

Productive Use Appliance Financing Facility Frequently Asked Questions (FAQs) v1.1

This resource covers FAQs for the procurement subsidy and capacity-building grant components of the Facility.

Who manages the Productive Use Appliance Financing (PUA) Facility?

[CLASP](#) serves as the operating agent and administrator (“Administrator”) of the procurement subsidy and the capacity grant components of the Facility. [Nithio](#) serves as the administrator of the consumer financing fund component of the Facility.

For more information on the financing Facility, please check our [website](#) or contact financing@clasp.ngo.

Which companies are eligible to participate in the PUA Financing Facility?

The Facility is open to PUA distributors and other companies that play a role in facilitating PUA procurement and distribution, operating across the off-grid Solar (OGS), mini-grid, and grid-connected (utility) sectors in the following countries: Nigeria, Ethiopia, Sierra Leone, Uganda, the Democratic Republic of the Congo, and Kenya. Exceptions to the geographic scope will be made at the Administrator's sole discretion.

What are the eligible technologies?

Quality verified Electric Pressure Cookers (EPCs), Fans, Refrigerators, Solar Water Pumps (SWPs), Solar powered Mills, and Walk-In Cold Storage Units.

However, participating companies will not receive their initial subsidy disbursements until all technologies included in a subsidy request have successfully completed quality assurance testing. This means that the product must fall under any of the following:

1. Products named Winners or Finalists of 2019, 2020, and 2022 Global LEAP Awards for solar water pumps, refrigerators, EPCs, and walk-in cold storage units, OR
2. Products already included in the [VeraSol Product Database](#), OR
3. Products that have undergone testing according to the relevant Global LEAP test methods, and whose performance benchmarks 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.

Exceptions to the quality assurance guidelines will be made at the Administrator's sole discretion.

How do I complete the product testing process?

The testing process is managed in collaboration with the Verasol program and is described [here](#). Companies may request financial support to offset costs associated with the testing process. For questions about that financial support, please contact the CLASP at financing@clasp.ngo. For questions about testing laboratories or other aspects of the testing process, please contact testing@verasol.org

When should I start the product testing process?

Testing is not required to submit a subsidy request, but testing must be complete before any subsidies are disbursed. Companies may therefore wait to initiate the testing process until their procurement subsidy request has been approved. In addition, companies must provide evidence of having initiated the testing process no more than **three weeks** after a subsidy request is approved.

How can I obtain an exception to the quality assurance guidelines or the geographic or technological scope?

For such requests, please contact financing@clasp.ngo with your proposed exception and rationale.

What can the capacity-building grants be used for?

The Capacity grants can be used to build internal capacity for PUA distributors; this includes warehousing, staffing and staff training, and distribution logistics issues.

How do I participate in the Financing Facility?

Subsidies are disbursed via competitive auction windows open to all eligible distributors in the relevant national markets. CLASP will post a link to the Subsidy Request Form on the program's webpage (www.clasp.ngo/appliancefinancing) when a bid submission window is open.

A summary of the information required in the Subsidy Request Form is available [here](#). We encourage all interested companies to review the required fields prior to the opening of an auction window. Companies

that indicate in the application form that they are interested on securing debt capital will go through an investment review process by Nithio.

Can I make updates to my application after submission?

Unfortunately, no updates can be made to your application after submission. For any issues, please contact financing@clasp.ngo.

Will I have to submit any other forms after completing my subsidy form?

Yes, CLASP will send a Transaction & Sales forecast form link to participants with successful requests. These participants will be required to submit sales forecasts along with additional details and documentation related to the PUA procurement in order to confirm their participation in the Program.

How are subsidy amounts determined?

Companies determine their subsidy amounts in the Subsidy Request forms, calculated as a percentage of a product's Free on Board ("FOB") origin price and multiplied by the volume of products a company indicates they will sell with a given subsidy level. We encourage all interested companies to request the minimum amount of subsidy required to enable them to achieve their desired business outcomes.

In general, CLASP will prioritize companies with smaller overall subsidy requests, and requests that represent a smaller percentage of a product's FOB price. In addition, CLASP may approve a smaller subsidy than what is included in a company's request. Please refer to the Terms and Conditions document for a full summary of the evaluation process for subsidy requests submitted during auction windows.

How will I know if my subsidy request is approved?

Participants should expect to hear within ten days of the request submission closing date if all or part of their bid has been accepted.

What if the price of my product changes?

You will be expected to fill out the product price Variance declaration form provided by CLASP. The form allows you to explain the reason(s) for the deviation between the declared and submitted product FOB Price on the invoice and how the deviations will impact the planned purchase orders.

What is the Subsidy disbursement schedule?

Subsidies will be disbursed after participants achieve key milestones, including demonstrating compliance with the Facility's verification process. The first payment (40%) will be made after verifying that the distributor has procured products (e.g., that a down payment has been completed and the transaction is finalized and legitimate). The subsidy balance (60%) will be disbursed after verification that products have been sold to end customers. Subsidy disbursements aligned to the verification of product sales will be made on a rolling, quarterly basis upon completion of verification surveys.

For more information on disbursement and verification, please read the [procurement subsidies terms & conditions](#).

How will product sales be verified?

CLASP has engaged a third-party firm to conduct customer verification and impact surveying on behalf of the Facility. Participating companies will be required to submit customer contact information for all sales. Companies may also be asked for calls to discuss the Facility's impact and additional data. Sensitive company data will not be made public without the company's express permission.

How long do I have to sell my products?

You will be expected to sell your products by the 31st of January 2024.

What are the ticket sizes for the consumer financing component of the facility?

Companies can access a minimum of US\$500,000.

What instruments will be used to provide the consumer financing component?

Companies can access a range of debt instruments: inventory- & receivables-backed loans, secured & unsecured, and working capital loans.

How long should a company have been in operation to access the consumer financing component?

Companies that have been in operation for at least 1 (one) year.

How long is the due diligence process for the consumer financing component?

If approved in pre-screening, the due diligence process takes approximately 3 to 6 months, depending on how swiftly the applicant provides the requisite information as well as data access.

What is the tenor of the debt facility?

The tenors vary depending on the terms the distributor is offering to its customers and ranges between 1 and 5 years.

Will there be future open rounds for this facility?

Future auction windows will depend on the availability of funding. While CLASP is not certain at this point, we are actively fundraising for more future open rounds.