

Productive Use Appliance Financing Facility

Terms and Conditions

FACILITY OVERVIEW

The Productive Use Appliance (PUA) Financing Facility (“Facility”) aims to reduce the risk associated with PUA procurement and sale, accelerating both the scale and timeline of PUA sales for participating companies. The facility will include (1) subsidies that lower costs associated with PUA procurement, and (2) consumer financing designed explicitly to mitigate the unique credit risks associated with PUA sales.

The Facility will provide financial subsidies and technical assistance to companies operating across the off-grid solar (OGS), mini-grid, and grid-connected (utility) sectors that procure large quantities of high quality and energy efficient PUAs in target markets. All PUAs must undergo third party testing to ensure and verify energy performance, quality, and safety in order to receive subsidies. As initiative of the Global Energy Alliance for People and Planet (GEAPP), the facility seeks build capacity among distributors and accelerate the growth of commercial markets for PUA technologies.

The tables below shows the technology and geographic scope of the Facility:

GEOGRAPHIC SCOPE
Nigeria
Uganda
Sierra Leone
Kenya
DRC
Ethiopia

TECHNOLOGICAL SCOPE
Milling
Solar water pumps
Refrigerators/freezers
Walk-in cold storage
Electric pressure cookers
Fans

Other PUA technologies may be considered on a case-by-case basis.

There is no fee to participate in the program.

This document governs the terms and conditions of participation in the Facility's procurement subsidies component only. CLASP serves as the operating agent and administrator ("Administrator") of the procurement subsidy component of the Facility. Nithio will serve as the administrator of the consumer financing component of the Facility. A separate Terms and Conditions will govern participation in the consumer financing component.

Companies that apply for and/or receive procurement subsidies ("Participants") are subject to the Terms and Conditions ("Terms and Conditions") described in this document, which govern the operation of the facility and the relationship between the Administrator and Participants in the Program.

By completing and submitting a Bid Submission Form ("Bid"), Participants agree to comply with these Terms and Conditions. Violations of these Terms and Conditions may disqualify a Bid and/or Participant from the Program at the sole discretion of the Administrator. Participants agree and acknowledge that the information submitted in or with a Bid does not contain any confidential or trade secret information.

1.1.1. ELIGIBILITY REQUIREMENTS

Eligible Companies

1. PUA distributors (e.g., OGS companies that sell PUAs, companies that specialize in selling specific products like SWPs, mini-grid developers, and general appliance retailers) in Nigeria, Ethiopia, Sierra Leone, Uganda, Democratic Republic of the Congo, and Kenya that have completed the Facility's subsidy request form and been approved by the Administrator ("Distributor");
AND
2. Other companies that play a role in facilitating PUA procurement and distribution in eligible national markets (e.g., asset finance companies, appliance wholesalers)

Collectively, Distributors and other companies participating in the Program are sometimes referred to hereinafter as "Participants."

Groups of two or more Distributors who wish to partner to procure Products (as hereinafter defined) may also be deemed eligible to participate in the Program, with advance permission by the Administrator. Distributors that are interested in such partnerships should contact the Administrator. In such instances, a single Distributor must serve as the lead Participant (such Participant, a "Bundler"). In some cases, a third-party partner may serve as the Bundler. All Bundlers must be approved by the Administrator and will serve as the Administrator's single point of contact and will be responsible for its own and any of the Participants associated with the Bundle's compliance with these Terms and Conditions. Approval of Participants and Bundlers is within the sole discretion of the Administrator and is not subject to appeal.

Any costs associated with engaging the Bundler will be borne by Participants. The Administrator may request information from any Participant taking part in a bundled order at any point.

Eligible Products

The list of PUAs eligible for procurement subsidies are

- Electric Press Cookers (EPCs)
- Fans
- Refrigerators
- Solar Water Pumps (SWPs)
- Solar powered Mills
- Walk-In Cold Storage Units

Requests for subsidies for products not included in this list are subject to the sole discretion of the Administrator. Distributors who wish to submit such subsidy requests are encouraged to contact the Administrator first.

PUA must be

1. Winners or Finalists of the 2019, 2020, and 2022 Global LEAP Awards for solar water pumps, refrigerators, EPCs and walk in cold storage units,

OR

2. Already included in the [VeraSol Product Database](#),

OR

3. Undergone testing according to the relevant Global LEAP test methods with performance benchmarked satisfactorily against the lowest-performing Winner or Finalist product in the same size/form factor category in the most recent Global LEAP Awards competition,

OR

4. Other PUA products that have undergone testing conducted by the Administrator using the “Rapid Product Assessment” test procedure.

All Products will be tested by the Administrator, in an accredited test laboratory facility designated by the Administrator, according to either the relevant Global LEAP test method or the “Rapid Product Assessment” test procedure to verify the Product’s quality and energy performance (“Verification Testing”). The Rapid Product Assessment is a newly developed testing procedure that is applicable to a wide range of electrical and motor-driven PUA technologies (e.g., mills, egg incubators, grinders).

Products deemed eligible by the Administrator based on this Verification Testing that fail to meet performance expectations in the field may be removed from Program eligibility at the Administrator’s discretion. However, this Verification Testing is not intended to replace Participants’ own technical or market due diligence and the Administrator is not responsible for any Products that deviate from tested levels of quality and energy performance.

Products eligible for subsidies must be packaged and sold with safe operating instructions. Products shall not violate or infringe a third party’s intellectual property. After the Facility’s launch, the Administrator will accept and evaluate new PUAs for inclusion to the facility’s list of eligible products on a rolling basis.

Only products approved by the Administrator will be eligible for subsidies.

Subsidy Structure, Amounts, and Request

Subsidies will be allocated through a reverse auction in which Participants complete and submit a subsidy request form (“Request”) that lays out the amount of subsidy funds requested, volume of products to be procured, national markets in which these products will be sold, and other data regarding the intended market segmentation and impacts of the PUA sales. **The intent of the reverse auction is to maximize the number of households and businesses that gain new or expanded access to PUAs through deployment of available subsidies through a competitive bidding process.**

The total subsidy payment for Administrator-approved procurements (“Subsidy”) will be offered as a percentage of an eligible PUA’s per-unit Free on Board (“FOB”) origin price. Participants will specify their requested per-unit Subsidy levels and procurement volumes in their subsidy request.

Subsidies are intended to enable companies to increase the speed and scale of PUA procurement and sales. Because market dynamics vary substantially across different PUA technologies, national markets, and market segments (e.g., off-grid, mini-grid, grid-connected), no minimum or maximum order thresholds are specified. It is therefore up to each Participant to determine the appropriate volume of PUAs to include in a Request. Determinations as the eligibility of the volume of PUAs included in any individual Request will be at the sole discretion of the Administrator.

Individual Participants are subject to an overall cap in Subsidy funding of \$1,000,000. Exceptions and adjustments to this cap may be made based on overall uptake of the Subsidies and total amount of Subsidies available at any given point across the program’s lifecycle. Any exceptions will be at the sole discretion of the Administrator.

Subsidy Disbursement

Subsidies will be disbursed after milestones have been achieved by Participants, including demonstration of compliance with the Facility’s verification process.

The disbursement schedule is show in Table 2 below. The first payment will be made after verification that Products have been procured by the Distributor (e.g., that a down payment has been made and the transaction is finalized and legitimate). The second Subsidy disbursement will be made after verification that Products have been sold to end customers.

Table 2. Subsidy Disbursement

AT TIME OF PROCUREMENT/ PURCHASE	40%
UPON VERIFICATION OF PRODUCT SALE	60%

Subsidy disbursements aligned to verification of product sales to end customers will be made on a rolling, quarterly basis upon completion of verification surveys.

Verification Process

The Facility's verification process for the is designed to ensure that Participants comply with the rules of the Program, ensure that only eligible quality-assured PUA products are sold to end consumers, and assess the Facility's commercial and developmental impact.

The process includes two steps: 1) Verification of initial PUA procurement by Participants, and 2) verification of sale of PUAs to end customers.

The Administrator will complete step 1 of the verification process immediately after a Request is approved, based on additional documentation that Participants must provide. More details will be made available to Participants on documentation requirements upon the completion of the evaluation process (described below).

The Administrator will engage a third-party Verification Agent complete step 2 of the verification process. The Verification Agent will conduct telephonic and/or SMS and/or in-person customer interviews to verify that Products have been sold to the end customers.

In order to complete this step of the verification process, Distributors must provide Customer data for all Product sales to the Administrator. The Administrator will provide formatting and submission guidelines for the customer data to Distributors. Selection of customers to be interviewed will be made by the Administrator or the Verification Agent.

The Verification Agent shall endeavor to complete all customer interviews within three months of receipt of Customer data by the Administrator. Claimants may be deemed to have failed this step of the verification process if reported sales cannot be confirmed in an adequate sample size of customers. Sample size requirements will be determined by the Administrator or the Verification Agent.

Timeline

The Administrator will post details about each reverse auction window on the program's website (www.clasp.ngo/appliancefinancing). All products associated with winning Requests must be sold to end users no later than the deadlines submitted by companies. Any products sold after their deadlines will not be eligible for any subsidy payments.

The Administrator may solicit requests from potential Participants outside auction windows. The timeline for submission and evaluation of such requests will be at the sole discretion of the Administrator.

Subsidy Request Evaluation Criteria

Requests will be evaluated by the Administrator according to the following criteria:

1. *Value for Money*: Per unit subsidy amount requested. Wherever possible and relevant, subsidy requests for sales of a given technology and/or in a given national market will be benchmarked against and compared to similar requests.
2. *Impact*: Total number of intended sales and expected beneficiaries (both direct and indirect).
3. *Geography*: National and sub-national markets where products will be sold.
4. *Gender*: The extent to which sales will drive developmental benefits for women and girls.

5. *Market segment(s)*: The portion of products that will be sold in off-grid, mini-grid, and grid-connected areas.
 6. *Gender*: The extent to which sales will drive developmental benefits for women and girls.
 7. *Additionality*: Narrative justification of how the subsidy funds will enable the Participant to reach more customers than they would through normal business operations.
- a. Track record of prior sales of same or similar products to end consumers
 - b. Ability to secure any additional financing required to finalize procurement
 - c. Ability to deliver end-use customer data for all product sales to the Administrator
 - d. Ability to provide an approach to after-sales service to end consumers as well as guidelines on end-of-life disposal
 - e. Ability to comply with local environmental regulations
 - f. Sales Timeline: A month-by-month projection of sales for the intended procurement. Bidders must demonstrate a viable plan to market and sell eligible products to end consumers by the program deadline.

The Administrator shall have complete discretion in weighing these criteria and determining which Requests are accepted. The Administrator reserves the right to refuse to consider any bid for any reason or no reason.

Request Submission, Notification of Results, and Sales Forecast and Additional Documentation

Participants should submit Requests using the online Subsidy Request form to be provided by the Administrator. Participants should expect to hear within 10 days of the Request submission closing date if all or part of their bid has been accepted.

Participants with successful Requests will then be required to submit a sales forecast along with additional details and documentation related to the PUA procurement in order to confirm their participation in the Program. The Administrator will notify participants of additional documentation requirements upon completion of the Request evaluation.

Participants unable to submit the Request online or by email should contact the Administrator for an offline version. The Administrator can be contacted via email at financing@clasp.ngo.

Conditions of Subsidy Request submission:

- Subsidy Request submission represents a legally binding acceptance of these Terms and Conditions.
- Program Participants may be added to CLASP and GEAPP mailing lists and contact databases and may receive information on other activities.
- Participants agree to comply with all requirements of the verification process.
- GEAPP, the Administrator, and their partners may use information regarding Subsidy transactions and related verification activities for public information purposes and to promote the Facility, and other activities via media such as websites, reports, academic analyses, brochures, and events. The information used may include company names, sales figures (e.g., volume), geographic distribution, anonymized customer verification results, and more. Information regarding product pricing, third party manufacturing partners and/or vendors, and

individual customer contact details will not be made public without Participants' prior consent.

- The Administrator reserves the right to adjust, strike, or redefine any of the Program terms and conditions, including amounts of subsidy funding, at any time and for any reason.
- The Administrator reserves the right to reduce the overall amount of subsidies allocated to any given Participant based on underperformance against projected sales volume and timeline.
- Should a Bid be submitted without all the required information, the Administrator reserves the right to reject that Bid.
- Should there be any evidence of fraud or corruption, the Administrator reserves the right to pursue legal redress and the Administrator shall not be held liable or otherwise responsible for any such fraud or corruption.
- Failure to comply with any Facility terms and conditions shall disqualify the Participant from participation in any future award or subsidy programs offered by the Administrator.
- All decisions rendered by the Administrator regarding Bids are final and are not subject to appeal.
- To the extent the laws of any jurisdiction to which Participants or Administrator are subject render participation in the Facility to be unlawful or illegal, Participants are not eligible to participate in the Facility offering.