

## **Request for Expressions of Interest (EoI) from Financial Institutions to Participate in the Improved Institutional Cook Stoves (IICS) Facility**

### **1.0 Background**

The United Nations Development Program (UNDP), with funding support from the NAMA Facility, is supporting government through the Ministry of Energy and Mineral Development in collaboration with the Ministry of Education and Sports; and Uganda Energy Capitalisation Company to structure the Improved Institutional Cook Stoves (IICS) Facility.

The Facility will be a Revolving Fund of EUR 13,500,000 administered by the Uganda Energy Credit Capitalisation Company (UECCC) in which funding will be provided to Participating Financial Institutions (PFIs) to On-lend to Schools for purchase of Improved Institutional Cook Stoves (IICS) and as working capital to IICS manufactures.

The Project targets to introduce IICS in 18,270 Ugandan schools.

Improved Institutional Cook Stoves (IICS) are built as efficient cooking stoves to replace the traditional stoves (sigiri and/or three stone stoves). The IICS burn firewood and charcoal in a clean and energy efficient manner as compared to traditional stoves, resulting in reduction of greenhouse gas emissions and saving of wood fuel.

### **2.0 The IICS Facility**

The Facilities from UECCC will be provided as a concessional Line of Credit to the PFIs at a concessional interest rate of zero percent (0%) to stimulate lending to Schools for acquisition of IICS and the provision of Working capital loans to IICS manufacturers. The Participating Financial Institutions will be expected to add a margin not exceeding 10 % per annum for loans extended to the Schools or Manufacturers.

The IICS Facility has been designed to overcome both supply and demand side barriers preventing the uptake of IICS in schools, and therefore targets both schools and manufactures. For schools, the funds provided will address upfront capital needs to purchase IICS with loans from PFIs. For manufacturers, the funds will address the issues of working capital constraints including providing the means to expand their distribution networks.

UNDP now invites interested Tier I and Tier II Financial Institutions to express interest in participating in the IICS Facility.

### **3.0 Selection of Participating Financial Institutions**

The selection of PFIs for the Facility will be done through a transparent method, using the criteria below:

- a. Must be licensed and supervised by Bank of Uganda to operate as a Tier I or II financial institution and must have been in operation for at least 3 years
- b. Comply with the following performance indicators:

| <b>PERFORMANCE INDICATOR</b>                           | <b>BENCHMARK</b> |
|--|------------------|
| Total capital to risk weighted assets ratio            | 12% minimum      |
| Liquid Assets to Total Assets ratio                    | 20% minimum      |
| Non-Performing Loans to Total loans and advances ratio | 8% maximum       |

|                                       |  |
|---------------------------------------|--|
| Liquid assets to total deposits ratio | 30% minimum                              |
| Cost to income ratio                  | 70% maximum                              |
| Single Credit Exposure Limit ratio    | Max 25% of capital                       |
| Net Income after Tax                  | Positive net income in the last 2 years. |

- c. Have a proper senior management team approved by Bank of Uganda.
- d. Have a proper loan portfolio management system, for its lending programs.

On selection, a PFI must continue to meet the eligibility criteria. Compliance will be monitored annually.

#### 4.0 Application Process

Financial institutions that satisfy the criteria above and are interested in the Facility are requested to submit the following documents to the address indicated below:

- a. Duly completed Expression of Interest Application Form (*Annex 1*)
- b. Audited financial statements for the immediate past three years;

**Address:**

UNDP Address: to tenders.kampala@undp.org

You could indicate the deadline for submission of the documents (may be 3 weeks)

Are you awarding the facility to 1 or more financial institutions? What will be the award criteria, for the 1st and 2nd, 3rd institutions, etc

I would think that in addition to the financial parameters/performance indicated one would require some form of technical write-up, especially on modality for disbursing funds to schools and manufacturers.

Then, we have given the additional margin as being 10% (could we ask the financial institutions to instead indicate their margins as opposed to us giving them the max. limit)? Then this can be incorporated into the financial evaluation criteria.

The selection of PFIs is expected to be completed in June 2018 and successful PFIs will be informed accordingly.

## ANNEX I: IMPROVED INSTITUTIONAL COOK STOVES FINANCING FACILITY

### Expression of Interest Application Form

#### 1. Basic Financial Institution information

|   |  |
|---|--|
| Financial Institution Name  |  |
| Principal contact   |  |
| Address:  |  |
| Tel contact numbers   |  |
| Are you licensed by the Bank of Uganda                                  | Yes ( ) No ( )<br>If yes put your licensed number below<br>..... |
| Compliant with Bank of Uganda regulations?                              | Yes ( ) No ( )<br>Please attach a declaration to this effect     |
| Do you have a proper Senior management team approved by Bank of Uganda. | Yes ( ) No ( )   |
| Latest audited Financial Statements for the last 3 years                | Attach certified copies.   |
| Auditors' name  |  |

#### 2. Financial Information and Performance\*

|  |  |  |  |
|--|--|--|--|
| Total capital to risk weighted assets ratio (%)            |  |  |  |
| Liquid Assets to Total Assets ratio (%)                    |  |  |  |
| Non-Performing Loans to Total loans and advances ratio (%) |  |  |  |
| Liquid assets to total deposits ratio (%)                  |  |  |  |
| Cost to income ratio (%)                                   |  |  |  |
| Single Credit Exposure Limit ratio (%)                     |  |  |  |
| Net Income after Tax (for the last three years)            |  |  |  |

\* Provide as per the last three audited years

#### 3. IT Systems

|   |                |
|---|----------------|
| Do you have a loan portfolio management system (software) for your lending programs | Yes ( ) NO ( ) |
|---|----------------|