



Request for Expression of Interest

For selection of a Third Party Agent to operate *The Stove Auction* in Cambodia

Introduction

SNV is a not-for-profit international development organisation. Founded in the Netherlands 50 years ago, we have built a long-term, local presence in Asia, Africa, and Latin America. Our advisors work 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. SNV works to empower people to break the cycle of poverty and guide their own development by engaging local partners to achieve results in inclusive business, value chain development, and impact investing.

SNV has been present in Cambodia since 2005 and supports initiatives in three key sectors: Agriculture, Energy, and Water, Sanitation and Hygiene.

The Energy Sector team of SNV Cambodia is currently implementing several programmes that focus on enabling the private sector to increase or improve energy service delivery across various consumer segments with clean and efficient energy technologies. Our programmes are focused on several different energy technologies such as solar home systems and solar lighting kits, advanced biomass stoves for domestic cooking and household biodigesters. The underlying approach to our programmes is market-based and private sector focused. Our programmes are working with and supporting a growing number of micro, small and medium sized enterprises (MSMEs) that distribute these clean energy technologies.

One such energy programme that SNV is implementing is the "Market Acceleration of Advanced Clean Cookstoves in the Greater Mekong Sub-region (Cambodia, Laos and Vietnam)" project funded by Energising Development (EnDev) Results-Based Financing Program (GIZ). The project objectives are:

1. To accelerate the market for advanced biomass stoves which are cleaner and safer than other biomass stove alternatives
 - a. Increase number of actors in the market
 - b. Improve access to cleaner and more efficient energy services for end-users
2. Effective demonstration of a new way of implementing results-based financing as a tool to accelerate sustainable low carbon energy access

1. Background

In 2016, to demonstrate a new way of implementing results-based financing (RBF) under the "Market Acceleration of Advanced Clean Cookstoves in the Greater Mekong Sub-region" project, SNV Netherlands Development Organisation launched *The Stove Auction*, a new innovative approach to accelerate the market for advanced biomass stoves in Southeast Asia. *The Stove Auction* will operate in Cambodia, Laos, and Vietnam where over 65 million people still cook with traditional biomass stoves that contribute towards local natural resource degradation, and generate significant amounts of greenhouse gas emissions and smoke that pollutes kitchens and ambient air. According to the WHO's Global Health Observatory Data Repository report, no less than 60,000 people die each year in these countries as a consequence of inhaling smoke from

cooking, which is almost as much as diarrhea, malaria, HIV AIDS and tuberculosis combined. This health-hazard can drastically be reduced by advanced biomass stoves that are cleaner, more energy efficient and safer than traditional biomass stoves.

2. Project Description

The Stove Auction focuses on facilitating the vital connection between suppliers of these high performance biomass cookstoves, called "Sellers" and local distributors and retailers, called "Buyers" through the establishment of a trading platform in each country. The local production of advanced biomass stoves that are not only fuel efficient, but safe and significantly reduce household air pollution is very limited in Vietnam and non-existent in Cambodia and Laos. One of the benefits of *The Stove Auction* is to significantly reduce market entry risk for international suppliers by facilitating the link to local distributors and retailers to sell their products via *The Stove Auction* trading platform. Local distributors and retailers gain access to high quality products at competitive prices which they can purchase in affordable quantities.

How does it work? *The Stove Auction* pre-qualifies a number of stove models according to selection criteria determined by SNV and EnDev. *The Stove Auction* then reaches an agreement with Sellers for consigning their stoves to *The Stove Auction* at their own cost (including shipping and import). This agreement includes the price per stove that *The Stove Auction* is able to guarantee the Seller no matter what the stoves are sold for at auction. The difference between the guarantee price and the auction price, if less than the guarantee price, is covered by a results-based financing (RBF) scheme funded by EnDev, and implemented by SNV. As demand for advanced biomass stoves increases, more competitive pricing will occur at the auction over time, narrowing the gap between auction price and guarantee price, thus reducing the need for results-based financing payments. The RBF also covers a cash incentive to local distributors for every stove they sell to an end-consumer that can later be independently verified. More information about *The Stove Auction* can be found at www.thestoveauction.org.

At the time of posting this EoI, SNV Cambodia has conducted 4 auctions since March 2016 with 980 stoves sold to 8 different distributors/retailers that operate nationwide. The target number of stoves for 2016 in Cambodia is 10,000 and 47,550 stoves by the end of February 2019.

3. Objectives of this EOI

SNV is looking for a Third Party Agent, to manage the day-to-day operations of *The Stove Auction* trading platform in Cambodia and to administer the related results-based financing (RBF) payments to participating stove suppliers and distributors/retailers. The Third Party can be a **private company or NGO** and must have experiences in the following areas: a) market-based clean cookstove intervention implementation; b) fund management; c) innovative financing; and d) enterprise development, especially those working in the area of last mile distribution of household products.

The Third Party Agent must be able to self-fund the operations and receive revenues from the commissioned-based fee structure of *The Stove Auction*. SNV will not provide advance payments. The fees are administrative fees charged to stove suppliers (Sellers) consigning their stoves to *The Stove Auction*. The fees are charged for every stove that is sold. Administrative fees are also charged to distributors/retailers (Buyers) for every stove that they purchase. The Third Party Agent will also receive fees based on the amount of RBF payments that are disbursed.

Further details on the fee structure will be provided to only shortlisted applicants.

An ideal Third Party Agent would show willingness to stay engaged in the Cambodian market for advanced biomass stoves as a supply chain actor after this agreement has ended (e.g. playing a market aggregator role as a wholesaler).

4. Coordination

The "Market Acceleration of Advanced Clean Cookstoves in the Greater Mekong Sub-region" project is managed from SNV Office in Phnom Penh, Cambodia. Its implementation takes place in

Cambodia, Laos, and Vietnam. The Third Party Agent will only be responsible for implementing the auction in Cambodia. The SNV Vietnam team directly implements the auction in Vietnam based on a locally-adapted auction design, and the auction design in Laos is still being decided. Country project coordination teams (SNV country offices) are responsible for oversight of activities in their respective countries. The participating Third Party Agent will coordinate directly with SNV Cambodia for the operation of *The Stove Auction* trading platform in Cambodia. The Third Party Agent will receive the necessary tools and processes from SNV Cambodia to implement the auctions and the Third Party Agent is free to propose improvements to the tools and processes.

6. Agency Agreement duration

The Agency Agreement is offered for an initial term of one (01) year starting in September 2016. The Agreement can be renewed for an additional period until February 2019, subject to performance review and funding availability.

7. Selection process and timeframe

Process steps

- Based on the Expressions of Interest received and the Selection Criteria, SNV will shortlist suitable Third Party Agents;
- Shortlisted Third Party Agents will be invited for interviews;
- Final selection will be agreed by a Selection Committee after the interviews;
- An Agency Agreement with the selected Third Party Agents will be signed.

Timeframe

Publish call: 07 July 2016

Submission deadline for Expression of Interest: 22 July 2016

Interview selected Third Parties: 02 August to 10 August 2016

Final selection of Third Party: No later than 17 August 2016

Partnership Agreement with Third Party signed: No later than 24 August 2016

8. Submission guidelines and selection criteria

During the selection process SNV would like to ascertain the strengths and weaknesses of each Third Party Agent, based on the below mentioned criteria:

- Legal status and history
- Ability to legally operate in Cambodia
- Mandate (experience and compatibility between the goals and programme of the Third Party Agent with those of The Stove Auction project)
- Third Party Agent governance structure
- Organisational capacity at country/national level to meet programme objectives
- Technical capacity in focus areas (ability to implement a programme based on experience and human resources)
- Managerial capacity (ability to plan, monitor and co-coordinate activities)
- Financial capacity (ability to ensure appropriate management of funds)
- Sustainability capacity (ability and intention to stay engaged in the Cambodian market for advanced biomass stoves after this agreement has ended)

Expression of Interest (EoI)

If you are a private company or NGO interested in this call and you feel that you match the criteria, please submit a clear EoI to SNV that covers the criteria mentioned above. Please provide an overview of relevant projects or activities that you have implemented that are relevant to this opportunity.

The overall submission should be no more than 5 pages.

Shortlisted applicants will be requested to submit a non-disclosure agreement (NDA). The shortlisted applicants will then receive detailed information which they should study prior to the interview process.

Deadline for Applications: 22nd of July 2016, 17:00 hr Cambodian time

Applications should be sent to SNVCambodiaJobs@snvworld.org and dbarbian@snvworld.org with **"The Stove Auction Third Party"** in the subject line.

Only shortlisted applicants shall be contacted.