

TERMS OF REFERENCE – Productive Use of Energy (PUE) Study in Jijiga Camps

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| Location:  | Ethiopia |
| Type of Contract:  | Contract for Professional Services |
| Starting Date:  | 23 November 2020 |
| Completion Date after contract | 30 working days  |
| Languages required  | English, Amharic, Somali |

## **General Description of the Proposed Activities**

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now and for the future.

Mercy Corps Ethiopia exists to alleviate suffering and poverty by helping people build secure, productive, and sustainable livelihoods. Since 2004, we have worked in rural, peri-urban and urban areas in five regional states - Somali, Oromia, Afar, Southern Nations Nationalities and Peoples, Amahara, and the capital city, Addis Ababa. Our mission is to foster populations that are financially stable, healthy and nourished, and educated and informed, within a context where natural resources are accessed, shared and utilized sustainably, so people can lead productive livelihoods. Driven by local needs, our programs provide individuals, agencies and businesses with the tools and support they need to transform their lives, businesses, and communities. Our partners include government, academic institutions, development and private sector actors, civil societies and participating public. We strive to strengthen all of these institutions in the hopes that one day they become self-reliant.

Powering infrastructure in relief settings, where clinics, offices, communications towers, water pumping stations and other necessary services are commonly fueled by diesel generators, represents a substantial economic burden for humanitarian agencies & for the businesses and households located in refugee settlements and host communities.

Mercy Corps in partnership with Shell under Shell’s Enter Energy project is exploring the feasibility of deploying clean and commercially sustainable energy services in displacement settings to contribute to UNHCR’s Clean Energy Challenge. The strategic objective is to develop a replicable, market-based model to provide clean, sustainable, reliable and affordable energy services for refugee camps.

In line with the above goal, in 2019, Mercy Corps commissioned a technical study on electrical loads and cooking patterns in the refugee camps around Jigjiga to provide a detailed understanding of the existing energy demand and supply options. The study targeted both households and institutions in Kebribeyah, Aw Barre and Sheder camps around Jijiga, Somali Region. A study on the legal, regulatory and operational frameworks for the operation of off-grid energy services as well as feasibility study (technical and financial) is currently underway. Mercy Corps under the EUTF STEDE Program has also conducted a labor market assessment identifying key potential value chains in the refugee camps of Jijiga. This report will serve as a starting point for this assignment.

The goal of Enter Energy is to improve operational sustainability for humanitarian organizations while enabling better service delivery for people living in refugee settlements and host communities. Mercy Corps will undertake this effort in collaboration with private sector actors to ensure the sustainability of the business model proposed and with the aim to reach scale for access to energy in displacement settings for all segments of the population.

For the proposed Enter Energy model to reach scale it is essential to incorporate a livelihood component that focuses on the productive use of energy as this will enhance the financial sustainability of the minigrid model whilst also enabling greater income opportunities for the community. The reasoning for this is twofold: on one hand greater load consumption (through PUE) will enhance the sustainability of the financial model of the minigrid while on the other hand, energy-facilitated increases in production will augment the refugee spending capacity - also for energy bills. It is clear that access to clean, affordable, reliable and modern energy services is essential for local socio-economic development. However, the consumption of electricity for household uses is not sufficient by itself to unlock the potential of the minigrid. Therefore, Enter Energy Ethiopia must look beyond energy as a household service to also consider the Productive Uses of Energy, the “agricultural, commercial and industrial activities, powered by renewable energy sources, which generate income” to improve socio-economic development, support more diversified and resilient livelihoods, and increase the sustainability of the proposed model. A key step to understanding the potential opportunities for PUE and household appliances is to undertake a comprehensive study.

Mercy Corps is therefore looking for a qualified consulting firm to assess and quantify the electrification potential of value chains in the three refugee camps in Jijiga, Somali region. This work will assess supply chains, intervention value chains and business cases, make programmatic recommendations. A key part of this study will include collecting data from key stakeholders (farmers, processors, and traders etc) to understand how and when processing activities occur in chosen localities. This data will help determine activities that are economically viable to electrify for both the entrepreneur and the minigrid developer.

**Objective of the Assignment**

The key objective is to collect information and develop insights to define which and appliances and activities could be electrified with minigrids to capture additional value and increase household and small businesses’ incomes.

**Key Tasks**

The key tasks for this assignment include:

1. ***Value chains and business cases***
	* Identify value chains (agriculture and non-agriculture) and map out sub-economic segments that occur in the selected camps. A starting point for this is the EUTF STEDE Program’s labor market assessment report; including discussions with key stakeholders and consulting secondary literature.
	* Identify which currently mechanized or manual activities could be electrified and what new activities could be relocated to local communities to capture additional value.
	* Understand potential load profiles of electrified activities.
	* Evaluate top ten productive use cases and develop business models to understand implications to small business entrepreneurs by defining additional revenues and costs and potential markets or off-takers. The goal is to determine whether they can be operated profitably and what potential barriers to scale are associated with the product. The business model should be constructed using data collected from interviews conducted in the field; or with operators of similar technologies and end-users such as farmers. Each business should be modeled with tariff scenarios received from the mini-grid operator using technical specifications collected from technical evaluations, third party research, and suppliers etc.
	* The business models should then be evaluated based on criteria that reveals the attractiveness of the investing in the productive-use business, such as unit economics and other financial metrics; desirability of products and services for end-users and the viability of the product to scale.
	* Based on the business models, make concrete recommendations about whether each of the ten technologies is scalable and to identify circumstances necessary for scaling
2. ***Household appliance opportunities***
	* Identify at the household level key appliance aspirations including those which could be used for business opportunities.
	* Understand potential load profiles of these appliances.
	* Evaluate the top ten appliance aspirations and based on tariff scenarios and cost implications, determine the affordability of these appliances by households including access to finance opportunities.
3. ***Productive use equipment supply chain mapping***
	* Based on the top 10 productive use and household cases, develop an extensive map of appliance (productive use and household) availability and acquisition at local, regional and national level. These could be local manufactures or importers of such appliances. The mapping should include information on annual production capacity, company details, appliances supplied etc.
	* Evaluate the quality of these appliances against key national or international quality standards.
	* Evaluate the capacity and appetite of the appliance manufactiuers or importers to venture (to establish branches and service clients) into the displacement markets of Jijiga. This includes their capacity to provide after sales services.
	* Evaluate the product pricing, affordability to customers and appropriate repayment mechanisms employed by the suppliers.
	* Identify what de-risking mechanisms would be appropriate to encourage suppliers to extend their services to the camps.
4. Identify gender prevalence within the different productive use activities
5. Understand barriers and opportunities entrepreneurs face to develop insights that can be scaled to other communities and regions.

**Recommended Approach**

To achieve these objectives, the following approach is suggested.

*Phase I: Preparation*

* Develop, review and test survey tools including training of enumerators
* Define Community Visit Action Plan and Timeline.

*Phase II: Data collection*

* Household and productive use level data collection
* Stakeholder engagement including focus group discussions (if required)
* Periodic coordination calls with Mercy Corps team

*Phase II: Data analysis and reporting*

* Periodic coordination calls with Mercy Corps team

**Key timelines**

The Consultancy will be expected to start on 23 November 2020. The final report is expected to be submitted 30 working days after the signing of the assignment agreement.

**Deliverables**

* Survey tools and Community Visit Action Plan and Timeline – Deadline Nov 27, 2020
* Draft report - Deadline Dec 31, 2020
* Final report, (including PowerPoint format of summary findings), raw data – 15 January, 2021

**Minimum Qualification**

The successful firm will be evaluated based on the following minimum qualifications and

preferred skills and experience:

* Firm must have experience overseeing at least five national surveys in agriculture and/or socio-economic topic areas. Experience in energy sector assessments or assignments is mandatory.
* Firm must have access to relevant surveying technology (e.g. GPS-enabled electronic devices) to capture survey responses efficiently
* Supervisor must be proficient at understanding regional and community demographics and agricultural practices
* Supervisor must have solid knowledge of surveying software, and be able to troubleshoot survey coding
* Supervisor must have a minimum of five years of working experience overseeing field survey teams
* Enumerators must each have a minimum of two years of working experience conducting field surveys, in agriculture and socio-economic topic areas.
* Preference will be given to a more experienced team
* The team must have strong competency navigating and travelling to rural communities in Ethiopia
* The team must have fluency in written and spoken English, Amharic, Somali and any language needed to communicate effectively in target regions
* Preference will be given to enumerator teams that include both female and male members
* Preference will be given to teams with an understanding of energy systems and estimating energy demand.
* CVs and bios for proposed team of enumerators and supervisors will be requested prior to selection of firm.
* Past performance will be given due consideration. Previous contracts in line with this assignment be considered.

**Additional Eligibility Criteria**

Applicants may not apply, and will be rejected as ineligible, if they:

* Are not registered companies
* Are bankrupt or in the process of going bankrupt
* Have been convicted of illegal/corrupt activities, and/or unprofessional conduct
* Have been guilty of grave professional misconduct
* Have not fulfilled obligations related to payment of social security and taxes
* Are guilty of serious misrepresentation in supplying information
* Are in violation of the policies outlined in Mercy Corps Anti Bribery or Anti-Corruption Statement
* Applicant (or applicant’s principals) are on any list of sanctioned parties issued by; or are presently excluded or disqualified from participation in this transaction by: The United States Government or United Nations by the United States Government, the United Kingdom, the European Union, the United Nations, other national governments, or public international organizations.

## **Submission of Proposals**

The Proposal shall contain only the sections listed below, separated by dividers, and shall respond fully to all requirements of the RFP. See below for required sections and page limits. The prequalification application forms which are not filled out completely and submitted in the prescribed manner will not be considered. All the documents that form part of the proposal must be written in English and be indelible.

### Executive Summary – Cover Letter (1-page limit):

Submit an Executive Summary Narrative which generally familiarizes reviewers with the company’s understanding of and ability to achieve the stated scope of work. The intent of the Executive Summary is to give a brief introduction to the company’s general capabilities, experience, and interest in performing the work.

### b. A Technical Proposal

Submit the information as required below. Where forms are provided, they should be used. The absence of any required submittal information may disqualify the Applicant.

1. Company’s Background and Performance (5 page limit) as per the scope of work
	1. Describe the organizational structure, lines of responsibility, and roles within the company.
	2. Provide a brief description of representative projects performed within the past five years which are relevantly similar in scale, type, and complexity to this Program; include a client reference for each listed.
	3. Describe the company’s current commitments to other projects; how will the company will manage resources to ensure timely performance of activities.
	4. Proven experience in displacement settings in East Africa. Evidence attached/included in the proposal.
	5. Presence in Ethiopia, with the ability to deploy quickly.
	6. Briefly describe the management approach or methodology to coordinate and prioritize assessment and quality management of this assignment.
2. Key Personnel CV’s (2-3 page total limit/CV): Based on the type of Activities described under the scope of work, provide one CV each for the committed key personnel and their roles for this assignment. These roles will substantially contribute to the evaluation of the company.

### A Financial Proposal – submit a detailed financial proposal, highlighting all the costs required to carry out this assignment.

## **Evaluation of Proposals**

## **Confidentiality**

Information relating to the Applications, their evaluation and result shall not be disclosed to Applicants or any other persons not officially concerned with the RFP.

## **Evaluation of applications**

A selection committee will evaluate proposals from eligible companies. Mercy Corps reserves the right to accept or reject any or all proposals and to accept the offer(s) deemed to be in the best interest of Mercy Corps. Mercy Corps will not be responsible for or pay for any expenses or losses which may be incurred by any Applicant in the preparation of their proposal. Evaluations will be conducted as described in the following subsections:

Mercy Corps Selection Committee will conduct an evaluation which will grade technical criteria on a weighted basis (each criteria is given a percentage, all together equaling 100%). Proposals should consist of all required technical submittals so a Mercy Corps committee can thoroughly evaluate the technical criteria listed herein and assign points based on the strength of a technical submission.

Each individual criteria has been assigned a weighting prior to the release of this RFP based on its importance to Mercy Corps in this process. Applicants with the best score will be accepted as the winning offeror(s), and subject to the additional due diligence. When performing the Scoring Evaluation, the Mercy Corps Selection committee will assign points for each criteria based on the following scale:

**Point Rationale**

0 Not acceptable; has not met any part of the specified criteria

1-4 Has met only some minimum requirements and may not be acceptable

5 Acceptable

6-9 Acceptable; has met all requirements and exceeds some

10 Acceptable; has exceeded all requirements

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| **Evaluation Criteria** | **Weight (%)****A** | **Possible Points  (1 to 10) B** | **Weighted Score****(A\*B)** |
| Evidenced organizational experience in national surveys in agriculture and/or socio-economic topic areas including business modelling expertise  | 25% |  |  |
| Evidenced experience in energy sector assessments or assignments and understanding of productive use and livelihood opportunities | 15% |  |  |
| Financial proposal  | 25% |  |  |
| Qualification and experience of the team that would be assigned to the assignment (experience in economic assessments, business modelling etc.) along with their role and responsibility | 20% |  |  |
| Methodology for executing the assignment | 15% |  |  |
| Total | 100% |  |  |