



NIGERIAN ENERGY SUPPORT PROGRAMME

Tender process – For the Manufacture and Supply of LPG Cookstoves

Operational guidelines

Abuja, Nigeria

Implemented by

giz Deutsche Gesellschaft
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Acronyms

BMO	Business Membership Organisations
CAC	Corporate Affairs Commission
CCA	Clean Cooking Alliance
DMB	Deposit Money Bank
EoI	Expression of Interest
FCT	Federal Capital Territory
FMP	Federal Ministry of Power
FME _{nv}	Federal Ministry of Environment
IHME	Institute of Health Metrics and Evaluation
ILO	International Labour Organisation
GHGs	Green House Gases
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
LPG	Liquefied Petroleum Gas
LRED	Local and Regional Economic Development
NESP	Nigeria Energy Support Programme
RFP	Request for Proposal
PR	Public Relations
PSD	Private Sector Development
tCO _{2e}	tons of Carbon Dioxide equivalent
VP	Vice Presidency

1. Background and Objective

Access to clean energy for cooking, heating, and lighting purposes has been a major challenge for the international community for over three decades now. Considering the enormous negative health, environmental, and economic implications of the use of fossil fuels/biomass, the international community has struggled with finding cleaner alternatives to reduce the number of people using and dependant on solid biomass for cooking, lighting, and heating. According to the International Energy Agency (IEA) 2021 report, the number of people without access to clean cooking was set at 2.6 billion people¹, while a W.H.O 2018 report provided that 83% of persons living in Sub-Saharan Africa (SSA) are still reliant on solid biomass and fossil fuels for their cooking energy needs².

In Nigeria, the situation is not much different, as access to clean energy for cooking is still very low. Data from the National Bureau of Statistics (NBS) shows a low progression in clean cooking access, moving from 5% to about 10% from 2011 -2018³. A survey carried out by the NBS in 2019 reports that 68.3% of households in Nigeria use biomass such as firewood and coal for cooking in Nigeria, with 19.8% using kerosene a fossil fuel by-product, with only 10.5% using gas⁴.

Inefficient traditional cookstoves are prevalent in rural areas due to low awareness and free availability of fuel wood. Moreover, switching from traditional cookstoves to improved cookstoves has become a challenge due to the complexity of changing cooking behaviour amongst the population.

The Nigeria Energy Support Programme (NESP) supported the promotion of wood-based clean cookstoves via a two-Phase project, as set out below:

1. Phase One: NESP I (2013-2017), that aimed to provide one hundred (100) rice parboiling groups with access to improved institutional cookstoves in Niger State.
2. Phase Two: NESP II (2017-2020), supported the development of the market for improved institutional stoves for productive uses like agro-processing of food crops with a target to deploy a minimum of 400 institutional clean cookstoves for agro-processing, thereby resulting in emission reduction of a minimum of 10,000 tons of Carbon Dioxide (tCO₂e)

Although the promotion of wood-based clean cookstoves remains an important aspect of past Government strategies on clean cooking, recent policies put a stronger focus on the promotion of LPG for clean cooking for domestic usage, as part of a broader plan to develop the gas industry,

¹ IEA 'Tracking SDG7-The Energy Progress Report (2021)' <<https://www.iea.org/reports/tracking-sdg7-the-energy-progress-report-2021>>

² World Health Organization (WHO). Burden of disease from household air pollution for 2016 – Summary. Geneva: World Health Organization; 2018. Available from: www.who.int/data.

³ National Bureau of Statistics (2011) Household Survey (Unpublished)
National Bureau of Statistics (2019) Living Standards Measurement Study (LSMS) Integrated Surveys on Agriculture.
National Bureau of Statistics (2020) 2019 Poverty and Inequality in Nigeria.

⁴ National Bureau of Statistics (2020) 2019 Poverty and Inequality in Nigeria @pg 24.

as per the Nigerian Gas Master Plan 2008, the Economic Recovery Growth Plan (2017-2020), and the Economic Sustainability Plan, 2020.

The Nigerian Energy Support Programme (NESP) is a technical assistance programme co-funded by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in collaboration with the Federal Ministry of Power (FMP). NESP currently has an LPG intervention under the Modern Energy Products (MEP) subcomponent.

The main crux of the NESP II Extension (2021-2022) project is to promote the market for LPG clean cookstoves in Nigeria, by the deployment of up to 5,600 LPG clean cookstoves to households and institutions in targeted locations in the Federal Capital Territory, Abuja. This deployment/distribution of cookstove is the main crux of the proposed Expression of Interest and tender process that will be initiated and managed by the Federal Ministry of Environment (FMEnv).

Through the tender process being described in this document (and supporting documents submitted alongside), two (2) LPG cookstoves manufacturers and/or retailers selected via the tender process shall receive support from the NESP for the distribution of up to 2,500 LPG stoves to households and 300 LPG cookstoves to institutions each in select locations.

2. Log Frame - Institutional Structure

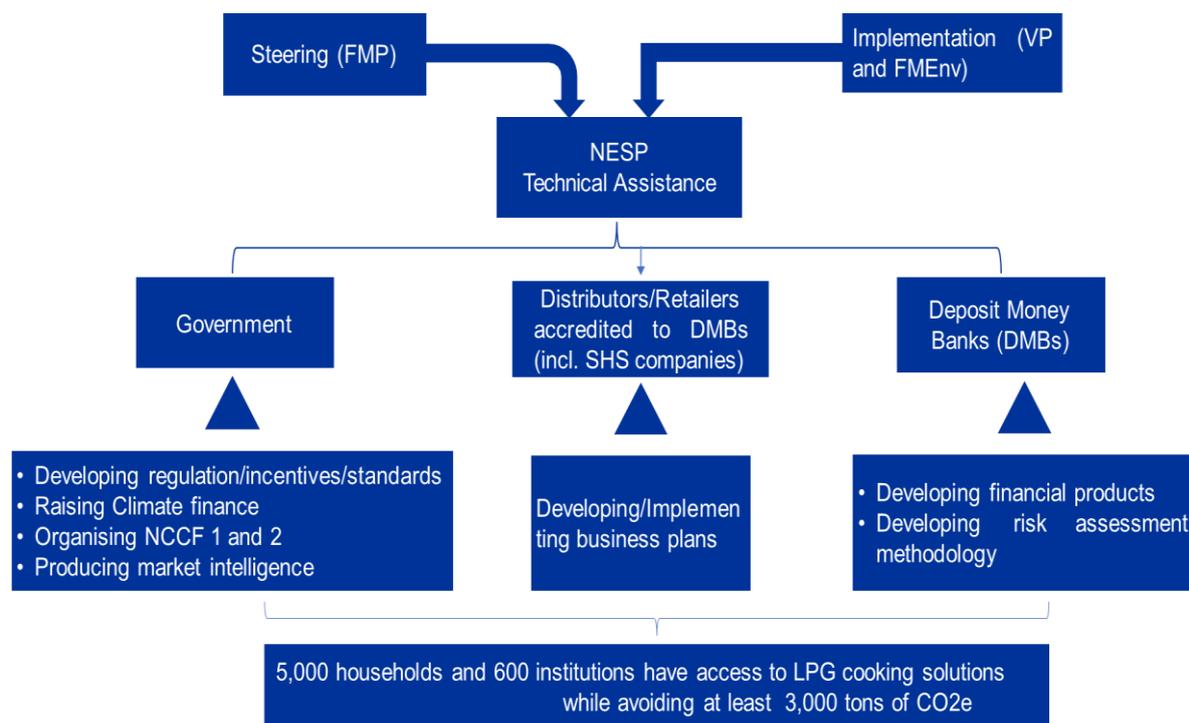


Figure 1 : Log Frame - Institutional Structure

3. Support package for the selected companies

The selected companies will receive technical assistance from NESP (involving capacity development and advisory on technical, financial, and legal aspects of the cookstoves deployment), and NESP will also cover logistic costs during the awareness creation and publicity campaign prior to deployment of stoves – including production of awareness creation materials like posters, flyers, shirts, caps, etc. Another area of support to the selected companies will be in enabling the companies attract and access funding from a third party (financial institution).

The different steps that will be involved in the NESP support to selected companies are presented below.

1. Conduct needs assessment and prepare training modules.
2. Train selected companies in technical, financial, legal aspects of developing viable business models, and in aligning their plans for LPG clean cooking projects with the required aspects.
3. Support companies in developing business plans for household and institutional clean cookstoves, including financial and pricing strategy, sustainable fuel supply chain analysis, GIS monitoring strategy.
4. Prepare presentation of three business plans in PowerPoint format and accompanying documentation.
5. Support companies in acquisition of third-party investment during cookstoves design and production phase.

4. Selection process

Bidders workshop

A bidders' workshop will be organized to guide interested companies through the bidding/tender process, and to ensure quality proposals.

Expression of Interest (Eoi)

A call for Expression of Interest (Eoi) shall be launched to identify and pre-select companies with the requisite capacity, expertise and experience in the manufacture and supply of LPG clean cookstoves, and that are interested in submitting their proposals.

Pre-qualification

Submitted Eoi will be evaluated by NESP to determine bidders' capability and expertise, and to compile a shortlist of companies that will be invited to submit a proposal.

Call for Proposal

Pre-selected companies shall be invited to submit a proposal in response to a Request for Proposals.

Review of Submissions

The evaluation process for each proposal will be divided into three steps, and will be performed based on the criteria mentioned in the next section:

1. **Completeness Check:** All proposals will be checked to ensure that all documentation required has been submitted, and the proposal is duly completed. The submissions that are considered incomplete will be automatically disqualified.
2. **Eligibility Assessment:** Proposals that are duly completed, will then be assessed based on the 'Eligibility Criteria.' The eligibility assessment will include (amongst other processes) a simple due diligence on the selected bidders. Proposals that do not comply with the Eligibility Criteria will be automatically disqualified.
3. **Selection of the best short-listed proposed projects:** In the event that several proposals are eligible for each lot, these eligible proposals per lot will be evaluated and ranked.

Inquiries

The NESP in its sole discretion and without having any duty or obligation to do so, may conduct any inquiries or investigations, including but not limited to contacting references, to verify the statements, documents, and information submitted in connection with the proposal; and may seek clarification from the respondent's bankers and clients regarding financial capacity and experience issues.

Non-Conforming Submissions

Submissions that fail to conform to the format requirements, or which fail to conform to any other requirement as stated in the selection criteria may be rejected. Notwithstanding the foregoing or any other provision of these documents, the NESP may at its sole discretion elect to retain for

consideration proposals which deviate either materially from the format requirements as set out in hereto or which otherwise fail to conform to any other requirement.

5. Criteria

Eligibility

Incomplete submissions and/or non-compliance with the eligibility criteria shall result in the automatic disqualification of the proposals.

1. Evidence of Incorporation with the Corporate Affairs Commission of Nigeria (CAC), including Certificate of Incorporation, Memorandum and Articles of Association, Forms CAC2 and CAC7 (or CAC 1.1)
2. Evidence of current Pension Compliance Certificate valid till 31 st December 2022
3. Evidence of current Industrial Training Fund (ITF) Compliance Certificate valid till 31 st December 2022
4. Evidence of current Nigeria Social Insurance Trust Fund (NSITF) Compliance Certificate valid till 31 st December 2022
5. Evidence of Registration as a Contractor with Bureau of Public Procurement (BPP)
6. Provision of test certificate of the proposed LPG cookstove technology to be distributed under the scheme from a recognized test centre. In addition, either a; Standards Organisation of Nigeria Conformity Assessment Programme (SONCAP) for imported stoves/products or a Mandatory Conformity Assessment Programme (MANCAP) for locally manufactured stoves/products, is needed as required by SON
7. The Applicant(s) (that can also include joint venture companies or partnerships) shall have a minimum experience of 2,800 sets (manufacture, supply, and delivery) of LPG clean cookstoves in the past 5 years
8. Verifiable documentary evidence of at least three (3) similar jobs executed in the last five (5) years (2016-2021) including Letters of Award, Valuation Certificates, Job Completion Certificates and Photographs of projects
9. Company's Audited accounts for three (3) years preceding (2019, 2020 and 2021)
10. Trade references (Provide contact details for 3 referees for previous/current work that is similar or the same to the one applied for)
11. Evidence of financial capability to execute the project by submission of Reference Letter from a reputable commercial bank in Nigeria, indicating willingness to provide credit facility for the execution of the project when needed.

<p>12. Evidence of Tax Clearance Certificate for the three (3) years preceding (2019, 2020 and 2021)</p>
<p>13. An Affidavit disclosing whether any officer of the relevant committees/units of the Federal Ministry of Environment, and Nigerian Energy Support Programme (NESP), Abuja is a former or present Director, shareholder or has any pecuniary interest in the bid.</p> <p>14. Company's profile with Curriculum Vitae of key staff (which must include staff with a minimum of five years technical, financial and business development qualifications and/or experience) to be deployed for the project.</p>
<p>15. Provide evidence of tested end-user payment solutions. In the absence of this evidence, the bidder will need to submit with its proposal (verifiable proof) that end-users can pay upfront for the proposed cookstove technology.</p>
<p>16. Provide proposal on after sales services strategy to end users of the deployed cookstove (After Sales Service duration – 1 year).</p>

Selection

In the event of several eligible proposals, a due diligence exercise will be conducted to determine which of the proposals will be retained.

The criteria for selecting the preferred company from the eligible companies, shall be based on the following criteria:

1. Bankability of the proposed project (measured in terms of IRR)
2. Financial readiness (availability of own equity)
3. Experience of the team (measured in no. of years for the staff)
4. Experience of the company in implementing LPG cookstoves.

6. Monitoring

The NESP shall conduct a first verification visit during the evaluation stage of the proposals to verify the authenticity of the information included in the bidder's proposal.

The selected bidders shall be required to submit regular update reports to the NESP, presenting project progress including the number of stoves disseminated.

The NESP may decide to pay verification visits to sample households benefitting from the intervention.

7. Instructions for submission

Application documents

1. Interested bidders are invited to download the tender documents at <https://climatechange.gov.ng/> Once completed, the interested bidders must submit an application containing the following information (listed below) depending on the tender stage:
 - I. EoI stage:
 - Company profile and description of the LPG technology (see Annexes)
 - II. Request for proposal stage:
 - Business plan (see Annexes) as per the sample guiding texts provided below in the appendix.
 - Financial model – An excel based template for financial model will be part of the tender document. The bidders are required to fill the financial model.
 - Declaration Form – Sworn Affidavit (see Annexes)
 - All other documentation mentioned in Section 5.

Deadline and address for submission

1. Candidates shall submit their application within 7 days from the date of publication of the EoI and within 15 days from the date of publication of Call for Proposals.
2. Candidates shall submit two copies:
 - I. Soft copy of the proposal including all the supporting documents in a zip folder must be sent to the email nigeriancleancookstove@gmail.com The applicant shall mention “Application NESP LPG” in the subject line.
 - II. Hard copy of the proposals including all the supporting documents must be submitted to the NESP office. Situated at is No. 2, Dr. Clement Isong Street, Asokoro District, Abuja/ Nigeria.
 - III. Any application received later than the stated date will not be considered.

8. Timeline

Activities	Proposed Dates
Information session/workshop with FME nv	30th June 2022
Bidders workshop (date included in EoI)	6th July 2022
Expression of Interest (EoI) is launched	27th & 28th July 2022

Closing date for submission of EoI	10th August 2022
Pre-qualification and evaluation of EoI	11th August -16th August 2022
Request for Proposal is launched	17th August 2022
Closing date for submission of proposals	30th August 2022
Evaluation of proposals and selection of shortlisted companies	1st - 7th September 2022
Field visits/inspection of facilities of shortlisted companies	12th - 16th September 2022
Evaluation after site visits, selection of the two companies and preparing of report	19th - 22nd September 2022
Presentation of report and selected companies to working group	23rd September 2022
Announcement of selected companies	27th September 2022

9. Annex - Expression of Interest

Contact details of applicant

Company name:

Physical address:

Website:

Contact person:

- Email:
- Phone number:

Company Profile

1. What is your company's experience in LPG cookstoves manufacture or distribution, and what projects have you completed in the past?
2. Describe your local presence in Nigeria.
3. Briefly describe your organisational and team members' structure and highlight your company's strengths.
4. For the proposals submitted in consortium, what was the reasoning for partnering with the partner you have chosen? Briefly outline how the partnership is organised.
5. Submit proof of partnership (either a partnership agreement, or a joint venture agreement).

Technology Description (LPG cookstoves)

1. Technical details about the product
2. Explain the production process and capacity of the cookstove.
3. Describe Unique Selling Point (USP) of the technology.
4. Provide sales report of the technology for the past 3 years if available.
5. After sale service strategy

10. Annex - Request for Proposal

Contact details of applicant

Company name:

Physical address:

Website:

Contact person:

- Email:
- Phone number:

Executive summary

Summarize the main aspects of your project proposal.

Project Background

1. What are your company's business interests in the proposal and how do they connect with the Government's intention on large scale promotion of LPG clean cookstoves?
2. Why can't your company implement the proposal without the support from the Government? What are your expectations concerning the Government's support?

Overall objective

Explain the objective with vision of 3 to 5 years for promoting LPG cookstoves usage. The vision should be in line with market-based approach or commercial approach.

Business model

1. Describe revenue stream.
2. Describe end user payment mechanism (100% upfront or instalments).
3. Any tie up with local financial institutes for end user financing

Financial modelling/profitability

A separate excel sheet-based template will be provided. Please note the followings while working on the excel sheet.

1. Realistic assumptions (HR Costing, costing of components of the cookstove, marketing cost profit margin, interest rate, etc).
2. Cash flows, IRRs, etc.

Implementation strategy and Timeline

1. Describe project implementation strategy considering gradual approach of piloting, scaling, and capitalization stages.

2. Describe most efficient way to stimulate demand

Risk analysis

Please elaborate how the anticipated risks will be mitigated. Such risks as:

1. Demand risk
2. Payment collection risk
3. Implementation risk
4. Technology risk
5. Geo-political risk

11. Annex – Declaration form

Sworn Affidavit – NESP

To be filled, signed, and submitted jointly with the other documentation required under NESP.

INSTRUCTIONS

Please initial each page and sign on the last page.

Please note that a commissioner of oaths needs to co-sign.

DECLARATIONS

I am a member/director/owner of the following enterprise and am duly authorized to act on its behalf:

Enterprise Name:

Trading Name:

Registration Number:

Enterprise Address:

As a bidder under the NESP, we declare the following to be to the best of our knowledge a true reflection of the facts.

1. Insurance Claims

Select EITHER:

(The Company has not made any claims towards any insurance companies over a period of 24 months preceding this submission)

OR

(Name of company that made claim towards its state insurance type over the amount of enter amount on the date).

Copy and paste the second option in case of multiple claims.

2. Declaration of grant benefits

The Company does not presently and shall not in future benefit from any grant from any local or international public or private entity in relation to the projects to be developed under this Call for Proposals. We understand that obtaining a grant related to the projects under this submission requires preliminary and explicit written approval by the FMEEnv.

3. Statement of obligations/liabilities

This is to confirm that the Company has no obligations and/or liabilities aside from those stated clearly as part of the submission of documents for this Call for Proposals. The Company further has fulfilled all obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed.

4. Statement of professional conduct

The applicant and all its partners have not been convicted of an offence concerning their professional conduct by a judgment which has the force of 'res judicata' and have not been found guilty of grave professional misconduct proven by any means which the contracting authority can justify. The applicant has not been the subject of a judgment which has the force of 'res judicata' for fraud, corruption, involvement in a criminal organization or any other illegal activity. The applicant and all of its partners are not blacklisted by any donor agency/national government. No Director of the Company has ever been convicted in any country of any criminal offence relating to fraud or financial impropriety.

5. Statement of liquidity

The Company and its parent companies are presently not bankrupt or being wound up, having their affairs administered by the courts, entered into an arrangement with creditors, suspended business activities, are the subject of proceedings concerning those matters or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.

6. Statement of interests

No officer of the Federal Ministry of Environment or any other public entity is a former or present Director, shareholder or has any pecuniary interest in the Company.

7. Statement of Genuity

All submitted documents submitted as part of the present call are true and genuine.

8. Statement of authorisation

The Company hereby nominates the following person to act as authorized signatory on behalf of the Company, including signature of any documents with the FMEnv:

Name:

Date of Birth:

Position in the Company:

Please upload to the data room a clear passport photo of the authorized person entitled "Authorised Representative Name of Representative"

Location, Date, Director's Name, Sign and Stamp

Location, Date, Commissioner of Oaths Name, Sign and Stamp