

Call for Expression of Interest

For private sector companies to expand distribution of non-wood based cooking fuels in and around Kakuma Refugee Camp in Kenya

The Moving Energy Initiative | May 2017



The Moving Energy Initiative

The Moving Energy Initiative (MEI) is a collaboration between Energy 4 Impact, Chatham House, Practical Action Consulting, the Norwegian Refugee Council (NRC) and the Office of the United Nations High Commissioner for Refugees (UNHCR). The programme is funded by the UK Department for International Development (DFID).

The Moving Energy Initiative aims to identify how innovation in policy and practice within the humanitarian sector can improve access to sustainable energy among displaced populations and camp operators in Kenya, Burkina Faso and Jordan. The programme also aims to incentivise private sector engagement in the provision of sustainable energy solutions in displacement settings, including through strategic partnerships with humanitarian actors, and to promote local market development and the adoption of market-based business models.

Sustainable energy is defined as an energy system that serves the needs of the present without compromising the ability of future generations to meet their needs.

The Opportunity

The Moving Energy Initiative is calling for expressions of interest (EOIs) from organisations interested in expanding their fuel distribution and sales in and around the Kakuma and Kalobeyei Refugee Camp in North East Kenya, specifically in relation to the market(s) that exist within the refugee communities residing there.

The need for alternative fuels in displacement settings

In displacement settings people are often forced to settle in remote areas with limited infrastructure. When they arrive at refugee and IDP camps they are often dependent on fuel handouts from humanitarian agencies or those fuels that can be collected for free to cook their food and heat their homes. Negative impacts in the form of conflict with local communities and increased risks of exposure to danger for those collecting the fuel, alongside potentially long term impacts to the natural environment, are all very real and well documented.

As such the provision of adequate fuel for household and institutional use in displacement settings is a huge problem for local authorities, humanitarian agencies, local communities and refugees. The Moving Energy Initiative estimates that 64,700 acres of forest (equivalent to 49,000 football pitches) are burned each year by forcibly displaced families living in camps. In many locations a crisis point is being reached in which firewood from the local environment is no longer available and no alternatives exist.

Creating a market for non-wood fuels

MEI is currently implementing a series of initiatives aimed at addressing identified bottlenecks and demonstrating new approaches on the ground. One of these initiatives aims to create a viable market opportunity for deployment at scale of a non-wood based cooking solution, focusing on the Kakuma and Kalobeyei refugee camp in Kenya. Typical of 'Base of Pyramid' users of energy products, in Kakuma camp residents have a high reliance on wood based fuel currently provided by the camp authorities. As well as the resultant health, cost and environmental impacts there is also the very real potential that this provision is reduced and that the population is forced back into scavenging for fuel or simply will not be able to meet their cooking needs.

The non-wood solution work stream would like to take advantage of the market scale available in a camp – given the large population density – to create a viable market opportunity for deployment of a non-wood based cooking alternative at household level. In the initial stages, the structure of a viable fuel concession will be researched and designed in consultation with UNHCR, camp operators and private sector players, taking into account the required scale and market subsidies. If viable the opportunity to establish a franchise to supply stoves and fuel to the camp will be tendered to shortlisted organisations with the successful company receiving support through MEI to establish the fuel in the market. In doing so, the project hopes to demonstrate the viability of alternative cooking solutions with a view to stimulating private sector engagement and market building activities to address major environmental and social development issues.

Kakuma and Kalobeyei refugee camps are located in Turkana County in the North West of Kenya. The camps themselves are home to approximately 160,000 refugees with an additional 60,000¹ people living in Kakuma Town. Initial results from surveys conducted under the Moving Energy Initiative show that many camp residents are already purchasing fuel in and around the camp. Among the 45% who reported paying something for either the stoves or the fuel, the average levelised cost of cooking was estimated to be 1,686 KES/month.

Objective of the EOI

Through this expression of interest Energy 4 Impact is seeking to identify preliminary proposals as part of an early engagement process which will allow us to understand and refine creation of such a market in Kakuma, as well as the nature and structure of a market concession or support package that would be required for a private sector company to establish supply and sales in the area.

The Moving Energy Initiative does not propose to design the potential solution to the problem. Instead we present the opportunity to the private sector who have the necessary experience and expertise of establishing supply chains and venturing into new markets, to see what solutions they propose. Ideally the private sector should see these markets as a business opportunity in which they are willing to invest and share the risk of the venture with support from the Moving Energy Initiative and partners in the area.

We are not guaranteeing any off take agreements with humanitarian agencies or other organisations in the area but envisage offering a concession that could subsidise the initial price of the fuel in the market. This is with a view to bringing it in line with what camp

¹ Data from 2014

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residents are currently paying, but also to present an attractive business case to the private sector and reduce the barriers of market entry. Whilst the design of the concession will be further debated through this market engagement process MEI is initially proposing to cap the retail price of fuel for local residents at a price that we have established as being affordable to a large segment of the market. The supported company/consortium will have the opportunity to sell/distribute its stoves and to set up fuel sales in the area and will sell at this capped price with the cost of the subsidy being covered by MEI on proof of sales. A results-based framework will be established, including the subsidy required per unit as well as total units of sales. Ideally, the market subsidy will allow the fuel to be established in the market after which it can be phased out once a market base is established. The process is expected to take a phased approach over some time (approx. 3 years) to allow for a sustainable market to be established thereafter.

As such we are seeking expressions of interest from stove and fuel companies to specify the sort of partnership structure and commercial and operational solutions they would be interested in developing to achieve a viable non-wood cooking solution in the camps.

Additional support provided by the Moving Energy Initiative may include;

1. Market data for the target location;
2. On the ground support in the market location in terms of establishing local contacts, local market knowledge and community engagement;
3. Support in establishing local distribution networks and retailers;
4. Support in creating consumer awareness and market development activities.

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Expressions of interest are being requested from private sector fuel companies interested in taking on the challenge of supplying cooking fuel to customers in and around the Kakuma and Kalobeyei refugee camps.

This opportunity is open to any fuel company that believes they could have an appropriate solution and alternative to wood based fuel and is willing to invest in the opportunity. The proposed fuel should be non-wood based and ensure that its supply is sustainable, and that it can bring positive benefits. The company should be able to offer a suitable stove for use with their fuel or detail how the stove can also be available in the target location. Consideration should be given to how any proposed solutions will effect local livelihoods and existing fuel supply chains.

Preference will be given to stove and fuel combinations that are able to meet Tier 3, as defined by the IWA tiers of performance, in both efficiency and indoor emissions. However other solutions may be proposed where they demonstrate strong additional impacts or alignment with local government policy.

Sustainability of supply in this case refers to resources that are capable of being replenished and can be sustained in the long term.

Details for Submission

Companies interested in exploring the opportunity should submit an expression of interest which will address the following points;

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1. Provide a brief background to your company, products, sales and presence in Kenya and relevant project experience.
2. Provide a commentary on the issues that you feel require a solution to allow you to deliver into the refugee community and local town.
3. Provide your comments on the structure of the proposed concession, your view of the associated commercial risks and how they should be allocated and managed. Suggestions, with a rationale, for improvements or alternative concession structures would be welcome.
4. Outline your proposed solution, feedstock/supply chain strategy, compliance with Tier 3 requirements, sustainability, its scope for serving and offering livelihoods opportunities outside the camps, and the support it would need from MEI or other stakeholders.
5. Provide details of the indicative cost per unit of your fuel / stove solution delivered to customers in Kakuma. This should be the delivered cost including all costs associated with setting up the supply chain, distribution and marketing.
6. Explain how your solution fits with the Government of Kenya's policy on energy and any regulatory issues or uncertainties that exist.
7. What steps would the company take and what investment would the company need to make to establish or expand fuel supply in and around Kakuma town?

This initial expression of interest will allow us to further structure the concession and support that may be required from The Moving Energy Initiative and partners on the ground. If we believe we can design a viable concession, companies that have been shortlisted as a result of their response to this call for EoIs, will be invited to proceed to a full proposal or tendering stage. Companies who have not responded to this EoI will not have the opportunity to bid for the opportunity.

Save for information already in the public domain, and responses in relation to item 3 above, all information provided in EoIs will be treated as strictly confidential.

Shortlisting will be on the basis of the evaluation criteria below.

Category	Description	Weighting
Relevant experience and qualifications	Assesses the ability of the organisation to deliver the proposed solution and their track record in delivering similar solutions and products.	20%
Impact of solution	Assesses the impact of the proposed cooking solution on both end users health, the local environment, livelihood opportunities and the non-camp community.	20%
Understanding of the market and operating conditions	Assesses the understanding of the risks and opportunity of the market, steps that would need to be taken to expand distribution and alignment with government policy.	20%
Commercial understanding of the concession structure	Assesses the commercial understanding and soundness of the organisations response to the proposed concession and alternative suggestions.	20%
Viability of solution and feedstock strategy	Assesses the feedstock and delivery strategy for the solution and its viability in the short and longer term.	20%

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Expressions of Interest should be submitted to **lowcarbonprojects@energy4impact.org** by **midnight GMT 2nd July 2017**. We cannot review any submission after that date.

For any queries please send an email to Joe.Attwood@energy4impact.org

This material has been funded by UK Aid from the UK government, however the views expressed do not necessarily reflect the UK government's official policies.