



FINANCING MECHANISM

for Grid Connections to Off-Grid Households and Businesses through Ministry of Mines and Energy (MME), Solar Revolving Fund (SRF)

OVERVIEW

The Government of the Republic of Namibia through the Ministry of Mines and Energy (MME) has identified rural electrification as a program of critical importance to improve the livelihood of rural communities and promote socio-economic development in the country. Rural households grid connection has been a challenge due to dispersed rural settlements, which contributes to high costs of connection per household.

Although grid infrastructure is available in many rural communities, the connection still requires that funds be made available to procure the required infrastructure. The connection costs vary, depending on the distance between the grid lines/infrastructure and the households to be electrified. These costs may include items such as transformers, cables, poles, labour, and other associated costs.

MME administers the Solar Revolving Fund (SRF). The SRF provides financing to individuals, mainly those living in off-grid areas, to access energy services for households, businesses, and farming activities. MME through the SRF collaborates with the Regional Electricity Distributors (REDs) to provide financing to qualified individuals and businesses for grid connections. These collaborations allow off-grid consumers to make use of the SRF financing and subsidy to enable them to have access to electricity by connecting to the grid.

WHO QUALIFIES FOR FINANCING

- Applicants to qualify for these services are off-grid communities within the jurisdiction of any REDs
- Applicants must be Namibian Citizens between age of 21-55
- Pensioners and Businesses with regular income will be assisted at 30% deposit
- Any person or entity with an active bank account where his/her monthly or regular income is paid and should have a clean credit record can apply

FINANCING CRITERIA

- Grid-connections are financed at maximum loan amount of N\$ 150,000.00
- Qualifying loan amount must not exceed a third of applicant's annual gross income
- The loan shall be repaid through debit order or payroll deduction
- The interest rate of 5% is charged on loans for a period of 60 months (5-years)
- The applicant should first source a quotation from the RED(s) which shall be attached to the application for the loan.
- SRF charges a non-refundable administration fee of N\$350.00
- Approved applicants above the threshold of N\$ 60,000.00 shall be charged a once credit life protection cover of N\$1,000.00

APPLICATION PROCESS

Applications can be obtained from the MME or REDs offices, Regional Councils or can be downloaded from the MME website. Submit a completed application form together with a certified copy of your ID, latest pay slip or proof of income, 6-months bank statement (9 months for businesses), proof land ownership or lease agreement and a quotation. Your application will be assessed and if successful will be informed in writing or telephonically to pay a deposit. Once the deposit is paid, MME will inform the RED about the loan approval and will issue a purchase order for commencement of work. Preparation and installation may take up to 3 months.

GENERAL INFORMATION

Repayment: Once the connection or installation is fully done and operational, the applicant will be responsible to pay their monthly instalments through bank debit order or payroll deductions until the loan is fully paid.

Loan Defaulting: A 5% interest rate will be levied on overdue amounts irrespective of any period. Defaults on instalments for three months and more will result in legal proceedings, possible blacklisting and disconnection of electricity by the REDs.

Insurance: Any loan amount, above the threshold of N\$60,000.00 shall be charged a once-off credit life protection cover of N\$1,000.00. In instances of death of loan-holder the remaining balance will be settled through the insurance cover.

Cancellation fee: Clients will be charged a cancellation fee of 15% of total deposit received, upon cancellation of loan application.

Capital Contribution and Ownership: The grid network and connections remain ownership of the REDs. Should a new connection be made from the applicant connection, the capital contribution must be paid toward the SRF loan. Future network contributions made after the loan is fully paid, such refund should be paid directly to the applicant by the REDs.

(NB: A capital contribution is a contribution cost a new client pays towards network extension and connection)