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| **Description:** Contract for Services - Ethiopia Energy Regulatory Framework assessment and ongoing support.  **Project Location(s):** Remote and Addis Ababa, Ethiopia |  |

* **Background**

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 has conducted a baseline study on energy access in Jijiga, Somali Region, which has resulted in the development of a scalable, replicable model for integrated renewable electrification that would 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 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. However, the application of renewable energy in the humanitarian sector is hampered by the initial higher upfront cost of solar and other renewable installations compared with diesel generators, and the perception that any investments must be short-term due to the outdated nature of humanitarian response funding cycles. At the same time, the mini-grid industry in Ethiopia is growing and the nascent regulatory framework for private sector actors to play a role in it is yet to crystallize. Mercy Corps wants to ensure the feasibility and sustainability of the infrastructure that would support humanitarian operations and development programming in Jijiga Region, Ethiopia.

* **Objectives of Contract for Services**

Mercy Corps is looking for a contractor to engage for 50 days across 4 months to

1. Conduct one assessment to review the national (federal) and sub-regional (Somali Region) regulatory framework and legislation on mini-grid development in displacement settings, with a focus on the role that national and international private sector companies could play (estimated Level of Effort, 25 days to be concentrated in 1.5 months).

2. Support the dedicated project manager and legal expert to draft MoU and agreement letters with relevant stakeholders to ensure a solid regulatory basis for the project (estimated Level of Effort, 25 days). This support will be spread out during the remaining months of the project inception phase.

**Contractor’s Objectives:**

1. The assessment will include - but not be limited to :

* **Scoping of similar renewable energy projects and investments**, especially related to displacement settings but not limited to them . The main objectives of this scoping exercise will be for each project to: 1) understand under what regulations (tax, legal, environmental, other) or exemptions they were able to be developed and implemented, 2) understand which institutions (government or private, global, national or regional) supported them in setting up the project.
* **Reviewing/Investigating the existing regulatory framework** in terms of: the decision-making architecture within dedicated government structures (federal and regional level); land allocation and licencing; distancing from national grid; electricity generation and distribution; tarif regulation and the possibility to set cost recovering tariffs, metering and bills-collection practices; technical and safety, and environmental standards; import tax and customs; investment opportunities and conditions for foreign and domestic investors; investment permits, business licenses, commercial registrations, and work permits; mapping of decision makers within and regulations on Energy Service Companies (ESCOs), and the possibility for national and international private sector companies to own and operate mini-grids, specifically:

* **Mini-grid ownership models**,
  + - Analysis of the current nascent models in place,
    - The role that cooperatives and local community-based organizations can play
    - The role that national and foreigner private sector organizations can play
    - The role that financial institutions can play
* **Mini-grid operational models, including selling of energy, operation and maintenance (O&M)**,
  + - Analysis of the current models in place, including setting cost-reflective tariff that would include O&M
    - The role that cooperatives and local community-based organizations can play
    - The role that national and foreigner private sector organizations can play
    - The role that financial institutions can play
* **Special Purpose Vehicle**, its opportunities and limitations to own and operate mini-grids, with a specific analysis of current models in place in Ethiopia and elsewhere
* **Forex** implication for investments in Ethiopia (including the ability to move funds outside of the country in the case of revolving fund for humanitarian purposes)
* **Tax and customs exemptions** in place for solar products, equipment components and material to be used for the realization of a mini-grid in displacement settings. The analysis will include regulations for a) national private sector companies, b) international private sector companies, c) International Non-Governmental Organizations
* **Exemptions and derogations in place for humanitarian-focused mini-grid development**, also to reflect the engagements taken by the Government of Ethiopia vis-a-vis the Comprehensive Refugee Response Framework
* **Highlight national vs regional differences in the above,** if applicable: would regional authorities have different legislation and/or authorities vs the state and which level would prevail
* **Upcoming legislation:** overview of recently announced or currently in development legislation and regulation on the above topics. Include mapping of the respective judicial/regulatory bodies, expected timeline, risks and likelihood.

According to the findings of Deliverable 1, the contractor will recommend the stipulation of MoUs and letters of agreement to the Project Manager to ensure a clear legal framework for the project.

1. The contractor will provide technical guidance and support to the project manager and attorney/legal expert - who will have the responsibility to finalize the legal aspects - to develop MoUs and agreement letters that will support building the regulatory framework for the project implementation (e.g. licencing, ownership and operation model, tariff and bills collection)

* **Methodology**

To achieve the objectives above, the contractor will be required to conduct secondary data review and Key Informant Interviews to triangulate the information received. While supporting the drafting of MOU and Agreements, close collaboration with the Project Manager will be required.

* **Contractor’s activities and schedule:**

**Deliverable 1. Assessment**

* Initial scoping and analysis of existing, recent and underdevelopment legal and regulatory framework
* Initial scoping and analysis of existing relatable projects
* Gaps identification and outlook on upcoming developments in regulatory framework
* Key Informant interviews (KIIs), to fill the gaps and validate assumptions
* Report drafting
* Report review
* Report finalization
* Preparation of a clear, concise, non-technical summary in a slide deck form for dissemination
* Recommendation on regulatory set-up that is required for the project (minimum requirements, loopholes, exceptions, timeline to set up, costs, local representation needed to develop).

**Deliverable 2. Technical support in drafting MoU and Agreement letters**

* Support PM and legal expert in identifying necessary MoUs to set in place
* Support PM and legal expert in drafting and drawing MoUs from the information collected through execution of deliverable 1

**Timeframe:**

Deliverable 1: May 10, 2020 - June 15, 2020 (approximately, with the first draft to be delivered by early June on the high-level feasibility of the project)

Deliverable 2: June 15, 2020 - August 15, 2020 (approximately)

* **Service contract deliverables:**

The contractor will deliver:

**Outputs for Deliverable 1:**

* Noted literature review
* List of similar programs and key contact details
* Transcript of KIIs
* Finalized report (max 40 pages, excluding annexes)
* Finalized slide deck for dissemination

**Output for Deliverable 2:**

* List of recommended MoUs/letters of agreement
* Evidence of contribution to MoUs drafting
* **Required Experience & Skills:**
* Demonstrated experience in regulatory framework around energy access in Ethiopia, with specific focus on mini-grids development, ownership and management
* Excellent knowledge of the Government of Ethiopia’s structure and demonstrated experience in navigating it
* Excellent knowledge of the regulatory framework for national and foreigner private sector investments, especially with regards of energy
* Excellent knowledge of current and on-going legislation over solar energy, including tax and customs exemptions
* Being in Ethiopia at the time of submission of the proposal to ensure rapid deployment, also due to current Covid-19-related restrictions
* Fluency in English is mandatory, fluency in Aramaic and/or Arabic is a strong advantage

**The Contractor will report to:**

Cecilia Ragazzi, Sr. Advisor Partnership, Energy Access

**The Contractor will work closely with:**

Mercy Corps Ethiopia Country Team

Environment Team – Technical Support Unit

**7. Evaluation:**

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| **Evaluation Item** | **Max Score** |
| Presence in and knowledge/experience of Ethiopia and regions - especially in displacement settings | 15 |
| Knowledge of energy systems/sector | 15 |
| Experience of energy regulatory framework and legislations in Ethiopia (on mini-grid development) | 15 |
| Experience in energy sector assessment - especially off-grid and mini-grids assessments | 15 |
| Business model/co-creation | 15 |
| Qualification, Experience and capacity of the firm in terms of staff qualifications and equipment | 15 |
| Financial Costs | 10 |

8. Full address to submit proposals and required documents:

**Eligibility Criteria:**

* Being an eligible business under the Ethiopian laws and regulations; and attach renewed Business license;
* Being in good standing with any Ethiopian taxation or legal authority; and which can submit Value Added Tax (VAT) registration and Tax Identification Number (TIN) certificate;
* Having a satisfactory record of performance and business ethics based on information available to Mercy Corps;
* Please find the bid document on <https://www.mercycorps.org/tenders>
* Technical and financial proposals should be submitted separately to [tenders@mercycorps.org](mailto:tenders@mercycorps.org)

on or before May 13th 2020 10:00am

Eligible companies/firms have to submit the following:

* Company profile and CV of contractor;
* Statement of interest, Proposed methodology and work plan;
* Financial proposal with a detailed breakdown of costs (including all related costs) in USD mentioning the terms of payment;
* Technical questions can be sent to [cragazzi@mercycorps.org](mailto:cragazzi@mercycorps.org) ; and only till May 11th 2020;
* Failure to comply with any of the conditions indicated above will result in automatic rejection;
* Mercy Corps reserves the right to reject the bid fully or partially;
* Bids received after this date may not be considered.