-type: none"> <li>• EDCL and BRD will discuss with the OSC for improvement if &lt;10% of the total sampled customers are failed.</li> <li>• BRD and EDCL may consider of excluding the OSC from participating in the program if &gt;10% of the total sampled customers are failed in two consecutive claims.</li> </ul>
Customers with technical issues <sup>4</sup>	<p>All milestones (PAYGO &amp; Cash):</p> <ul style="list-style-type: none"> <li>• Customers during phone/field verification informed that they have bought the system but no longer working due to technical issues.</li> </ul>	<ul style="list-style-type: none"> <li>• EDCL will record these customers in “Customers with Technical Issues List” and notify the OSC with the type of technical issues.</li> <li>• OSC will fix the technical issues within 1 month.</li> <li>• EDCL will call the customers (after 1 month) to confirm whether the system has been fixed.</li> <li>• EDCL will recommend to BRD in the next claim for the subsidy disbursement of those customers whose technical issues have been fixed.</li> </ul>

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<sup>4</sup> Customers with Technical Issues do not include those customers whose system has been switched off by OSC due to non-payment. These customers will be appeared in “Passed Customer List” as it is not a technical issue.

### 9.3.7 EDCL communication about verification outcome

EDCL will report to BRD about the outcome of the verification. Specifically, EDCL will send the Results Form (in Excel) and Verification Report to BRD for approval and No Objection from the World Bank for the first verification reports. Each step shall be recorded with the date of completion and the individual in charge in the Company file .

Once the verification report has been approved, EDCL will inform the OSC about the outcome of the verification. In the case of desk verification with >10% of the data in the submitted claim do not match with ET and OMIS database or if there are other anomalies, then EDCL will reject the submitted claim. The OSC will then receive an email rejecting the claim. The OSC can re-submit the claim with corrected data within 5 days of receiving the rejection.

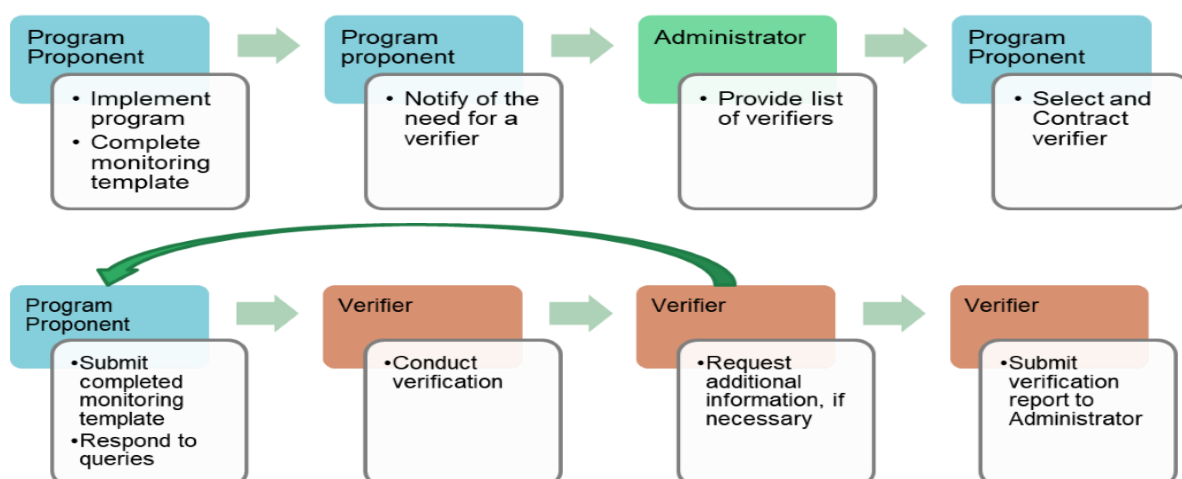
If upon completion of the verification process, greater than 10+% of customers have failed verification across the entire claim (desk, phone, contract, and field), EDCL and BRD will sit together with the OSC to review the reasons for failure prior to disbursement. If there is suspicion of fraud, further investigation will be made prior to disbursement.

### 9.4 Carbon RBF verification via third party IVA

EDCL is also responsible for carbon RBF verifications related to off-grid solar activities under Window 5. Specifically, it is responsible for:

- listing the carbon program under post-2020 Standardized Crediting Framework (SCF) framework
- collecting data and preparing the emission reduction monitoring package to submit to IVA for verification.
- submitting verification package to Rwanda Environment Management Authority (REMA) for carbon credits issuances under SCF.

**Figure 5: 8 steps in carbon RBF verification process**



Program Proponent: EDCL



Administrator: Rwanda Environment Management Authority (REMA)

Verifier: Independent verification agents (IVA) accredited by REMA

### Means of verification

The assessment involves a review of relevant documentation as well as an on-site visit (at least for the first verification).

### Verification activities

- a. Desk review of documentation:** The verifier will review, among other things, the Listing Document and its associated documentation; Monitoring Report and associated documentation; and the Monitoring Calculation Tool
- b. Site visit (at least for first verification):** A site visit will be conducted and may include visiting specific locations or facilities included in the sample groups for determining key parameters.
- c. Data checks and sampling plan:** As part of verification, the verifier will undertake a variety of checks and cross-checks on measured and estimated parameters. Supporting evidence for measurements and reporting could be in the form of:
  - SHS invoices, purchases and sales orders;
  - Maintenance records;
  - Field check reports, sampling exercises and analysis reports;
  - Calculation spreadsheets and other electronic files; and
  - Other types of records deemed valid according to the verifier's professional judgment.
- d. Verifier internal review:** Following the desk review, site visit and data checks, a senior internal staff member within the verifier reviews all assessments of eligibility and performance conducted so far during verification, based on their professional judgement.
- e. Findings:** Findings are the list of all identified material and immaterial errors and misstatements – they do not include solutions or potential remedies for resolution. Findings are delivered to the Program Proponent during verification so that the Program Proponent may make corrections or clarify information.
- f. Clarifications and revisions of Monitoring Report:** Program proponents will reply to the clarification requests and make any necessary changes to the Monitoring Report to address all material findings.
- g. Draft Verification report:** The draft verification report shall document all findings and the corrections or corrective actions taken by Program Proponents to address the findings, as well as the process followed in verification.
- h. Final verification report and opinion:** The final verification report shall confirm whether the program meets all eligibility requirements, monitoring requirements, and has no material non-conformance or misstatement. The verification statement and opinion shall be explicit, conclusive and unequivocal.

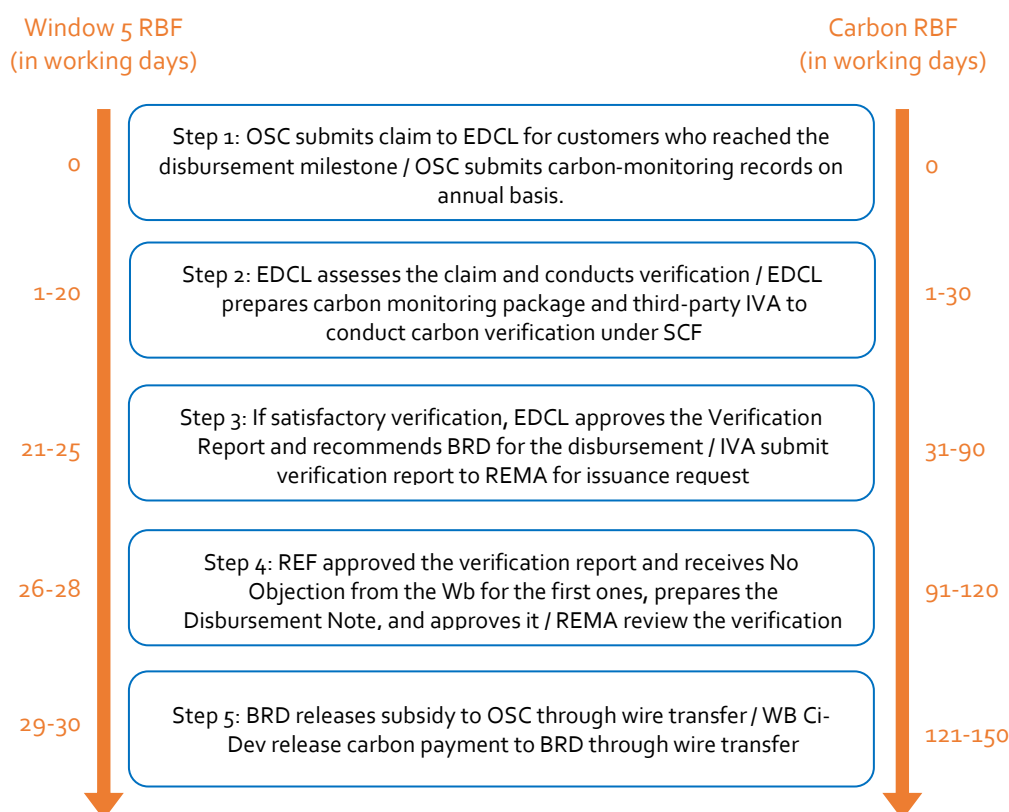
### 9.5 BRD: subsidy disbursement

If the claim was approved by EDCL, the PIU at BRD will prepare a disbursement note and send it for signature to the relevant officer. BRD will release the disbursement and inform the OSC.

BRD releases the subsidy equivalent to the approved claim. The disbursement follows a bank transfer on the bank account of the OSC. BRD will release the payment within two (2) business days

after the recommendation received from EDCL. In summary, the claiming, verification, approval and disbursement will follow the following timeline:

**Figure 6: Subsidy disbursement flow and carbon RBF disbursement flow**



## 10 Tools and templates

In summary, the following tools and templates will be used throughout the program:

Tool	Description	Use
Application Form (i.e. Annex 1)	To be downloaded by interested companies from the BRD website	Data collection and company appraisal by BRD
Window 5 announcement and FAQ	Informs the sector about the new program, participation criteria and application procedures	External communication
Claim Form (i.e. Annex 3)	Contains basic information required for initiating the claiming and disbursement process	Data collection
Claim checklist	Embedded in Verification Report	Internal processing
Company File	Contains information on the participating company, communication with the company and claiming activities	Internal processing, coordination & documentation
Field Verification Customer List	Contains subsample for field verification	Internal processing, coordination & documentation

Field Verification Questionnaire	Guides the field verification interview and used to document respondents answers	Data collection
Field Verification Report	Summarises consolidated results of the field verification	Internal processing, coordination & documentation
OMIS Monthly Report Template	Contains information on solar sales and is submitted by companies to EDCL monthly	Data collection
Phone Verification Customer List	Contains subsample for phone verification	Internal processing, coordination & documentation
Phone Verification Questionnaire	Guides the phone verification interview and used to document respondents answers	Data collection
Phone Verification Report	Summarises consolidated results of the phone verification	Internal processing, coordination & documentation
Results Form	Contains information on eligible customers and repossessed customers required for claiming as well as verification results	Internal processing, coordination & documentation
Subsidy Financing Agreement (i.e. Annex 2)	Signed by BRD and OSC to formalize participation in the program	Contract
Completeness Check Template for Off-grid Solar Home Systems	To be filled by EDCL	Carbon program registration under REMA SCF
Listing Document Template for Off-grid Solar Home Systems	To be filled by EDCL	Carbon program registration under REMA SCF
Methodology for Off-grid Solar Home Systems	Guides the calculation and monitoring of carbon emission reductions	Carbon RBF verification
Monitoring Calculation Tool	Excel sheets that provide instructions on calculation and monitoring of carbon emission reductions	Carbon RBF verification
Monitoring Report Template for Off-grid Solar Home Systems	Report on carbon emission reductions generated from the off-grid solar systems, to be verified by IVA	Carbon RBF verification

## 11 Environmental and Social Safeguards

The participating OSCs must follow the REF Environmental Code of Practice (ECOP) manual in relation to the proper handling of used batteries and solar components. A recycling plan is a must for the participation to Window 5.

## **D. RBF PROGRAM REVIEW**

### **12 Monitoring & Evaluation**

To ensure that the objective of the program is being met, there will be periodic program reviews. A Review Committee, which is a sub-committee under the REF Steering Committee, is composed of the following members who conduct field visits and monitor the impact of the subsidy:

- Representative from Ministry of Infrastructure – Chairperson
- Representative from Ministry of Local Government – Vice chairperson
- Representative from EDCL – Member
- Representative from BRD internal audit department – Member
- REF project manager – Member
- Staff member from Energy Private Developers – Member

The Review Committee conducts annual performance review of the subsidy program or at any other time if required. BRD/REF provides required budget for the monitoring and evaluation activity. Such a review will reflect the feedback from the PIU, the participating solar companies, market intelligence, and performance and lessons from the prior operation of the funds. One of the areas requiring careful review is the subsidy levels.

The World Bank reserves the right to conduct project monitoring at any time during the subsidy implementation period.

### **13 Evolvement over time**

Based on the conclusions of the Review Committee, and subject to a ‘no-objection’ from the World Bank, some details in the design of the grant offering are likely to change. Such changes will be reflected in the most recent version of this OM, which will be published on the BRD website, and will be communicated to participating OSCs. However, changes that will affect the customers will be kept to a minimum as much as possible.

### **14 Capacity development**

Subject to the availability of the budget, the REF supports number of capacity development activities such as mass-user awareness, local technician training for system repair and after sales service, project orientation, training on online-based subsidy documentation, etc.

### **15 Audit**

The BRD and the World Bank reserve the right to conduct independent audits of the OSCs accounts related to the systems installed that have been subsidized through the Window 5.

## E. ANNEXES

### Annex 1: Window 5 RBF Application Form

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

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

1. Name of the off-grid solar company: \_\_\_\_\_

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

3. Contact person:

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

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

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

Account Name: \_\_\_\_\_; Account No.: \_\_\_\_\_

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

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

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

6. Product information:

#### Business-as-usual (un-subsidized prices), if applicable

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

Note:

- The PAYGO price refers to the total end-user price under PAYGO business model
- The Cash price refers to the current end-user price if the company realizes sales in cash

#### Proposed PAYGO prices under Window 5 subsidy program

S	Product name	PAYGO price (total)	Subsidy amount			Customer contribution			Down payment amount	Installment amount	Maturity period
N			U-I	U-II	U-III	U-I	U-II	U-III			

Note:

- The proposed total PAYGO price under the Window 5 refers to the total price the OSC plans to charge through the combination of customer contribution and subsidy. This price is expected to be lower than the prices under business-as-usual, due to the effects of the partial upfront subsidy payment.

#### Window 5 (Proposed total cash prices under subsidy program)

SN	Product name	Total Cash price	Subsidy amount			Customer contribution		
			U-I	U-II	U-III	U-I	U-II	U-III

Note:

- The proposed total cash price under the Window 5 subsidy scheme refers to the total price the company plans to charge through the combination of customer contribution and subsidy.

#### 7. Details of the board and management team

SN	Name	Position	Academic qualification	Years of experience	Contact email	Nationality

#### 8. Monthly sales targeted under Window 5, by Ubudehe category:

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total
<b>U-I</b>														
<b>U-II</b>														
<b>U-III</b>														
<b>Total</b>														

#### 9. Monthly sales turnover (in FRW) targeted under Window 5, by Ubudehe category:

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total
<b>U-I</b>														
<b>U-II</b>														
<b>U-III</b>														
<b>Total</b>														

#### 10. Monthly subsidy amount (in FRW) targeted under Window 5, by Ubudehe category:

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y2	Total
<b>U-I</b>														
<b>U-II</b>														
<b>U-III</b>														
<b>Total</b>														

#### 11. Product-wise number of connection targets under Window 5, for first year:

Product name	U-I	U-II	U-III	Total
<b>Total</b>				

12. Upload the following documents:

- A formal letter requesting for subsidy financing under Window 5
- Certificate of company registration from Rwanda Development Board
- Audit report of past three financial years, if available
- Tax clearance certificate of last fiscal year
- CV of board members and management team
- Business plan, if available
- Copy of a valid partnership agreement signed with Energy Development Corporation Limited
- LG certificate of product + completed tool that demonstrates that product meets Ministerial Guidelines OR proof of import from RSB or RICA for products already imported
- Policy for proper disposal/recycling of used battery and other solar components

13. Overview of the business model

*Please describe your business model and how you plan to target eligible Ubudehe 1, 2 and / or 3 households with the support of the Window 5 RBF. Ensure that you describe step-by-step how the product moves from you to the end user and who is doing what during the process (incl. payment process). Please take into account that 1) end user eligibility needs to be verified using the Eligibility Tool, 2) subsidised sales need to be (pre-) registered using the Eligibility Tool at the time of contract signing (see FAQs for details), and 3) a local government official will need to witness the sale by signing the contract. You may consider the following additional guiding questions when filling out this section:*

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

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

15. Description of payment collection process

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

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

17. Past performance

Fiscal Year	No. of SHS installed			Sales Turnover (FRW)	Remarks
	PAYGO	Cash	Tender		
2017/18					
2018/19					
2019/20					



## Annex 2: Template for Grant Subsidiary Agreement between BRD and OSC

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

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

**THE DEVELOPMENT BANK OF RWANDA PLC “BRD”**, a Public Company Limited by Shares, with an authorized share capital of 150,000,000,000 FRW, incorporated on August 5, 1967, company code n° 100003547, whose head office is in Kigali, Postal Office Box 1341 Kigali, hereby officially represented by **[name of the Company Secretary]** and **[name of the CEO]**, Company Secretary & General Counsel and the Chief Executive Officer respectively, in accordance with the powers conferred to them by the Board of Directors, hereunder referred to as on the one part, **“Bank”** or **“BRD”**.

and;

**[...]**, a private company limited by shares, incorporated on 30<sup>th</sup> day of April 2012, company code n° 102656208, whose head office is at [...], Kigali, Rwanda, hereby officially represented by **[...]**, Managing Director, bearer of a national identity card No [...] a hereinafter referred to as the **“Off-grid Solar Company”** or **“OSC”**, on other hand;

**WHEREAS:** (a) under a grant agreement and its amendments (“Grant Agreement”) and a loan agreement and its amendments (“Loan Agreement”) (together, “Financing Agreements”), dated July 7, 2017, between the Government of the Republic of Rwanda (“GoR”) and the International Development Association (“World Bank”), acting as implementing entity to the Scaling-up of the Renewable Energy-Program under the Strategic Climate Fund (“SCF-SREP”), the World Bank agreed to provide the GoR with a loan (SCF SREP Loan Number TF0A4969) and a grant (SCF SREP Grant No. TF0A4990) (together, “SCF-SREP Financing”) to assist in financing the Rwanda Renewable Energy Fund Project (“REF Project”).

**WHEREAS**, the World Bank has agreed, on the basis, *inter alia*, of the foregoing to extend the SCF-SREP Financing provided under the Financing Agreements to the GoR upon the terms and conditions set forth in the Financing Agreement.

**WHEREAS**, the GoR delegated the responsibility for implementation and management of the Project to BRD, and, in this regard, the GoR has provided a portion of the SCF-SREP Financing to BRD for purposes of BRD implementation of the Renewable Energy Fund (REF) Project.

**WHEREAS**, the World Bank has entered into a Project Agreement with BRD, dated July 7, 2017, in connection with the Financing Agreements for the REF Project.

**WHEREAS**, BRD has agreed to implement Results-based Financing (RBF) subsidy (Window 5) of the REF Project, in accordance to the Operations Manual.

**WHEREAS**, BRD having satisfied itself as to the eligibility of OSC to participate in the implementation of Window 5 of the REF Project, in accordance with the Operations Manual, has offered Results-Based Financing Subsidy to the OSC for implementation of the Window 5 of the REF Project;

**WHEREASE**, REF Window 5: A Results-Based Financing Facility (“RBF Facility”) to OSCs. This window will provide results-based partial grants (“RBF Grants”) to eligible OSCs to sale Solar Home Systems

(“SHS”) and the provision of after sale services to qualifying households. The partial grant will be provided to OSCs to lower the cost of the system for end-users.

**WHEREAS**, OSC has agreed in the implementation of Window 5 of the REF Project under the terms and conditions set forth in this Agreement and in accordance with the Operations Manual. BRD and the OSC hereby agree as follows:

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

- 1.1 **Cash Sales:** If the OSC collects one hundred percent of the customer contribution upon SHS installation. The partial collection will be considered as PAYGO/credit sales. The sales through SACCO or Microfinance Institutions shall be considered as cash sales.
- 1.2 **Consumer Protection Principles:** Six principles as defined by GOGLA that represent the minimum standards of practice consumers should expect from an OSC (<https://www.gogla.org/node/2294>).
- 1.3 **Eligibility criteria:** As defined in the Article 8 of this Agreement;
- 1.4 **Eligibility Tool:** A web-based platform to be used by the OSC to assess the eligibility of Targeted Households and to pre-register sales;
- 1.5 **Eligible OSCs:** Locally registered Off-grid Solar Companies (OSCs) who fulfil the Eligibility Criteria as defined in the Window 5 Operations Manual for participation in RBF Subsidy;
- 1.6 **Emission reductions:** All existing and future legal and beneficial rights arising from greenhouse gas reductions, avoidance or sequestration as created and measured in accordance with a methodology acceptable to the World Bank.
- 1.7 **End-user Price:** After subsidized price of a SHS products offered by OSC to Targeted Households;
- 1.8 **Exchange Rate:** The United States Dollar to Rwandan Francs conversion rate as available on National Bank of Rwanda (BNR) website, on the date of the Grant Subsidiary Agreement with BRD is signed. That exchange rate will be reviewed every 6 months, and revised to reflect the average exchange rate over the previous year, based on the National Bank of Rwanda (BNR) published rate of exchange.
- 1.9 **Off-grid Monitoring Information System:** A platform managed by the Energy Development Corporation Limited (EDCL) to track the progress in off-grid electrification;
- 1.10 **Operations Manual:** This refers to Window 5 Operations Manual Ver 02/12.10.2020, which can be found on BRD’s website - <https://www.brd.rw/brd/energy-investments/>
- 1.11 **PAYGO Software:** A platform hosted by the OSC for the management of their off-grid business;
- 1.12 **Repossessed System:** A SHS product repossessed by the OSC or Participating Financial Institutions from the Targeted Household;
- 1.13 **Results-based Financing Subsidy:** Amount to be received from BRD by OSC, in accordance to disbursement conditions set forth in Window 5 Operations Manual. The OSC will receive the subsidy amount on behalf of final beneficiary households and micro-entrepreneurs;
- 1.14 **SHS Product:** A complete set of a Solar Home System (SHS) that complies with the Ministerial Guidelines on Minimum Standards Requirements for Solar Home System (June 2019 version) and applicable international quality standards; [Ministerial Guidelines on Minimum Requirements for SHS.pdf \(mininfra.gov.rw\)](#).
- 1.15 **Targeted Households:** Ubudehe I, Ubudehe II and Ubudehe III households eligible for subsidy and resides in the SHS off-grid zone (not mini-grid zones) as demarcated by National Electrification Plan;

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

This agreement is meant to lay out the roles and responsibilities of the parties in regard to the eligibility, implementation, and claim process of the subsidy under Window 5 of the REF RBF project. The subsidy is designed to help achieve the GoR's target to provide affordable off-grid electricity solutions for all Rwandans.

### **ARTICLE 3: SUBSIDY FACILITY AMOUNT**

3.1. The Results-Based Financing subsidy facility amount in this agreement is a sum of [...] **(FRW [...]) Rwandan Francs** to be disbursed in accordance with the subsidy disbursement schedule (Article 8). The BRD and OSC agreed on the agreement amount as per the proposal submitted by the OSC and evaluation conducted by BRD. Based on the progress over time and based on the utilization of the agreement amount, BRD shall have the right to reduce the agreement amount or accept additional requests. This review shall take place every 6 months.

### **ARTICLE 4: TERM**

The Agreement shall be valid for three (3) years from the date of signature by both Parties. The Agreement shall be renewable upon satisfactory performance and subject to the fulfilment of the Window 5 eligibility criteria at all times.

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

- Carry out its project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to BRD, including in accordance with the provisions of:
  1. the the World Bank Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Final Beneficiary; and
  2. the World Bank safeguards instruments required for the project as set out in the Operations Manual. The operations manual is an integral part of this agreement.
- Provide, promptly as needed, the resources required for the purpose;
- Maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to BRD or the World Bank, the progress of the project and the achievement of its objectives;
  1. maintain a financial management system and prepare financial statements, both in a manner adequate to reflect the operations, resources and expenditures related to the project; and
  2. at the request of the World Bank or BRD, as the case may be, have such financial statements audited by independent auditors acceptable to the World Bank and BRD, and promptly furnish the statements as so audited to the World Bank or BRD, as the case may be;
- Enable World Bank or BRD, as the case may be, to inspect the project, its operation and any relevant records and documents; and
- Prepare and furnish to World Bank or BRD, as the case may be, all such information as the World Bank or BRD, shall reasonably request relating to the foregoing.
- Fulfil eligibility criteria at all times. Failure in fulfilment of eligibility criteria may result in immediate termination of the Agreement;
- Agrees not to claim any carbon emission reductions generated through the SHS installed under the REF project. In consideration of the subsidy provided under this Agreement, [name of OSC] agrees to enter into a subsequent agreement with BRD as soon as practicable, but in any event no later than eighteen (18) months after effectiveness of this

Agreement (unless otherwise agreed by the Parties). The above-mentioned agreement will cover the transfer of emission reductions generated by the project subject to this Agreement, or generated as a result of or in connection with this Agreement. The transfer will be made to BRD without additional payments and on terms and conditions approved in advance by the World Bank.

- Pay all taxes, duties and levies relating to this project.
- Shall not change the prices of SHS agreed herein without prior consent of BRD.
- The OSC should claim minimum 16% of the approved subsidy amount within a period of 6 months from the date of signing the Agreement. Failure to fulfill this condition, BRD reserves the right to revise or cancel the Agreement.
- The OSC must present a non-subsidized PAYGO price and also a non-subsidized cash sales price. The subsidy amount should be deducted from the subsidized PAYGO or cash price, depending on their business model and the timing for subsidy disbursement. The Subsidy should thus be used to reduce end-user pricing and the OSC must apply the new pricing scheme (compared to non-subsidized price, if applicable) submitted to BRD as part of the application process. The OSC should adhere with the price stated in table in **Annex A**.

#### **ARTICLE 6: BRD RIGHTS AND OBLIGATIONS**

- 6.1. BRD shall charge OSC a service fee of 4% of the total subsidy amount plus 18% VAT. The fee shall be charged based on the disbursed subsidy amount to OSC.
- 6.2. The BRD shall have right to audit financials of the OSC that are related to subsidy transactions;
- 6.3. The BRD shall disburse the subsidy in accordance with the disbursement conditions set forth in Article 8 or Window 5 Operations Manual. Each disbursement shall be done against the approved verification reports submitted to BRD by the Energy Development Corporation Limited (EDCL);
- 6.4. The BRD shall suspend or terminate the right of the OSC to participate in REF RBF Subsidy, upon the OSC's failure to perform any of its obligations under the Window 5 Operations Manual and this Agreement;

#### **ARTICLE 7: SUBSIDY LEVELS**

OSC should fully pass on the subsidy to final beneficiary households. The subsidy levels are progressive, depending on the Ubudehe level of the household. The lower the Ubudehe category, the higher the subsidy. Kindly refer to **Annex B** for subsidy level per Ubudehe.

#### **ARTICLE 8: SUBSIDY DISBURSEMENT**

- 8.1. The BRD shall disburse the subsidy amount in accordance to the Window 5 Operations Manual. The disbursement schedule for PAYGO or credit sales shall be different from the disbursement schedule for cash sales.
- 8.2. For PAYGO or credit sales, the subsidy shall be disbursed in three instalments as displayed in Table 4 and Table 5 as set out in **Annex C**.
- 8.3. The OSC, at the time of submitting the subsidy claim, shall report to EDCL the amount of subsidy claimed under PAYGO sales and/or cash sales.
- 8.4. In order to be eligible for cash sales, OSC should collect one hundred percent customer contribution upon SHS installation. Partial down payment shall be considered as PAYGO/credit sales. The sales through financial institutions (SACCO, microfinance institutions) shall be considered as cash sales.

- 8.5. The verification for each subsidy instalment shall be done as per the procedure established in the Window 5 Operations Manual.
- 8.6. After sales service by the OSC: The OSC shall provide “after sale services” and perform such services in a period of thirty (36) months counted from the date of successful installation and connection of SHS duly approved by EDCL. OSC shall provide repair and maintenance services of SHS and to deliver spare parts quickly during the Warranty period at no cost to the Beneficiaries.

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

- 9.1. The OSC shall install the SHS at Targeted Households and submit a claim to EDCL for the subsidy. The OSC can submit a maximum of two claims per quarter in the event the company has more than 500 customers reaching the disbursement milestone, with exception for all outstanding claims submitted after the effective date of termination of this Agreement. All outstanding instalment claims submitted after the effective termination date may be submitted without meeting the 500 customers disbursement milestone.
- 9.2. The OSC should submit a claim in accordance with the Claim Form (**Annex D**). Moreover, the OSC should use the Claim Form to collect and report payment data on each customer. It is necessary to verify that customers have reached the 15% or 100% customer contribution threshold, for instalment 2 and 3, respectively.

The following information will be submitted through the Claim Form:

1. Name and Ubudehe category of the customer
2. National identification number of the customer
3. Confirmation date (as registered in the Eligibility Tool)
4. PAYGO vs Cash customer
5. Phone number of customer
6. Milestone achieved: 1, 2 or 3?
7. Product type and serial number
8. For PAYGO customers: unique customer ID #
9. Total Sales Price
10. Total customer contribution to date
11. Raw payments data (including date and time of each transaction, amount per transaction, type of payment account and account number)

The following information will be submitted through the OSC Monthly Report and/or Eligibility Tool :

1. Sales date
2. Name and gender of the customer
3. Household size
4. National identification number of the customer
5. Phone number of the customer or another contact
6. The product name and model number

7. Confirmation date
  8. Sales / service contracts that includes agreed end-user price of SHS, number of agreed installments and installment amount
  9. Location of the household (i.e. village, Cell, Sector, District), with GIS coordinates
  10. Customer status (active, paid off)
  11. Repossession date (with customer ID)
- 9.3. The OSC shall provide access to its PAYGO software to EDCL to validate the information provided above. The OSC shall eventually be required to integrate its PAYGO software with the OMIS platform for real-time information on system installation and performance. This condition will be applied to those companies who maintain PAYGO software or IT platform related to delayed payment.
- 9.4. Once the Claim is submitted, EDCL shall conduct the verification and submit a recommendation to BRD for subsidy disbursement. The verification and disbursement shall be in accordance with the procedures set on the Window 5 Operations Manual.

#### **ARTICLE 10: CAPPING OF SUBSIDY**

- 10.1. There will not be any lower or upper ceiling of the subsidy amount per OSC. The OSC is eligible for any subsidy amount they requested during the application, subject to the capacity of the OSC which will be assessed by BRD through an appraisal process Based on progress of the OSC over time, BRD shall reduce the agreement amount or accept additional fund requests (noting that any review of additional funding requests will take into account the OSC's progress on already capped funds). This review shall take place at least every 6 months.
- 10.2. Once the OSC has installed the SHS for an eligible customer, the Eligibility Tool will automatically earmark the subsidy amount for this particular customer, unless it is confirmed that the customer is not going to continue paying its contribution. The OSC should pool back the remaining subsidy amount already earmarked for a particular customer into the main basket after the OSC formally repossesses the SHS from the customer and writes off the customer's remaining payment as bad debt.
- 10.3. This earmarking shall ensure the availability of funds that will be needed to complete the full subsidy payment for each customer over a 3-year period.

#### **ARTICLE 11: OSC ELIGIBILITY CRITERIA**

- 11.1. All OSC business models are eligible. The subsidy levels per Ubudehe category shall be the same as per Article 7 regardless of the OSC business model. The OSC shall always comply with the following eligibility criteria:
- **Licensed with adequate ownership structure.** OSC should be registered in Rwanda and duly licensed (with identification number assigned by tax authorities) and in full compliance with relevant national regulations pertaining to tax, legal, and accounting norms. The owners and managers of the enterprise must be fit and proper.

- **Agreement with EDCL:** OSC must have a valid Memorandum of Understanding (MOU) signed with EDCL. The OSC and EDCL have signed MOU in order to fulfil their common goals and mutual responsibilities towards increasing access to electricity in off-grid areas of Rwanda in compliance with the National Electrification Plan (NEP).
- **Adequate funding.** OSC should have a defined funding strategy with no obvious gaps or constraints on additional funding.
- **Satisfactory end-user pricing scheme:** OSC must demonstrate how and to what extent the end-user will directly benefit from the subsidy.
- **Quality of operations.** OSC should have a sound business plan with proven resources to efficiently carry out operations at the functional level, including organization, management, staff, financial and others.
- **Quality products.** OSC should be selling SHS that meet the Ministerial Guidelines (June 2019 version).
- **Warranty and after-sales service.** OSC must have an established and active aftersales service capability, and operations should meet the standards outlined in Article 6 of the Ministerial Guidelines (June 2019).
- **Adequate accounting systems and management information and well-organized IT support.** OSC should have good accounting, bookkeeping, management and adequate system software support. This criterion is not mandatory for the companies who are involved in cash sales.
- **Recycling.** OSC must comply with the REF Environmental Code of Practice (ECOP) manual on battery recycling. Proof of past recycling practices are mandatory for companies that have sold SHS in the last 5 years.
- **Gender quotas:** Companies should have at least 10% of the workforce employed, represented by women, and be able to demonstrate that they apply the principle of 'equal pay for equal work'. This criteria will be applied for EAQIP funds only.

11.2. Whenever the OSC deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by the OSC and submitted to EDCL and BRD. EDCL, BRD and the World Bank team shall closely monitor the performance. The OSC cannot submit a subsidy claim until the eligibility criteria have been met again.

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

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

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

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

## **ARTICLE 14: IMPLEMENTATION TOOLS AND PLATFORMS**

- 14.1. *Eligibility Tool:* The OSC shall use the Eligibility Tool (ET), a web-based tool managed by EDCL, for customer eligibility check, pre-registration and sales confirmation. The ET shall allow the OSC to execute the eligibility check and sales confirmation. The ET shall allow:
- OSC to check the eligibility of potential customers based on the predefined customer eligibility criteria (eligibility check);
  - To pre-register a sale once the eligibility of a customer is confirmed and both the customer and OSC agent agree to move forward with the sale (pre-registration);
  - OSC to register a sale once the SHS is installed to ensure that households benefit from only one subsidized system (sales registration/confirmation).
- 14.2. The ET is linked to Off-grid Management Information System (OMIS) and the OMIS is linked to Monitoring & Evaluation Information System (MEIS), managed by the Local Administrative Entities Development Agency (LODA). The ET provides information on eligibility status, national IDs, household IDs and Ubudehe categories. Linking OMIS, the LODA MEIS and the ET ensures that the demographic data required shall be as up-to-date as possible, sales are being tracked accurately and monitoring is streamlined.
- 14.3. *OSC PAYGO platform:* The OSC shall record payment transactions on its PAYGO platform, if applicable, and share these payment records with EDCL and BRD (either manually or through API linking platforms). These payment records shall be used for the verification and subsidy disbursement process.
- 14.4. *Mobile Money platform:* The OSC should accept payments from customers using mobile money platforms offered by mobile network operators. These platforms give OSC a digital record of all payments by customers, including the time, the amount, and the phone number of the payment sender. If applicable, OSC shall sign an information-sharing agreement with the mobile network operator and EDCL to share payment data. The data may also be supplied by a 3rd party platform.
- 14.5. The payment data supplied by mobile money platforms shall be used by EDCL for customer's payment verification. This information will be required for the 2nd and 3rd instalment subsidy disbursement.

## **ARTICLE 15: SUSPENSION**

- 15.1. Whenever the OSC deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by the OSC and approved by EDCL and BRD. EDCL, BRD and the World Bank team shall closely monitor the performance against the time-bound action plan. BRD reserves the right to suspend an OSC's participation in the program if the eligibility criteria remain unfilled and performance against the action plan (subject to World Bank non-objection), which would lead to automatic rejection of any subsidy claims.
- 15.2. The OSC may be penalized and its right to participate in the REF subsidy window may be suspended in the following instances:
- Subsidy claimed without installing the SHS;
  - The SHS is found to be installed in another place other than the prescribed location;



- Technical specification of the SHS installed is different than initially submitted in the claim;
- The documents provided are found to be different from the ones initially submitted in the claim;
- The installed system is not compliant with the Ministerial Guidelines;
- The submitted payment proof is invalid.

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

- 16.1. Failure to honor a subsidy amount claimed by the OSC;
- 16.2. Misrepresentation;
- 16.3. Any breach of any of the conditions and obligations relating to this agreement;
- 16.4. Material adverse change in the, management, business, control of the business or financial position of the OSC;
- 16.5. Qualified report by the auditor of the OSC's financial statements;
- 16.6. Nationalization of the project or the OSC
- 16.7. Seizure of the OSC's assets by third parties due to unfilled or unsettled by obligations by OSC.
- 16.8. Expropriation of the project
- 16.9. Suspension or abandonment of the project by OSC for maximum period of 30 days.
- 16.10. Dissolution of the OSC
- 16.11. Commencement of Judicial bankruptcy or insolvency proceedings
- 16.12. Repudiation or challenge of administrative documents of the project
- 16.13. Cancellation or removal of authorizations necessary for the OSC to implement the project.
- 16.14. Failure to enter into the agreement for the transfer of emission reductions to BRD referred to in Article 4.

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

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

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

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

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

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

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

- 20.1. Each party shall be liable to fully indemnify, defend and hold harmless the other party for and against all and any losses or damages suffered or incurred (whether directly or indirectly) caused by or as a result of other party's negligence or any form of breach of this Agreement or as a result of damages caused by either party's employees.

- 20.2. If it is found out that contract activities were poorly executed such that some of them are defective or are not in conformity with the requirements of this contract, the OSC corrects such mistakes or replaces the supplies delivered that did not conform to what was required within a period not exceeding fifteen (15) days starting from the date of reception of the request, or otherwise incurs delay penalties for each day of delay. For the first seven (7) days of delay, the OSC incurs a penalty of one thousandth (1/1000) of the value of the item that has been reported to be defective or does not conform to the requirement of this contract. If that period expires, the OSC in addition incurs one thousandth (1/1000) of the value of the item for each day of delay up to the time when he/she corrects or replaces the defective item in accordance with the requirements of this contract.
- 20.3. Money deducted as penalties for delaying in executing activities or for poorly executed activities is deducted from the amount of the approved invoices or claims for subsidy due for payment. If the value of the penalties for delaying executing activities or for poorly executed activities or both, exceeds the value of approved claims for subsidy, the contract will be automatically cancelled and the OSC will be held responsible for any loss incurred by BRD.

#### **ARTICLE 21: ADHERENCE TO CONSUMER PROTECTION PRINCIPLES**

The OSC shall comply with the six consumer protection principles that were defined by GOGLA's Consumer Protection Working Group, (<https://www.gogla.org/node/2294>). The principles represent the minimum standards of practice consumers should expect from an OSC. The customer protection principles are listed on **Annex E**.

#### **ARTICLE 22: OFFICIAL ADDRESS**

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

- **The BRD:** at its head office in Nyarugenge district, P.O. Box 1341, Kigali city, RWANDA
- **The OSC:** at its head office in .....Avenue, .....District, Rwanda

#### **ARTICLE 23: TERMINATION**

##### **23.1. BY BRD**

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

- (a) if the OSCs do not remedy a failure in the performance of their obligations under the Contract, within thirty (30) days after being notified or within any further period as BRD may have subsequently approved in writing.
- (b) if the OSCs become insolvent or bankrupt.
- (c) if, as the result of Force Majeure, the OSCs are unable to perform a material portion of the Services for a period of not less than sixty (60) days; or
- (d) if the OSC, in the judgment of BRD has engaged in corrupt or fraudulent practices in competing for or in executing the Contract. For the purpose of this clause:
  - “corrupt practice” means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution.
  - “fraudulent practice” means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of BRD, and includes collusive practice

among OSCs (prior to or after submission of proposals) designed to establish prices at artificial non-competitive levels and to deprive BRD of the benefits of free and open competition.

- (e) if BRD, in its sole discretion, decides to terminate this Contract.

### **23.2. BY THE OSC**

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

- (a) if BRD fails to pay any monies due to the OSCs pursuant to this Contract and not subject to dispute in sixty (60) days after receiving written notice from the OSCs that such payment is overdue; or
- (b) if, as the result of Force Majeure, the OSCs are unable to perform a material portion of the Services for a period of not less than sixty (60) days.

### **23.3. PAYMENT UPON TERMINATION**

Upon termination of this Agreement pursuant to term clause in this Agreement, BRD shall make payments to the OSCs for Solar Home Systems satisfactorily supplied and installed prior to the effective date of termination. Payments will continue to be made after the three (3) year term of the Agreement, provided that the claims are for Solar Home Systems supplied and installed before the effective date of termination. The effective date of termination will be exactly 36 months from the date of signature of this Agreement.

### **23.4 SURVIVAL**

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

### **ARTICLE 24: LANGUAGE**

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

### **ARTICLE 25: CONFIDENTIALITY**

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

### **ARTICLE 26: FORCE MAJEURE**

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

### **ARTICLE 27: CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE**

- 27.1. The following documents shall constitute the Contract Documents between BRD and the OSC, and each shall be read and construed as an integral part of the Contract:
- (i) This Agreement, including the Annexes and notifications hereunder.
  - (ii) The Window 5 Operations Manual and its amendments
  - (iii) Ministerial Guidelines on Minimum Standards Requirements for Solar Home System, June 2020 version (available on MININFRA website, [www.mininfra.gov.rw](http://www.mininfra.gov.rw)).
  - (iv) The OSC's submitted technical and financial proposals as accepted by BRD.
- 27.2. In the event of any ambiguity or conflict between the Contract Documents listed above, the order of precedence shall be the order in which the Contract Documents are listed above.

**ARTICLE 28: ENTIRE AGREEMENT**

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

**ARTICLE 29: APPLICABLE LAW, SEVERABILITY, RESOLUTION OF DISPUTES AND JURISDICTION**

- 29.1. The present contract is governed by the laws of the Republic of Rwanda. If a provision of this agreement is or becomes illegal, invalid or unenforceable, that shall not affect the validity or enforceability in that jurisdiction of any other provision of this Agreement; or the validity or enforceability in other jurisdictions of that provision or any other provision of this Agreement.
- 29.2. All disputes related to the performance of this agreement shall be settled amicably. In case of failure of amicable settlement, they will be referred to Rwandan competent courts.

**ARTICLE 30: TAKING EFFECT**

This agreement takes effect from the date of its signature.

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

## GRANT AGREEMENT ANNEX A: THE WINDOW 5 END-USER PRICING SCHEME

**Table 1: End-user Price (after subsidy)**

Product name	Final price to the end-user (under PAYGO)			Final price to the end-user (under Cash)		
	<i>U-1</i>	<i>U-2</i>	<i>U-3</i>	<i>U-1</i>	<i>U-2</i>	<i>U-3</i>
[...]	...	...	...	...	...	...

- The OSC shall be allowed to charge final end-user not more than the price provided on Table 1. The price is exclusive of the RBF subsidy amount.
- The OSC shall have no right to revise the price without prior consultation with the BRD. The mutual consultation with BRD is required in order to ensure that the OSC has fully passed on the subsidy amount to final beneficiary.
- The OSC can propose the new product, new business model, etc. The price for the new product shall be agreed in consultation with the BRD.
- If the OSC sales SHS through local financial institutions (SACCO, microfinance institutions, etc.), the OSC shall charge price not more than “under cash” scheme, because the sales through financial institutions is considered as cash sales.
- U-1, U-2, and U-3 represent Ubudehe 1, Ubudehe 2, and Ubudehe 3 households respectively.

**Table 2: End-user Price (total price, including subsidy)**

Product name	Final price to the end-user (under PAYGO)			Final price to the end-user (under Cash)		
	<i>U-1</i>	<i>U-2</i>	<i>U-3</i>	<i>U-1</i>	<i>U-2</i>	<i>U-3</i>
[...]						

## GRANT AGREEMENT ANNEX B: SUBSIDY LEVELS

**Table 3: Subsidy levels, per Ubudehe**

Category	Maximum percentage coverage (of final price)	Applicable maximum subsidy (in FRW)
Ubudehe 1	90%	100,000
Ubudehe 2	70%	80,000
Ubudehe 3	45%	50,000

In practice, this means that the absolute subsidy levels (in 3<sup>rd</sup> column) apply to SHS with an end-user price of above FRW 111,111.11 (for Ubudehe 1 & Ubudehe 3) and above FRW 114,285.71 (for Ubudehe 2). The percentage subsidy levels (in 2<sup>nd</sup> column) apply to SHS with an end-user price below FRW 111,111.11 (for Ubudehe 1 & Ubudehe 3) and below FRW 114,285.71 (for Ubudehe 2).

For example, the OSC signs up a customer in the Ubudehe 2 category for a SHS that has an end-user price of FRW 130,000. The customer will be eligible for the maximum FRW 80,000 subsidy, which is 61.54% of the initial end-user price and not the maximum subsidy level of 70% for Ubudehe 2. Since the initial end-user price of the system exceeds FRW 114,285.71, the absolute subsidy level (FRW) applies and not the relative subsidy level (%).

Conversely, if the OSC signs up a customer in the Ubudehe 2 category for a SHS with an initial end-user price of FRW 90,000, the customer will be eligible for a 70% subsidy, which is FRW 63,000 and thus not the maximum absolute subsidy level of FRW 80,000 for Ubudehe 2. Since the price of the SHS in this example is below FRW 114,285.71, the relative subsidy level (%) applies and not the absolute subsidy (FRW).

For customers already included in the REF program, subsidy levels at the time of sales registration will be honored until the completion of the subsidy payment even if the subsidy levels for new customers changes over time. An amendment to this Agreement will be signed to reflect such changes.

## GRANT AGREEMENT ANNEX C: SUBSIDY DISBURSEMENT SCHEDULE

**Table 4: Subsidy disbursement schedule for SHS price above FRW 115,000**

Disbursement	Condition	Ubudehe I	Ubudehe II	Ubudehe III
1 <sup>st</sup> Instalment	Upon installation and verification by EDCL	FRW 45,000	FRW 45,000	FRW 45,000
2 <sup>nd</sup> Instalment	After adequate customer service for 1 year and 15% of customer's contribution (incl. down payment) and its verification by EDCL	FRW 45,000	FRW 30,000	-
3 <sup>rd</sup> Instalment	After adequate customer service for 3 years and 100% of customer's contribution and its verification by EDCL	FRW 10,000	FRW 5,000	FRW 5,000
<b>Total subsidy</b>		<b>FRW 100,000</b>	<b>FRW 80,000</b>	<b>FRW 50,000</b>

The first instalment shall be released after SHS installation and passed verification by EDCL. The second instalment for Ubudehe 1 and 2 shall be released after 1 year of SHS installation and minimum customer repayment of 15% and its verification. The third instalment shall be released after 3 years of customer service and 100% customer contribution paid to the OSC.

**Table 5: Subsidy disbursement schedule for SHS price below FRW 115,000**

Disbursement	Condition	Ubudehe I	Ubudehe II	Ubudehe III
1 <sup>st</sup> Instalment	Upon installation and verification by EDCL	50%	50%	50%
2 <sup>nd</sup> Instalment	After adequate customer service for 1 year and 15% customer's contribution and its verification by EDCL	45%	45%	45%
3 <sup>rd</sup> Instalment	After adequate customer service for 3 years and 100% of customer's contribution and its verification by EDCL	5%	5%	5%
<b>Total subsidy</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

For example, if the SHS price is FRW 105,000, Ubudehe I household will get FRW 94,500 subsidy (90%). 50% of FRW 94,500 (i.e. FRW 47,250) will be disbursed as first instalment.

For cash sales, the subsidy shall be paid in 2 instalments. 80% of the eligible subsidy amount shall be disbursed upon SHS installation and EDCL verification and the remaining 20% shall be disbursed after 3 years.

**Table 6: Subsidy disbursement schedule for cash sales**

Disbursement	Condition	Ubudehe I	Ubudehe II	Ubudehe III
1 <sup>st</sup> Instalment	Upon installation and verification by EDCL	80%	80%	80%
2 <sup>nd</sup> Instalment	After 3 years after ensuring adequate customer service and its verification by EDCL	20%	20%	20%

## GRANT AGREEMENT ANNEX E: GOGLA CUSTOMER PROTECTION PRINCIPLES



### Transparency

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



### Responsible sales and pricing

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



### Good consumer service

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



### Good product quality

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



### Data privacy

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



### Fair and respectful treatment

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



### Annex 3: Claim Form

## Window 5 Results-Based Financing Program

### Claim Form

To be completed and submitted by participating OSC to EDCL with a copy to BRD. The Claim Form needs to be prepared in Excel as per the templated available on BRD website - <https://www.brd.rw/brd/energy-investments/>.

#### 1. RBF claim details

Company name:			
Claim number:	Claim date	[DD/MM/YYYY]	
Claim period:	From	[DD/MM/YYYY]	to [DD/MM/YYYY]
Claim amount:	[RWF]		
Remaining subsidy amount (as per Agreement with BRD):	RWF		

#### 2. PAYGO sales with SHS at 115,000 RWF or above

U1, U2 or U3 and subsidy levels	Milestone 1, 2 or 3 and disbursement amounts	# of customers in this category for this claim	Sub-Total
U1 = 100,000 RWF subsidy	1 = 45,000 RWF		
	2 = 50,000 RWF		
	3 = 5,000 RWF		
U2 = 80,000 RWF subsidy	1 = 45,000 RWF		
	2 = 30,000 RWF		
	3 = 5,000 RWF		
U3 = 50,000 RWF subsidy	1 = 45,000 RWF		
	2 = N.A.	N.A.	N.A.
	3 = 5,000 RWF		

NB: Copy this table if multiple product models, at different price points are claimed for

#### 3. PAYGO sales with SHS below 115,000 RWF for product model [...] [if applicable]

U1, U2 or U3 and subsidy levels	Milestone 1, 2 or 3 and disbursement amounts	# of customers in this category for this claim	Sub-Total
U1 = 90% of SHS price	1 = 50% of total subsidy		
	2 = 45% of total subsidy		
	3 = 5% of total subsidy		
U2 = 70% of SHS price	1 = 50% of total subsidy		
	2 = 45% of total subsidy		
	3 = 5% of total subsidy		
U3 = 45% of SHS price	1 = 50% of total subsidy		
	2 = 45% of total subsidy		
	3 = 5% of total subsidy		

NB: Copy this table if multiple product models, at different price points are claimed for

**4. Cash sales for product model [...] [if applicable]**

<b>U1, U2 or U3 and subsidy levels</b>	<b>Milestone 1 or 2 and disbursement amounts</b>	<b># of customers in this category for this claim</b>	<b>Sub-Total</b>
U1 = 100,000 RWF or 90%	1 = 80% of total subsidy		
	2 = 20% of total subsidy		
U2 = 80,000 RWF or 70%	1 = 80% of total subsidy		
	2 = 20% of total subsidy		
U3 = 50,000 RWF or 45%	1 = 80% of total subsidy		
	2 = 20s% of total subsidy		

NB: Copy this table if multiple product models, at different price points are claimed for

**5. Certification**

I, *[names]*, *[Title]* of *[name of the company]*, by signing this Claim Form and the attached list of customers on behalf of *[name of the company]* certify that all information contained herein is accurate and truthful. I understand that any willful misstatement described herein will lead to the disqualification from the Window 5 Program and will result in a claim by BRD for the return of any subsidy provided based on result claims affected by the fraud, and may be prosecuted by judicial means.

***[Signature]***

***[Seal]***

***[Name and Title]***

## Annex 4: Template of formal letter requesting for Subsidy Financing under Window 5

[DD/MM/YYYY]

Chief Executive Officer  
Development Bank of Rwanda  
P.O. Box 1341, KN 3 Ave, Kigali

Subject: Application for Window 5 participation

Dear CEO,

In reference to the Window 5 Operations Manual published on your website, we hereby kindly express our interest in the Results-based Financing scheme.

[provide one paragraph summary of your operations in Rwanda]

Based on our past performance and leveraging benefit from this RBF scheme, we plan to connect [provide number of potential customers] new households in the next one year. We anticipate to realize [insert sales revenue projected for one year, in FRW] in sales and FRW (insert expected subsidy amount) in subsidy in the coming year. We plan to mobilize FRW [insert estimated loan amount] in loan under REF Window 1-4.

We look forward for a continuous partnership with BRD's Renewable Energy Fund project. We are waiting to welcome BRD for the appraisal and discussions on our request.

Sincerely yours,

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

*Enclosure:*

- Dully signed Window 5 RBF Application Form
- Company registration certificate, issued by Rwanda Development Board (RDB);
- Audit report and tax clearance certificate of past three (or at least one) financial years.
- CV of the board members and the management team;
- Business plan of the company, if available;
- Copy of MoU signed with EDCL;
- A confirmation from RICA or relevant government agency confirming that the proposed SHS products comply the Ministerial Guidelines for Minimum Requirements for SHS;
- Internal policy for proper disposal/recycling of end-of-the-life component/battery.

## Annex 5: Window 5 Reporting Template

### [Name of OSC]

RBF Window 5 Utilization Report - Quarterly  
From the date of [insert month/year] to [insert month/year]

#### A. Window 5 fund utilization status

I	Agreement amount (FRW)		Amount as per Grant Subsidiary Agreement signed with BRD
II	Amount earmarked (FRW)		The subsidy amount is automatically earmarked immediately after the SHSs are registered on the ET.
III	Utilization rate (%; I/II)		The rate of actual subsidy utilized.
IV	Amount received (FRW)		The actual subsidy amount received from BRD. The amount should be equivalent or less than the earmarked amount.

#### B. Household and micro-enterprises connection status

I	No. of households connected (Ubudehe 1)		The households connected in Ubudehe 1 during the reporting period
II	No. of households connected (Ubudehe 2)		The households connected in Ubudehe 2 during the reporting period
III	No. of households connected (Ubudehe 3)		The households connected in Ubudehe 3 during the reporting period
IV	No. of enterprises connected		The total enterprises connected through off-grid technology during the reporting period.
V	No. of people provided with access to electricity		Total people directly benefited through the off-grid electrification during the reporting period.
VI	No. of female provided with access to electricity		Total female directly benefited through the off-grid electrification during the reporting period.

#### C. Status of electricity generation

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

#### D. Status of private sector contribution

I	Total sales turnover (FRW)		Total sales revenue generated during the reporting period.
II	Total credit mobilized (FRW)		Total credit amount utilized during the reporting period

IV	Average NPL ratio (%)		The non-performing loan status calculated as of reporting period. Calculated as: Total default amount / Total outstanding credit.
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E. Report on gender aspects (for EAQIP funds only)

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

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

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F. Provide key suggestions (in bullet points)

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G. Certification

I, *[names]*, *[title]* of *[name of the OSC]*, by signing this Quarterly Report on behalf of *[name of the OSC]* certify that to my best knowledge all information contained herein is accurate and truthful. I understand that any willful misstatement described herein will lead to the disqualification from the Window 5 and will result in a claim by BRD for the return of any subsidy provided based on result claims affected by the fraud, and may be prosecuted by judicial means.

***[Signature]***

***[Seal]***

***[Name and Title]***

***[Date]***

## Annex 6: Subsidy Levels

### Subsidy levels per Ubudehe (in USD)

CATEGORY	PERCENTAGE COVERAGE (OF FINAL PRICE)	INDICATIVE MAXIMUM SUBSIDY
Ubudehe 1	90%	USD 108
Ubudehe 2	70%	USD 84
Ubudehe 3	45%	USD 54

### Subsidy disbursement schedule (in USD) with SHS PAYGO price of FRW 115,000 or more

DISBURSEMENT	CONDITION	UBUDEHE	UBUDEHE	UBUDEHE
		I	II	III
1 <sup>st</sup> Installment	Upon installation and verification by EDCL	50	50	50
2 <sup>nd</sup> Installment	After adequate customer service for 1 year and 15% of customer's contribution (incl. down payment) and its verification	50	30	-
3 <sup>rd</sup> Installment	After adequate customer service for 3 years and 100% of the customer's contribution and its verification	8	4	4
<b>TOTAL SUBSIDY</b>		<b>108</b>	<b>84</b>	<b>54</b>

## Annex 7: Frequently Asked Questions

### WINDOW 5 RESULTS-BASED FINANCING SCHEME

#### Frequently Asked Questions (FAQs)

**Q1: What is results-based financing?**

Results-based financing (RBF) scheme is different from traditional grants because incentives are disbursed upon delivery and independent verification of results. This means that participating companies will have to pre-finance their projects, either through loans or other sources of funds. This RBF provides direct financial support to beneficiary households and micro-enterprises to buy down most of the cost of a Solar Home System (SHS).

**Q2: Does RBF provide grants to OSCs for their capacity building and marketing activities?**

No. The RBF subsidizes the price of SHS products to final households and micro-enterprises. The participating companies must transfer the entire subsidy amount to its customers. The companies are expected to leverage their own resources for capacity building, marketing and any other operational activities. However, REF may provide certain technical assistance (training, orientations, etc.) to participating companies.

**Q3: Can a company participate in Window 5 without participation in other REF windows?**

Yes. Participation in the REF credit windows (Window 1, Window 2 or Window 4) is not mandatory for a company to participate in Window 5.

**Q4: What are the eligibility criteria for a company to participate in Window 5 RBF?**

Any participating company should go through the eligibility criteria provided in the Window 5 Operations Manual, **Section 6.12**. Failure to comply with the eligibility criteria will lead to suspension of the company from participating in Window 5. The company should comply with these criteria at all times. Whenever the company deviates from the eligibility criteria and the stipulated roles and responsibilities, a credible commitment in the form of a time-bound action plan needs to be prepared by the company and submitted to EDCL and BRD. EDCL, BRD and the World Bank team will closely review the action plan and decide accordingly.

**Q5: What if a household changes Ubudehe category after the launch of the Window 5 RBF? How will this change impact the incentive level?**

While Ubudehe categories may change, the Window 5 only considers the Ubudehe category of a potential beneficiary at the time of the eligibility check and fund reservation through the Eligibility Tool. Any changes to the Ubudehe category thereafter will not affect the incentive allocation for that particular customer.

**Q6: Can two individuals from the same household apply for the Window 5 subsidy?**

No. Once an individual from an eligible household buys a SHS and the sale is registered in the Eligibility Tool, all household members will be marked as ineligible. In other words – one subsidized system per household.

**Q7: Can a household already having a SHS (subsidized or not) apply for the Window 5?**

No. Only the households that have not yet connected through SHS are eligible for Window 5. Only the households identified as eligible under the Eligibility Tool check are qualified for Window 5. The households who are demarcated by National Electrification Plan as potential mini-grid beneficiaries are not eligible in Window 5.

**Q8: Are companies able to claim incentives for SHS sold before the Window 5 started and register sales through the Eligibility Tool retroactively?**

No. Companies are only able to claim SHS sold after the date of signature on the Grant Subsidiary Agreement (GSA) between the company and BRD. The GSA specifies the contract period and timelines for claim submission, verification and disbursement.

**Q9: Can companies claim a subsidy for a refurbished system, in case one customer defaulted and the SHS is repossessed and provided to a new customer?**

No. Companies can repossess a SHS from defaulted customers and redeploy the SHS to a new customer but not claim a subsidy on the refurbished system.

**Q10: What is the incentive level for an eligible household?**

The subsidy level is different for different Ubudehe categories. See Window 5 Operations Manual (**Section 6.5 and Section 6.7**) about the subsidy amount and the disbursement schedule.

**Q11: Can the company claim all subsidy (per Ubudehe) amount regardless of customer contribution?**

No. Claims can be submitted when the milestones identified for cash sales and PAYGO business models have been achieved.

**Q12: What is the Eligibility Tool and when is it used?**

The Eligibility Tool is a web-based tool, managed by EDCL, which supports the implementation of Window 5. The Eligibility Tool is linked to the OMIS, which is used to check customer eligibility and serves as a data repository for registered sales.

The Eligibility Tool allows companies to a. pre-register sales and reserve funds for an interested customer for 30 calendar days, and b. register a sale once the contract is signed with the customer.

Each participating company receives user logins to access an individualized Eligibility Tool site. Apart from being able to perform the activities mentioned above, the site allows each company to review and adjust potential sales for which funds were reserved and get an update on the remaining budget allocated to the company and each Ubudehe category.

**Q13: When should sales be pre-registered through the Eligibility Tool? What is the purpose of the fund reservation?**

Following the eligibility check, companies should then pre-register interested customer to ensure that sufficient budget is available for the incentive at the time the contract is signed between the participating company and customers. At the time of pre-registration, funds required to subsidize the sale are reserved for 30 calendar days. During this period, other companies are not able to



reserve funds for this customer. If a sale is not registered within 30 days, the reservation is automatically lifted and the household is free and eligible to purchase a subsidized SHS from other OSCs. OSCs are able to pre-register and reserve funds for each household only once.

**Q14: When does a sale need to be registered through the Eligibility Tool?**

Sales should be registered through the Eligibility Tool immediately after the contract between the company and the customer is signed, and SHS installed. This ensures that there is sufficient budget to cover the corresponding incentive. If a company decides to register sales outside of the 30 day reservation period, there is a risk that 1) the entire incentive budget has been allocated to other households, or 2) another company has reserved funds for the household, which will take precedence. Hence, the company would need to cover the remaining gap itself. This function is available only in the complete functionalities of the Eligibility Tool.

**Q15: How frequently can participating companies claim for the subsidy payment?**

Participating solar companies can submit one claim quarterly in case the number of customers served is lower than 500. If the claims are for more than 500 costumers OSC can submit two claims per quarter. In this event, companies can effectively claim one subsidy every 6 weeks.

**Q16: How much is the maximum threshold of subsidy amount per participating company?**

There is no threshold of subsidy amount for participating companies. However, the company can sign GSA at a level of maximum FRW 1 billion subsidy (contract) amount. Once the company utilizes the committed amount, BRD can renew the GSA for another round of the contract amount. BRD reviews the GSA every six months, or as soon as the initial amount has been utilized, and may adjust the initially agreed amount.

**Q17: What type of business models are allowed under Window 5?**

Companies are free to apply any type of business models, i.e. PAYGO, cash, SACCO, etc. However, at the time of application, the company should provide different prices of different sales models.

**Q18: Is there any cost the Window 5 charges to participating companies?**

Yes. BRD charges 4% of the subsidy amount plus 18% VAT as a management fee. The company has two options: this fee will either be paid upfront, at the time of signing GSA or it will be deducted from confirmed subsidy amount, at the time of disbursement. This fee will slightly reduce the actual subsidy amount for final beneficiary households.