

SEE - Clean Cooking

Higher Tier
Cooking Component – Ethiopia
Result Based Financing - Call for
application

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Co-financed by:



Ministry of Foreign Affairs



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Project

Strengthening the Entrepreneurial
Ecosystem – Higher Tier Cooking
Component (SEE-HTCC)

Term of Reference

Soliciting Service Providers for Market
Enhancement of HTCC through Result Based
Financing (RBF) Mechanism

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Introduction

SNV, the Netherlands Development Organization, is a not-for-profit international development organization. Founded in the Netherlands 50 years ago, have built a long-term, local presence in more than 26 countries in Asia, Africa, and Latin America. Our global team of local and international advisors works with local partners to equip communities, businesses, and organizations with the tools, knowledge, and connections they need to increase their incomes and gain access to basic services, empowering them to break the cycle of poverty and guide their own development.

SNV has been operating in Ethiopia since the 1970s. Currently, SNV Ethiopia is working in eight regional states and the two city administrations of Ethiopia, providing technical assistance and program implementation in the agriculture, WASH, and energy sectors. SNV is an open and learning organization that focuses on improving the lives of Ethiopians through a market-based approach inclusive of women and youth. In its new strategic plan period (2019–2022), SNV will more explicitly aim for systems change, including strengthening institutions and kick-starting markets that help many more people escape poverty beyond our projects. For more information on SNV's operations, visit our website at www.snvworld.org.

Background

The Ethiopian government, NGOs, and other developing partners have launched a range of Improved Cookstove (ICS) and Clean Cookstove (CCS) programs and projects to support cooking technology dissemination. Strengthening the Entrepreneurial Ecosystem – Higher Tier Cooking Component (SEE-HTCC) is one such project implementing under SNV in collaboration with key stakeholders in the clean cooking sector and focuses on supporting the growth of the higher-tier clean cooking market. SEE-HTCC aims to accelerate market development for HTCC technologies, particularly e-Cooking and advanced biomass higher-tier stoves. The project envisages establishing a competitive business environment for HTCC that contributes to increased adoption of higher-tier clean cooking technologies in Ethiopia. In particular, the project targets at least 10 enterprises integrating HTCC solutions into their product offers as well as providing access to HTCC solutions to 100,000 people by 2025.

Context

The Higher tier Cooking Component (HTCC), as part of the larger 'Strengthening the Entrepreneurial Ecosystem for the Clean Cooking sector' project, aims to support the development and growth of the higher tier clean cooking market in selected countries. The project envisions that the development of the higher-tier clean cooking market in Ethiopia and the shift from pre-commercial to pioneering phase can be accelerated by creating the necessary framework conditions to boost entrepreneurship and the commercialisation of higher-tier clean cooking solutions.

Considering the potential for e-cooking in Ethiopia as well as the possibility to transition to higher tier biomass stoves vis-à-vis the current context, the project will aim to support identified enterprises to increase the supply of products based on expected market demand stimulation. By especially focusing on electric and advanced biomass stoves, the project proposes a three-fold approach to achieve the following:

- Building a **pipeline** of promising companies to be supported through business development support (BDS) implemented by the Energy Enterprise Coach, as well as a Small and Medium Enterprise Finance Facilitator (SME-FF)
- Scaling-up existing, and fostering new, higher tier cooking providers through a tailored approach to each step of the company's growth journey through a **Results-based Financing Fund**
- Supporting a **conducive enabling environment** by capacitating key actors in their steering and coordination roles and by raising awareness and commitment, as well as filling gaps in knowledge, skills, and stakeholder exchange

Objective

This ToR is prepared to solicit eligible enterprises/service providers who shall sell eligible High Tier Clean Cooking ¹(HTCC) stoves for end users and financial incentive provided by the project after the sale is effected and verified. The number of service providers selected will be 10 out of which at least 3 shall be women service providers i.e. owned by women/managed by women /largely employed women. With this RBF scheme the project aimed at enhancing the market for 20000 stoves 75% of which is electric and 25% of which is high tier biomass stoves. This proportion can be adjusted in favour of electric stove

Eligible Technologies

The HTCC stoves must meet certain criteria to be considered eligible for the RBF. The criteria include:

- **Tier Level:** tier level three and above, including their efficiency and performance.
- **Functionality:** technologies designed for cooking and baking
- **Fuel Type:** fuelled by electric and biomass. LPG stoves are excluded.
- **Source:** locally produced and imported cookstoves including electric pressure cookers, elect
- **Complement:** technologies that are provided with provision of after sale services and time bound warranty.
- **Technologies:** electric injera baking, electric cook stoves, electric pressure cookers, electric water kettles, infrared cookers, induction cookers, electric air friers, forced fan gasifier cookstoves, ethanol stoves and advanced biomas.

Eligible Service Providers/Entreprises

Eligible enterprises to participate in the RBF scheme must meet the following criteria. They should be

- legally registered entities under the relevant Ethiopian law
- must operate as importers, local manufacturers, retailers (shops, sales agents),
- who are selling eligible higher-tier clean cooking and baking stove models to end users
- An exception may be made by SNV for enterprises that have the potential to reach disadvantage communities such as poor, women headed households, and serve remote market areas.
- Women entrepreneurs are highly encouraged

Contracting Procedure

Selection: SNV will conduct to select the enterprises that are most suitable for the RBF incentives. Applicant service providers will go through first round of screening based on documents including legal registration of business, tax paying certificate, engagement in relevant business.

Interview: Examine candidates through interview and found necessary means. This will help to assess their capabilities, experiences, and alignment with the RBF objectives and predetermined criteria. The selected service providers must score minimum point given in the criteria.

Due diligence: SNV performs due diligence checks on shortlisted selected candidate. This includes verifying legal and financial documents, conducting site visits, and checking references to ensure the credibility and reliability of the enterprises. Then a committee assigned will decide which enterprises receive the contract.

Contracting: Once the due diligence process is completed, SNV will enter into contractual agreement with the selected enterprises. This includes defining the terms and conditions, performance targets, reporting requirements, and reimbursement procedures among others. The contracts will be signed periodically.

¹ High tier clean cooking is defined as the cooking appliances that have at list a thermal efficiency of 30% and above and a minimum requirement of emission ($CO \leq 7.2g/MJ$ and $PM_{2.5} \leq 218mg/MJ$ and safety ≥ 77) for biomas cooking stoves and for eCooking stoves adhere the national minimum standard for electric stoves.

Provision and expectation

After signing the contract, RBF recipients will be provided with the required relevant materials, such as logbooks, receipts, stickers with serial numbers, and the necessary templates.

Business Development Service training will be provided by Energy Enterprise Coach (EEC) a firm contracted by the donor.

Once entered the agreement enterprises shall report on cookstoves sold by the end of the month submitting digital copies of the following documents to SNV by email or Telegram:

- Payment request form
- Sales logbook
- Sales receipts issued to end users

The enterprises will submit RBF claims to SNV for verification and reimbursement when the service provider has sold at least 80% of the agreed stove to be sold, it can make a claim by submitting payment request, sales logbook, and sales receipts issued to stove buyer. The templates for the former two will be provided. All the payments are effected once the SNV internal review and Independent Verifying Agent (IVA) authorizes.

Reimbursement Process

Risk sharing: 20- 30% advance payment will be provided to the selected service providers. To avoid any emerging complication of failure to deliver the enterprise is required to submit guarantee bond in the form of CPO, cheque or any other legally binding document.

RBF incentive: for each stove sold the selected service providers may earn in the range of 10-30% of the end-user price. The percentage varies on the price of the stoves.

Reimbursement: before full payment rolled out the service provider shall payback the advance payment received, or the advance payment is deducted from the final payment. Once this is fulfilled the guarantee bond attached will be nullified/ returned to the service provider. If the service provider failed to sell the required number of stoves, settle the advance, or fulfil the RBF criteria, SNV will utilize the CPO or the signed cheque to recoup the outstanding amount.

RBF Reimbursement Procedure

- The service provider is responsible for submitting a Claim/Invoice as per the contract agreement.
- Before the claim is approved it has to pass three stage verification
 - All the claims must be the same with what is registered in the data base and legal paper document
 - Once confirmed the claims are in order, the end users will be reached via telephone to check if the claims are correct i.e. the stove is bought and in use
 - a physical check will be made on site making stratified random sampling
 - Finally the Independent Verifying Agent (IVA) gives a verdict on to pay or not to pay
- RBF advisor reviews the Claim/Invoice and the IVA Verification report, completes any necessary steps, and then submits them to the SNV Contract Department.
- SNV Contract Department cross checks the submitted documents with the already signed contracts and verifies the invoice before forwarding it to the SNV Finance department.
- SNV Finance department validates each document and initiates the reimbursement process, which typically takes not more than five days to complete. Payment can be issued either by cheque or wire-transfer.

Selection criteria

Service providers will be evaluated on two levels technical stove marketing proposal (template will be provided) reaching the end users and financial proposal (template will be provided).

The technical proposal is expected to clearly show how the service provider intends to sell stoves of its choice covering possible market barriers to reach the end users.

Financial proposal is expected to show competitive price for preferred stoves and incentive amount requested. The selection will then be made on lower price and incentive amount requested.

Special provisioning will be provided for enterprises who are willing to operate in remote areas with less road access, and who can reach vulnerable communities.

Application form

Company profile

Company Name	Email	Tell. No	Phone Number	Website	Telegram account

Eligible product, selling price and proposed incentive margin

S/N	Types of high tier cooking solutions/products that the service provider plan to distribute	Plan for 2024 year in number	Source of the product: Imported/Local	Proposed Unit selling price in ETB.	Proposed margin/incentive as RBF /cooking solution in ETB

Application schedule

#	Activities	Schedule
1	Public announcement	October 20,2023
2	Pre-application induction	Physical orientation November 02,2023 at 4:00 local time in SNV Addis Ababa office and online orientation on November 03,2023 from 4:00 – 6:00 local time through link Click here to join the meeting
3	Floating time	October 20,2023 to November 13,2023
4	Screening and shortlisting	November 17,2023
5	Interview and due diligence	November 24,2023
6	Selection of the service providers	December 01,2023
7	Contract agreement	December 10,2023
8	Delivery of advance payment	December 15,2023
9	Commencement of implementation	January 01,2024

Eligible Higher-Tier Clean Cookstoves

Type of Technology ²	Description
<p>Electric <i>Injera</i> Baking Mitads</p> 	<p>Electric <i>injera</i> baking stove (<i>Mitad</i>) is one of the most common e-cooking (e-baking) technologies in Ethiopia with high potential in the urban and peri urban market. The stove primarily used for injera baking and occasionally for baking bread. It can be available in the market as wall mounted and with a stand.</p>
<p>Electric Cookstoves</p> 	<p>Electric cook stoves are one of the most common e-cooking technologies in Ethiopia with high potential in the urban and peri urban market. They provide services such as water boiling, coffee making, and sauce preparation. These stoves are available in the market as single or double burner.</p>
<p>Electric Pressure Cookers (EPCs)</p> 	<p>EPCs cooks faster with less energy than other e-cooking technologies with a greater degree of control by users. They are similar in appearance to rice and multi-cookers, incorporating prominent locking mechanism to trap steam and pressure release controls.</p>
<p>Electric Water Kettles</p> 	<p>Electric water kettles are versatile appliances that could be used for coffee and tea preparation, including for boiling water for cooking purpose. They quickly heat water and consumes less energy.</p>
<p>Infrared Cookers</p> 	<p>An infrared cooker, also known as a radiant cooker, is a device that cooks food using infrared radiation. The cooking process is done by heating the water molecules in the food, which transfers the heat to the other molecules in the food.</p>
<p>Induction Cookers</p> 	<p>Induction cookers employ the use of electro-magnetic waves to directly heat cooking pots. They appear similar to electric hotplates and provide specific, digital temperature controls to the users. They do also require the use of cooking pots that are (i) flat-bottomed pots(ii) magnetic pots made from steel, but not aluminium.</p>
<p>Electric Air Fryers</p> 	<p>An air fryer is a countertop cooking appliance that combines a heating element and a powerful fan to circulate hot air, similar to a convection oven. Air fryers produce foods that are crispy outside and moist and tender inside without actual frying.</p>
<p>Forced-fan Gasifier Cookstove</p> 	<p>Forced-fan gasifier stove uses pellet as a feedstock. The stove is smokeless and cook food faster with less energy than other biomass cookstove technologies with a greater degree of control by users.</p>
<p>Ethanol Stove</p> 	<p>Ethanol stove uses ethanol as fuel for cooking. The stove is smokeless and cook food faster with less energy than other biomass cookstove technologies with a greater degree of control by users. These stoves are available in the market as single or double burner.</p>

² Any product fulfilling the eligibility criteria of the technologies could be included in the RBF.

Remark

- The proposal should be stamped with the organization stamp and must be signed
- We will not received any applications after the specified date
- SNV-Ethiopia reserves the right to cancel the bid partially or fully.

Address

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