1 Background and Summary of Assignment

A number of initiatives have been undertaken by both public and private sector programs aimed at disseminating renewable energy in Somalia over the past 10 years. There is no documentation on the progress of these initiatives. The purpose of this market assessment study is therefore, to assess market demand for various energy products in rural and peri-urban areas of Somaliland, Puntland and South Central Somalia, considering different business models, system costs and prices, the willingness to pay by consumers in the various regions, subsidy requirements, financing approaches, institutional arrangements and other factors, and design a detailed implementation plan for a pilot commercial dissemination program.

The market assessment study will focus on energy products for different consumers. The consumers will be segregated into three levels. These consumer levels are; (i) household level, (ii) institutional level and (iii) community level. The market study will assist in developing the following implementation components: (i) Market development support to participating enterprises; (ii) Strategies to encourage marketing focus on priority areas; (iii) Utilization of the trained manpower, especially the youths to participate in the renewable energy market effectively.

The findings of this study will be shared widely through publications to be developed and shared through website where actors will download freely. This study will contribute to the knowledge on the current status of the energy demand in Somalia/Somaliland.

About the Somalia Energy Transformation

The Somali Energy Transformation (SET) is a project implemented by an NGO consortium of; ADRA Austria, ADRA Somalia, ADRA UK, Development Action Network (DAN) and under the lead of ADRA Germany. It is implemented in Somaliland, Puntland and South Central Somalia, and is financed by the European Union through the ACP-EU Energy Facility II, with co-financing from ADRA Germany, ADRA UK and ADRA Austria. The overall objective of this project is to contribute to poverty alleviation, fragility reduction and climate change mitigation for rural and peri-urban people in Somalia/Somaliland.
The project will implement the following activities:

(i) Development of off-grid pico-solar PV markets in rural areas;
(ii) Development of community electrification schemes in rural areas;
(iii) Supply and installation of solar powered systems for irrigation, health and educational facilities;
(iv) Scaling up production, distribution and marketing of modern energy efficient cook stoves;
(v) Development/ or support to youth led renewable energy enterprises; and
(vi) Initiate energy policy dialogue in Puntland and South Central Somalia.

Among the activities to be undertaken under the “Development of off-grid pico-solar PV markets in rural areas” is carrying out a market assessment for energy products supply chain in Somalia. The goal of this activity is to help reduce market barriers for the private sector to reach and provide modern solar lighting to more than 1.5 million households in rural Somalia without electricity. The activity targets rural and peri-urban energy product dealers, importers, contractors, suppliers, retailers, end users and other related stakeholders.

The market assessment will inform the strategy for; consumer awareness and education; assist distributors in achieving their business goals and support new business models to deliver low cost and high quality off grid lighting by facilitating access to finance and providing key advisory services.

ADRA will engage governments in Somaliland, Puntland and South Central Somalia to create favorable policy and regulatory environment and support them in integrating clean off grid technologies in their energy access plans. The following project results are expected:

- At least 10,000 households purchase modern off grid solar lighting systems/reach end users;
- 1.5 million people in project area sensitized about off grid lighting systems;
- 70 technicians trained and equipped to offer after sale services;
- Engage at least 10 dealers in the distribution and marketing of Lighting Africa certified products.

Therefore, ADRA Somalia is seeking an experienced consulting firm to undertake a market assessment for pico-solar supply chain in Somalia. The market assessment is necessary to better understand existing gaps at the local market and better address these gaps. The results of this survey will inform the implementation of the marketing components of the SET project and will also be disseminated widely among state and non-state actors in this field.
2. Objective of the market assessment

The main objective of the study is to assess market demand for energy products in rural and peri-urban areas of Somaliland, Puntland and South Central Somalia (specifically the districts of Hargeisa, Garowe and Mogadishu). The study will recommend appropriate delivery strategies in a post conflict environment. It is envisaged that the outputs from the study will assist in designing appropriate marketing strategies for the realization of the overarching objectives of the SET project.

This market assessment aims to:

2.1 Review existing information on lighting sources in off-grid rural and peri-urban areas

- The market assessment will review existing demand information on lighting sources in off-grid peri-urban, consumption and expenditures for kerosene/candles and other prevalent lighting alternatives, willingness to pay, consumer preferences, etc. and complement it with socio-economic surveys and focus groups in representative target rural and peri-urban areas.

2.2 Establish the status of energy product demand in Somaliland, Puntland and South Central

- Analyze consumption and purchase patterns related to household energy and determine consumers’ willingness/ability to pay for off grid systems in peri-urban and rural areas;
- Analyze modern off-grid market including market size and growth on regional levels, distribution models etc. and to map the actors in the distribution/supply chain;
- Evaluate level of awareness and adoption of off grid systems among households, institutions and community in rural and peri-urban areas
- Assessment of size of markets, volume of sales, market integration/segmentation, local market structure and enabling environment (e.g. security issues or policies affecting market access) for off grid systems

2.3 Market Mapping

- Map local potential markets of off grid systems. The consultant will map potential local and regional markets in terms of type, size and volume of market, supply chain, type of producers, suppliers and vendors, women led businesses/trades, distance of the market from the target project villages, market associations/trade organizations, security arrangement/situation and competitiveness (number of producers/suppliers/vendors versus items in demand)
- Analyze current market trends in terms of market demand and supply, price-scheduling mechanisms, market determinant factors, supply chains and government market regulatory and control mechanisms
• Analyze possible potential risks the project beneficiaries may face in market and suggest possible mitigation measures
• Come up with innovative marketing models that energy entrepreneurs can adopt
• Explore micro financing institutions in the area and illustrate how the energy entrepreneurs organizations can be linked with them

2.4 Value Chain Analysis

• Assess the resources, skills and capacities of energy entrepreneurs related to procurement of off grid energy products.
• Understand the existing market situation and nature of bargain taking place between different market players in the study area (relationships, attitudes and behaviors).
• Understand the capacity of entrepreneurs and their enterprises to access services, credit, information and resources.
• Suggest improvements in the value chain system to ensure direct linkages of entrepreneurs with major markets and increased incomes from off grid energy products
• Identify bottlenecks in the value chain and recommend solutions.

2.5 Recommend the most appropriate marketing strategy

• Considering different business models, system costs and prices, the willingness to pay of consumers in the various regions, subsidy requirements, financing approaches, institutional arrangements and other factors
• Design a detailed marketing plan for a commercial dissemination program.

3. Research methodology

The study should utilize the following data collection methods:

i) Review of secondary data.
ii) Direct interviews with key stakeholders specifically suppliers/distributors, retailers, SMEs, private sector, consumers etc
iii) Interviews with potential project beneficiaries, end users, and government ministries (Chamber of Commerce, Ministry of Trade and Industry, Ministry of Energy, Ministry of Labor, Environment), etc.

The consultant may use any other relevant methodology where appropriate.
4. **Scope of work**

The consultant will be expected to undertake the following general tasks:

**Pre-Visit:**
- Participate in briefing and consultative meetings on the assignment at Nairobi and in the field with ADRA and government officials.
- Familiarize with the local energy context, the energy policies and plans, and the SET project documents.
- Review extensively all relevant reports, studies and assessment on the energy sector, and synthesize the information to ensure that the assessment focuses on areas not covered by current literature.
- Determine, in consultation with the Project Manager, the most appropriate methods for conducting the survey and preparatory work needed. Prepare plan for approval by ADRA incorporating: data collection methods, data collection instruments, resources required and plans to ensure ethical data collection.
- Design the market assessment tools based on the SET project document and the projects’ M&E requirements.
- Design and deliver a training for the project staff (and partners) on key aspects of the market assessment including how data will be collected (process, methods, and tools), analyzed, interpreted, and reported.
- Constitute the study team (in agreement with Ministries and ADRA staff).

**Visit:**
- Conduct project site visits and agreed methodology with the Project Manager, beneficiaries and stakeholders;
- Set off the study team to pre-test and refine the data collection tools and to collect required data.
- Enter and analyze the market assessment data (jointly with select project staff partners – for learning purposes).
- Data collection and interviews at the field level from pico solar PV stakeholders, the Chamber of Commerce, MSMEs in the target regions.
- Data analysis and recommendations based on the data collected.
- Provide feedback to ADRA throughout visit and share summary of the survey results, observations, and recommendations with the project manager and key program staff;
- Conduct a one-day workshop to validate the survey results.

**Post-Visit:**
- Debrief project management and the respective Ministries on the process and preliminary findings of the market assessment
- Prepare a draft report of the Market assessment summary report and share it with the Project Manager or designate. The draft report will be subject to discussion by relevant program staff.
- After review, prepare and submit comprehensive, well-structured report of the market assessment.
5. Expected Outputs

Given the socio-political dynamics in the target zones, the consultant will be expected to come up with a report that pulls together the broad issues for all regions, but with chapters on each of the three zones (Hargeisa, Garowe and Mogadishu). The envisaged output of the consultancy will include a hard copy and electronic copy of the following:

a. **Draft Reports** for the market assessment study of pico solar pv in Somalia/Somaliland

   The Draft Report for the study to include:
   (i) A Market Analysis report, which includes an executive summary and practical recommendations that can be used to inform ADRA’s intervention in Hargeisa, Garowe and Mogadishu and ensure viability, appropriateness, and ultimately sustainability.
   (ii) The following implementation components:
   - Market development support to participating enterprises;
   - Strategies to encourage marketing focus on priority areas;
   - Utilization of the trained manpower, especially the youths to participate in the renewable energy market effectively.
   (iii) Description of the existing energy demand and supply chain in the selected areas and establish the gender roles.
   (iv) Proposed marketing strategy to facilitate commercialization of selected pico solar PV, as outlined in the project proposal and log frame.
   (v) Recommendations an implementation plan, which outlines where ADRA can contribute based on the project activities to alleviate the bottlenecks identified in the marketing assessment within the time span of the project.

The draft report will be reviewed by ADRA and stakeholders in the target zones and a presentation of the report made to ADRA’s project team, prior to compilation of the final report. The final draft report is expected five (5) days after receipt of ADRA review comments.

b. **A Final Report** for the study to include the above listed information, and all comments from the review sessions. The final reports will be presented in softcopy (CD Format) and three (3) bound hardcopies. The final report is expected two (2) days after ADRA’s approval and acceptance of the draft report.
5.0 Implementation Schedule

It is expected that the market assessment will be completed within 25 days from the day of signing the agreement. On the basis of the proposed time schedule outline in this Terms of Reference, the consultant shall prepare a brief work plan. The work plan should set out the Consultant approach for conducting assessment activities.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Person days</th>
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<tbody>
<tr>
<td>Preliminary work (signing of the contract, discussion of survey tools)</td>
<td>2</td>
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<tr>
<td>Study Draft Report</td>
<td></td>
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<tr>
<td>Field Survey and Key Informant Interviews</td>
<td>12</td>
</tr>
<tr>
<td>Data analysis and evaluation</td>
<td>5</td>
</tr>
<tr>
<td>Preparation of Draft Report</td>
<td>4</td>
</tr>
<tr>
<td>Final Report</td>
<td>2</td>
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6.0 Qualifications

In order to undertake the above, the project expects to recruit a consultant(s) to undertake all of the outlined tasks for the market assessment of grid pico-solar PV products: The Consultant must:

i. Possess an advanced University Degree or equivalent in the fields of Business Administration/Management, Economics, Commerce, Marketing, Statistics or any other related field.

ii. Have exposure and experience in a combination of the areas of business development, market surveys, SME development marketing, energy project planning and modelling, entrepreneurship etc. Possible areas of expertise may also include market assessment studies, business advisory services (particularly in the area of market transformation), capacity building and social entrepreneurship.

iii. Experience in working in countries in Post Conflict Transitions/Reconstruction will be an added advantage.

iv. Previous working experience in conducting market surveys in East and Horn of Africa is a plus.

v. Experience working with rural and informal markets is essential.

vi. Experience working with Pico Solar PV systems is desirable.

Proposals should include:

- Up-to-date CV
- Short overview of how the candidate meets the qualifications, experience and skills requirements
- Description of proposed approach and methodology
- Projected budget – including projected travel and in-country accommodation and subsistence costs. Holding tax must also be included where relevant.
7.0 Submission of Proposals

In order to achieve the objectives of the assignment, the consultant will be expected to take complete responsibility for all the activities identified in the TOR. The Technical Proposal should contain a complete description and explanation of the proposed methodology for the Assignment (work plan), time-line, staffing, names and qualifications of allocated personnel and any other resources that the consultant will make available to effectively execute the assignment.

The Financial Proposal should stipulate the professional fees, travel, taxes, etc for the assignment.

8.0 How to Apply

Applications for this consultancy should be emailed to the Human Resource Manager using the email hr@adrasom.org on or before 15th November 2015, with “Product Market Assessment” in the subject line.