



# Global LEAP Results-Based Financing Program

## Third Round

### Refrigerators & Solar Water Pumps

Terms and Conditions

24<sup>th</sup> July 2019 (“Effective Date”)

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## Introduction

The Global LEAP Results-Based Financing Program (“Program”) aims to reduce risk across the off-grid appliance supply chain by 1) lowering the cost to procure large volumes of best-in-class off-grid appliances for early mover off-grid solar companies, and 2) facilitating new business partnerships for appliance suppliers that have invested in the production of high-quality off-grid appliances.

The Program provides financial incentives to appliance suppliers and off-grid solar companies that partner to distribute large quantities of Winner and Finalist products from the [Global LEAP Awards](#) in target markets. The Global LEAP Awards identify the world’s most energy-efficient, highest quality off-grid appliances and the incentives will provide a clear and timely path to market for those appliances. As an initiative of the [Efficiency for Access Coalition](#), the Program seeks to scale up markets and reduce prices for super-efficient, off- and weak-grid appropriate products, support technological innovation, and improve sector coordination.

The first two rounds of the Program took place between 2016-2018. This third round will make incentives available for procurement of best-in-class solar water pumps and off-grid refrigerators identified as Winners or Finalists in the 2019 Global LEAP Awards<sup>1</sup> and sold in Bangladesh, Kenya, Uganda, Tanzania, Rwanda, Senegal (pumps only), and Zambia (pumps only). There is no fee to participate in the Program.

CLASP serves as the operating agent and administrator (“Administrator”) of the Program. Organizations that participate in the Program (“Participants”) are subject to the Terms and Conditions (“Terms and Conditions”) described in this document, which govern the operation of the Program and the relationship between the Administrator and Participants in the Program.

By submitting a Claim (as defined below), Participants agree to comply with these Terms and Conditions. Violations of these Terms and Conditions may disqualify a Claim 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 Claim does not contain any confidential or trade secret information.

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<sup>1</sup> Incentives may be available to solar water pump and off-grid refrigerator products tested outside of the Global LEAP Awards that satisfactorily complete laboratory testing as defined in the Eligible Products section below.



## Eligibility Requirements

### Eligible Organizations

1. Distributors of off-grid solar appliances (e.g., solar home system company, mini-grid developer, appliance and equipment solution providers) operating in Bangladesh, Kenya, Uganda, Tanzania, Rwanda, Senegal, or Zambia that have completed the Program's [Expression of Interest](#) form and been approved by the Administrator ("Distributors");

AND

2. Manufacturers and suppliers of appliances named as Winners or Finalists in the 2019 Global LEAP Awards [Solar Water Pump](#) and [Off-Grid Refrigerator](#) Competitions ("Suppliers").

AND

3. Manufacturers and suppliers of appliances that have satisfactorily completed Verification Testing (as defined below) conducted by the Administrator outside of the 2019 Global LEAP Awards ("Suppliers").

Collectively, Distributors and Suppliers 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) in order to meet the minimum order quantity 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.

Participants in the Program *shall not* enter into an exclusivity agreement that prevents other Distributors from purchasing eligible Products.



## Eligible Products

Products eligible for incentivized procurement and distribution (“Products”) are either:

1. Winners or Finalists of the 2019 Global LEAP Awards,

OR

2. Products from Suppliers that a) have undergone testing conducted by the Administrator using the same test procedures as the 2019 Global LEAP Awards and b) perform as well as or better than the Global LEAP Awards Finalists performance benchmark in the relevant competition category as determined by the Administrator. [Click here for additional guidelines on rolling results-based financing eligibility.](#)

All Products will be tested by the Administrator, in an accredited test laboratory facility designated by the Administrator, according to the [Global LEAP Off-Grid Refrigerator Test Method](#) or the [Global LEAP Solar Water Pump Test Method](#) to verify the Product’s quality and energy performance (“Verification Testing”).

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.

All Products must be commercially available, for both sample orders and minimum order quantities as defined below, by 30 September 2019. Products eligible for incentivized procurement must be packaged and sold with safe operating instructions. Products shall not violate or infringe a third party’s intellectual property.

**Only Products listed on the Global LEAP Website are eligible for the Program. [Click here for the list of eligible products.](#)**

## Eligible Transaction Types

1. “In-House” – Products procured by Suppliers for distribution under their own brand name by internal groups and/or wholly- or partially-owned subsidiaries.

AND

2. “Wholesale” – Products procured by Distributors that are unaffiliated with and wholly separate entities from Product(s) Suppliers.



The Administrator retains sole discretion to make a final determination of the transaction type upon receipt of any given Incentive Claim.

## Incentive Structure and Bid Submission

Incentives will be allocated through a reverse auction in which Participants submit a bid (“Bid”) that lays out the amount of incentive funds requested, volume of products to be procured, and national markets in which these products will be sold. **The intent of the reverse auction is to maximize the number of households and businesses that gain new or expanded energy access through deployment of available incentives through a competitive bidding process.**

### Incentive Thresholds and Order Quantities

The total incentive payment for Administrator-approved procurements (“Incentive”) will be offered as a percentage of an eligible Product’s per-unit Free on Board (“FOB”) origin price. Participants will specify their requested per-unit Incentive levels and procurement volumes as part of their Bid submission. However, each Bid must include Incentive levels and order quantities that fall within the ranges shown in Table 1:

Table 1: Incentive structure by transaction type

		In-House		Wholesale	
		Refrigerators	Solar Water Pumps	Refrigerators	Solar Water Pumps
Quantities	Minimum	100	50	100	50
	Maximum	1,000 units per company	15,000 units per company	1,000 units per company	15,000 units per company
Max Incentive Level (as % of FOB)		25%	25%	30%	30%

*Minimum order quantities* may be adjusted for Participants purchasing Products bundled and packaged with other off-grid solar equipment, or, for other reasons as outlined by Participants. Any adjustment must be approved by the Administrator. Adjustment requests will be reviewed on a case-by-base basis, and approval will be at the sole discretion of the Administrator.



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*Maximum order quantities* may be adjusted for Participants who demonstrate the capacity to sell products in excess of the stated maximum order. Any adjustment must be approved by the Administrator. Such requests will be considered based on overall uptake of the Incentives, and will be reviewed on a case-by-case basis, and approval will be at the sole discretion of the Administrator.

Individual Participants are subject to an overall cap in Incentive funding of **\$550,000**. Exceptions to this cap may be made based on overall uptake of the Incentives. Any exceptions will be at the sole discretion of the Administrator.

## **Incentive Disbursement**

The Program uses results-based financing to ensure that Incentive payments are made only after milestones have been achieved by Participants. Incentive disbursements will be made after Participants demonstrate compliance with the Program's verification process (described below).

Incentive recipients and disbursement timing varies between In-House and Wholesale transactions:

For ***Wholesale transactions***, the first and second Incentive disbursements will be made by the Administrator to the Supplier. 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 Incentive disbursement will be made after verification that Products have been received by the Distributor. The third Incentive disbursement will be made by the Administrator to the Distributor after verification that Products have been sold to end customers.

For ***In-House transactions***, the entire Incentive amount will be paid by the Administrator to the Supplier after verification that Products have been sold to end customers.

Incentive disbursements aligned to verification of product sales to end customers will be made on a rolling, quarterly basis upon completion of verification surveys (this process is further described below).

Table 2 lays out timing and recipients of Incentive disbursements:



Table 2: Incentive disbursements timing by transaction type

	In-House	Wholesale
At time of purchase	-	20% to supplier
Upon verification of product shipment	-	20% to supplier
Upon verification of product sale	100%	60% to distributor

For **Wholesale transactions**, Distributors will pay Suppliers the standard FOB price minus the first and second Incentive disbursement amounts (“Discounted Price”). The first and second Incentive disbursements combined therefore constitute the difference between the pre-Incentive standard FOB price and the Discounted Price.

### Available Funding & Timeline

The Administrator anticipates that approximately **\$2,350,000** will be available through the auction. \$2,000,000 of this can be used to support procurement of both off-grid refrigerators and solar water pumps, while \$350,000 can be used for procurement of solar water pumps only.<sup>2</sup>

The window to submit Bids will open as of 00:00:01 on **19<sup>th</sup> August 2019** (local time in Nairobi, KE) and closes on 23:59:59 on **26<sup>th</sup> August 2019** (local time in Nairobi, KE). All products associated with winning bids must be sold to end users no later than **31<sup>st</sup> August 2020**. Any products sold after this date will not be eligible for any incentive payments.

### Bid Evaluation Criteria

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

1. **Value for Money:** Per unit incentive amount requested.
2. **Market Impact:** Total number of intended sales.
3. **Additionality:** Narrative justification of how the incentive funds will enable the Participant to reach more customers than they would through normal business operations.
4. **Organizational Capacity:** Ability to comply with all [Program verification requirements](#). Bidders must demonstrate:
  - Track record of prior sales of solar water pump and/or off-grid refrigerator or similar products to off-grid end consumers
  - Ability to secure any additional financing required to finalize procurement
  - Ability to deliver end-use customer data for all product sales to the Administrator

<sup>2</sup> \$1,760,000 of the total incentive pot is provided by Energising Development (EnDev), and this money can be used to support procurement of either off-grid refrigerators or solar water pumps. \$350,000 of the total incentive pot is provided by USAID through the Powering Agriculture Energy Grand Challenge, and this money can be used to support procurement of solar water pumps only.



- Ability to provide the necessary training and support to end consumers on proper use of incentivized products
  - Ability to provide after-sales service to end consumers as well as guidelines on end-of-life disposal
  - Ability to comply with local environmental regulations
5. **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 31<sup>st</sup> August 2020.

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

## **Bid Submission and Notification of Results**

Participants should submit Bids using the online Bid submission forms to be provided by the Administrator.

Participants should expect to hear within 7 days of the Bid submission closing date if all or part of their bid has been accepted.

Participants with successful bids will then be required to submit an Incentive claim (“Claim”) to confirm their participation in the Program using the online Claim Submission Forms. The Claim Submission Forms require Participants to provide additional details and documentation related to the procurement.

Companies and POs unable to submit the Bid and/or Claim Submission Form online or by email should contact the Administrator for an offline version. The Administrator can be contacted via email at [info@GlobalLEAPAwards.org](mailto:info@GlobalLEAPAwards.org) or via phone at +254707560539.

### **Conditions of Bid and Claim Submission**

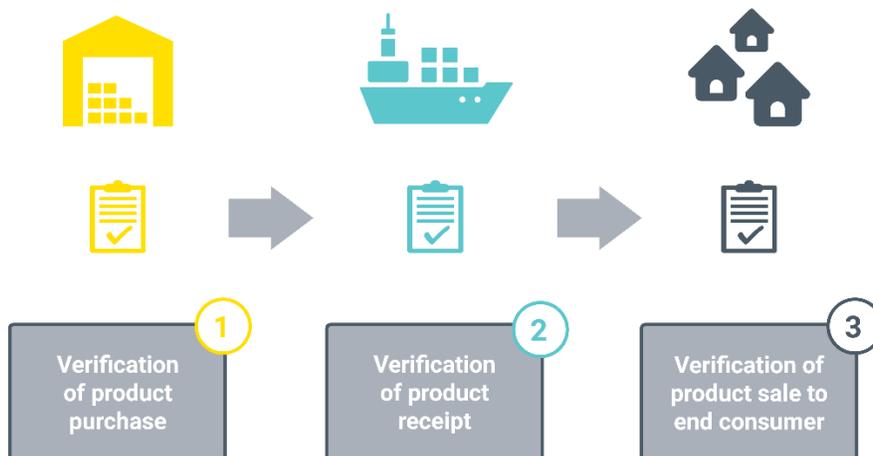
- Bid submission represents a legally binding acceptance of these Terms and Conditions.
- Program Participants may be added to Global LEAP mailing lists and contact databases, and may receive information on Global LEAP activities.
- Participants agree to comply with all requirements of the verification process.
- Global LEAP, Energising Development, USAID, the Administrator, and their partners may use information regarding Claim transactions and related verification activities for public information purposes and to promote the Global LEAP Awards, the Program 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 incentive funding, at any time and for any reason.
- The Administrator reserves the right to reduce the overall size of a Claim based on underperformance against projected sales volume and timeline.

- Should a Claim be submitted without all the required information, the Administrator reserves the right to reject that Claim.
- 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.
- For Wholesale transactions, if any products are not shipped from the Supplier to the Distributor and/or sold to end consumers by the program deadline, the Supplier shall be required to immediately return to the Administrator any incentive disbursements previously paid to the Supplier.
- Failure to comply with any Program terms and conditions shall disqualify the Participant from participation in any future award or incentive programs offered by the Administrator.
- All decisions rendered by the Administrator regarding Claims 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 Program to be unlawful or illegal, Participants are not eligible to participate in the Program.

## Verification

Upon receipt and approval of a Claim, the Administrator will initiate the Program’s verification process. The verification process is designed to 1) ensure that Participants comply with the rules of the Program, and 2) ensure that only eligible Global LEAP Awards Winner and Finalist products are sold to end consumers. The verification process will be managed by the Administrator and implemented by the Administrator as well as sub-contracted third party organizations that serve as the Administrator’s agents (“Verification Agent”).

The process comprises three steps: Verification of Product Purchase, Verification of Product Receipt (Warehouse Verification), and Verification of Product Sale to End Consumer.





For more information about the verification process, please see the [Monitoring and Verification Process Overview](#). All Claims must satisfactorily complete each step in the verification process, and Incentive payments (whether paid or payable) are contingent on compliance with this process. For clarity, with respect to both Wholesale transactions and In-House transactions, any Incentive amounts paid by the Administrator to any Participants shall be repaid if the Administrator or the Verification Agent cannot verify that the Products have been sold to end customers.

**All Products must be sold no later than 31<sup>st</sup> August 2020.** This deadline is final for all off-grid refrigerator sales. Extension of this deadline for a limited number of solar water pump sales will be made upon request and at the sole discretion of the Administrator.

## Publicity

Except where and as may be prohibited by law, participation in the Program constitutes express permission of a Participant for the Administrator (and those acting pursuant to the authority of the Administrator) to use each Participant's name, logo, and trademark for advertising, trade, and publicity purposes for the Program in all forms of media now known or hereafter discovered or devised, worldwide, in perpetuity, without further notice, review or approval, or compensation. Subject to the permissions granted in these Terms and Conditions, Participants shall retain all rights, title and interests in and to the intellectual property in their Products.

## General Conditions

The Administrator reserves the right, in its sole and absolute discretion, to cancel, terminate, modify, extend, or suspend the Program (in whole or in part) should non-authorized intervention, fraud, or other causes corrupt or affect the administration, security, fairness, or proper conduct of the Program. Administrator reserves the right to disqualify any Product if it determines, in its sole and absolute discretion, that the applicable Participant, or third party Bundler, is or is attempting or intending to: (a) tamper with any aspect of the operation of the Program, (b) defraud the Administrator, (c) undermine the legitimate operation of the Program, its sponsors, its partners, or the Administrator by cheating, deception, or other unfair playing practices, (d) annoy, abuse, threaten, or harass any other participants, the Administrator, or representatives of the Program, or (e) act in violation of these Terms and Conditions. In such event, the Administrator reserves the right (in addition to disqualification of such Product) to seek damages from any such Participant or third party Bundler to the fullest extent permitted by law. The Administrator's failure to enforce any provision of these Terms and Conditions shall not constitute a waiver of that provision. Any entity that participates in the Program through means not permitted by these Terms and Conditions is subject to disqualification. The Administrator is not required to respond to questions about the Program.

## General Release and Waiver of Claims



By submitting a Claim, each Participant or third party Bundler hereby indemnifies, defends, and holds harmless the Administrator, the Program, and all of their respective parents, subsidiaries, affiliates, advertising agencies, and all of their respective directors, officers, governors, employees, shareholders, and agents (collectively, the “Releasees”) from: (i) any and all liability, loss, harm, damage, cost, expense, or claims, including third party claims based on publicity and/or privacy rights, defamation, and intellectual property associated with the Participant’s participation in the Program, any award associated with the Program, the use, collection, or release of any and all testing data permitted hereunder, and/or use or misuse of any Incentive in connection with the Program, including, but not limited to, all reasonable counsel fees and court costs incurred and (ii) anything that may occur in connection with acceptance and/or use of the award or while participating in the Program, even if caused or contributed to by the negligence of Releasees. Nonperformance of the Releasees, including preemption, cancellation, or rescheduling of the Program, shall be excused to the extent and during the period that performance is rendered impossible by strike, fire, flood, hurricane, earthquakes, other natural disaster, governmental acts or orders or restrictions, or any other reason where failure to perform is beyond their reasonable control.

## **Limitation of Liability**

IN NO EVENT WILL THE ADMINISTRATOR OR ANY RELEASEE BE RESPONSIBLE OR LIABLE IN EXCESS OF \$100 FOR ANY INJURIES, CLAIMS, ACTIONS, DAMAGES, LOSSES, OR LIABILITY OF ANY KIND, INCLUDING DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES RESULTING FROM OR ARISING FROM PARTICIPATION IN, OR ADMINISTRATION OF, THE PROGRAM, OR ACCEPTANCE, POSSESSION, USE, MISUSE, OR NONUSE OF AN INCENTIVE. WITHOUT LIMITING THE FOREGOING, ALL INCENTIVES ARE PROVIDED “AS IS” WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT. SOME JURISDICTIONS MAY NOT ALLOW THE LIMITATIONS OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OR EXCLUSION OF IMPLIED WARRANTIES, SO SOME OF THE ABOVE LIMITATIONS OR EXCLUSIONS MAY NOT APPLY TO YOU. CHECK YOUR LOCAL LAWS FOR ANY RESTRICTIONS OR LIMITATIONS REGARDING THESE LIMITATIONS OR EXCLUSIONS. ANY ATTEMPT BY A PARTICIPANT OR ANY OTHER INDIVIDUAL TO DELIBERATELY UNDERMINE THE LEGITIMATE OPERATION OF THE PROGRAM IS A VIOLATION OF CRIMINAL AND CIVIL LAWS, AND SHOULD ANY SUCH ATTEMPT BE MADE, THE ADMINISTRATOR RESERVES THE RIGHT TO SEEK DAMAGES FROM ANY SUCH PERSON OR ENTITY TO THE FULLEST EXTENT PERMITTED BY LAW.

## **Choice of Law**

Participants and third party Bundlers agree that: (1) any and all disputes, claims, and causes of action arising out of or connected with the Program shall be resolved individually, without resort to any form of class action; (2) any and all claims, judgments, and awards shall be limited to actual out-of-pocket costs incurred, including costs associated with entering the Program, but in no event attorneys’ fees. All issues and questions concerning the construction, validity, interpretation, and enforceability of these Terms and Conditions, or the rights and obligations of Participants, third party Bundlers, and/or Administrator in connection with the



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Program, shall be governed by, and construed solely and exclusively in accordance with, the laws of the District of Columbia, United States of America, without regard to its conflicts of law doctrine, and all proceedings shall exclusively take place in the United States District Court for the District of Columbia. Participants agree to the exclusive jurisdiction of such court and waives any right to change of venue or any like right.

## **Program Contact Information**

For specific inquiries about the Program contact the Administrator: [info@GlobalLEPAwards.org](mailto:info@GlobalLEPAwards.org). Participants, or prospective Participants, are strongly encouraged to contact the Administrator with any questions.