

INYENYERI: STAKEHOLDER ENGAGEMENT AND PUBLIC CONSULTATIONS

1) Inyenyeri's motivation and rational for interaction

From the moment that Inyenyeri started operating in Rwanda it has recognized the need and made it a top priority to work intensively with the Government of Rwanda and its institutions, both on a national level and local / regional level.

The reasons for this are threefold:

- i. Inyenyeri's ambition is to have massive impact on national level, and on many fronts: health, environment, forestry, socially, economically, for the whole population including the BoP; because of the nature of our ambition we have to involve a broad set of stakeholders from top to bottom.
- ii. The Government of Rwanda is particularly well organized to realize the Vision set forth by President Kagame. This means that Inyenyeri's vision can only be realized in alignment with the vision of the Government of Rwanda (Gor), and with the series of five year plans (Economic Development and Poverty Reduction Plans) of the Government, which plans have KPI's from top to bottom of the society across all Ministries.
- iii. The vision and plans of GoR express ambitions in the field of environmental protection through the use of clean cooking that require a solution such as Inyenyeri's. Examples are:
 - Reduction in biomass consumption to **50% by 2020**
Vision 2020
 - 80% of households employ cleaner cooking technologies by 2018
Energy Sector Strategic Plan, 2015
 - To close the gap (currently about 20%) between production and consumption of biomass
SE4ALL Action Agenda
 - Meet biomass sector targets set out in EU General Budget Support

2) The scope of interaction with Government of Rwanda

During more than 7 years easily more than 1000 meetings must have taken place. Ministries covered, at national and regional level were (a * is added in case of meeting at Ministerial level):

Ministry of Infrastructure*
Ministry of Natural Resources*
Ministry of Health
Ministry of Trade and Industry
Ministry of Defense*
Ministry of Economy & Finance
Ministry of Local Government
Rwanda Development Board*
Rwanda Environment Management Authority
Rwanda Natural Resources Authority

Also, Inyenyeri actively took place in Technical Working Groups, such as the TWG of renewable energy led by the Ministry of Infrastructure.

3) Inyenyeri's organization of stakeholder management

Inyenyeri hired four people whose job it is to manage the relationships with these stakeholders:

- Faridi Karume, Government and Public Relations Manager
- Suzanna Huber, Legal & Policy advisor
- Issa Higiroy, Cultural & Politics Advisor to the CEO
- Vianney Butera, Senior Government Relations Advisor to the CEO

In addition to these four senior staff members, the CEO and the COO (hired in 2016) spent and still spend a large portion of their time in building and maintaining relationships with government officials at various levels.

4) Tangible results from the interactions

A great number of tangible measures resulted from the interactions with our stakeholders. The list below is by no means complete but should serve as examples of achievements of the collaborative approach in which Inyenyeri invested so heavily in the past years.

- A Cabinet Decision to exempt all gasifying cook stoves and biomass energy fuel pellets (and related equipment to produce these) from VAT
 - o The law was amended after Inyenyeri initiated the discussion in a letter to the Minister of Economy and Finance dated 3rd March 2014; the exemption was communicated to Inyenyeri on 30th July 2015
- A letter of endorsement written by RDB on 20th June 2014
- A letter of intent from the Minister of Natural Resources (May 2016) to provide Inyenyeri access to yields of forests
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5) Current negotiations & discussions in progress with Government of Rwanda

While tangible results have been reached, many measures are still actively being pursued in our discussions with GoR Ministries:

1. Ministry of Defense (MINADEF)

- a. Contract to supply fuel pellets & commercial gasification stoves for Rwanda Defense Forces (~32,000), Reserve Forces (~2,000), and prisons (~60,000).
 - RDF pellet fuel supply contract - estimated \$3M+ per year
 - Prisons pellet fuel supply contract – estimated \$2.5M+ per year
 - Testing of stoves to begin in October 2016 at Rubavu RDF locations
- b. Contract with Agro-Processing Trust Corporation (APTC) Ltd. for biomass supply in all Districts (i.e. biomass forestry scrap wood exchanged for % of pellet revenues).
- c. Contract with Armed Forces Shops to supply Fuel+Stoves to families of Rwanda Defense Forces and National Police/Internal Security Forces.
 - ~5,000 RDF and ~2,000 NP/IS families (estimated revenue of \$1M+/yr).
- d. Contract w/Reserve Forces to disseminate stoves & pellets to rural population.

2. Ministry of Infrastructure (MININFRA)

- a. Grant (\$6M) via FONERWA (Environment Fund of Rwanda) to purchase stoves – estimated close 2Q 2017

3. Ministry of Natural Resources (MINIRENA)

- a. Long-term concessional leases (30 year+) of eucalyptus plantations to be managed for sustainable fuel supply
 - 6 sites already identified and visited; we are negotiating for 5 sites in 3 Districts totaling 240 hectares.
 - Long term this would grow to thousands of hectares.

4. Rwanda Development Board (RDB)

- a. Omnibus agreement between GoR and INY under the Investment Promotion & Facilitation Law to grant many long-term concessions.
 - i. 0% preferential corporate tax rate (or at least capped at 15%)
 - ii. No capital gains taxes
 - iii. Tax exemption on carbon credit and grant income
 - iv. No tariffs on vehicle imports
 - v. Tax credits up to 9% for job creation
 - vi. Elimination of tariffs on stoves
 - vii. Accelerated depreciation
 - viii. Incentives for granting more expat visas

5. Ministry of Health (MINISANTE)

- a. New Minister has been appointed recently.
- b. Introduction to Permanent Secretary and head of non-communicable diseases made to discuss replacing DelAgua with INY.

6) Nature of our interaction

Interaction with our stakeholders take various forms:

- Phone calls, especially between our Senior Government Relations Advisor and his network, as well as between the Government and Public Relations Manager and his network
- Emails and letters to government officials and their staff
- Visits by stakeholders of our project in District of Rubavu (on average 1 visit per week)
- One on one discussions on our office in Kigali
- Presentations at Ministries
- Participation in working groups
- Participation in events, such as conferences of the Global Alliance of Clean Cookstoves

7) Other institutional stakeholders

Other stakeholders that are actively managed by Inyenyeri are:

- actors in the field of clean cooking, such as the Global Alliance for Clean Cooking and leading players in the sector worldwide
- NGO's in the field of environmental protection
- Academia, with leading Universities sending missions to visit Inyenyeri

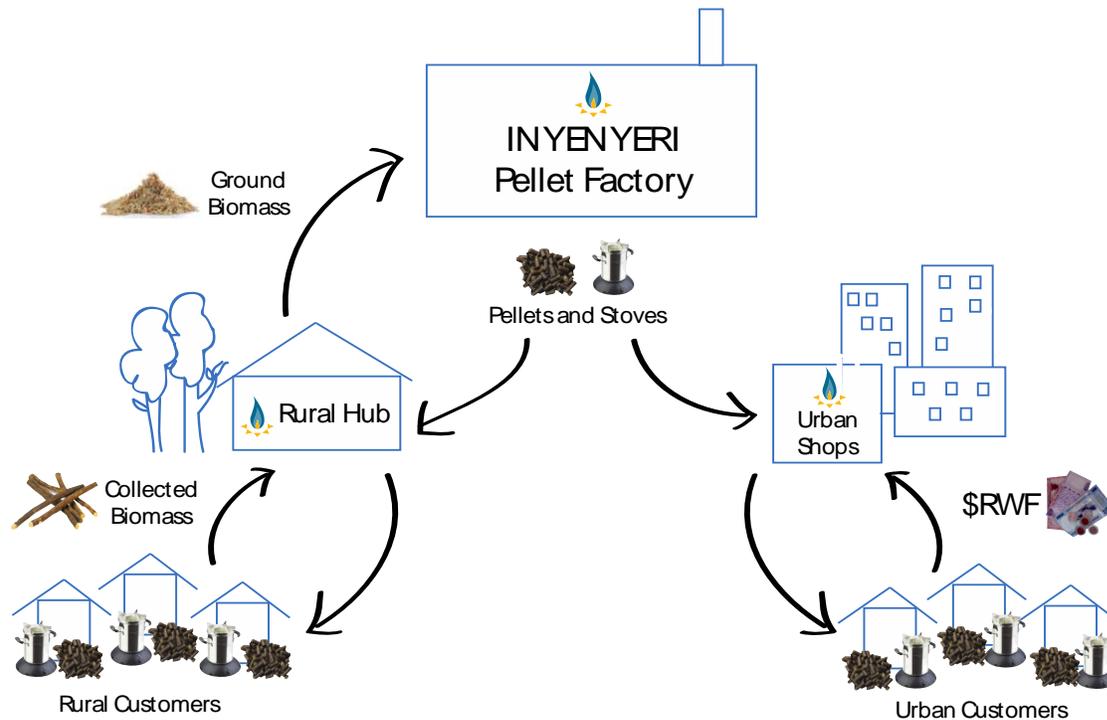
Private Sector actors in Rwanda, such as the Private Sector Federation

8) Other non-institutional stakeholders

The program is expected to benefit the households that adopt improved cookstoves by offering reductions in environmental health risk factors and savings in productive time that is otherwise used for collecting fire wood for cooking. The program will also contribute to the enhancement of the cooking/fuel value chain and the creation of job opportunities in the areas of marketing, sales and after sales services for improved cookstoves and customized fuel.

Inyenyeri makes pellets from biomass that is collected by its rural customers. In exchange for bringing biomass these rural customers get all the pellets they need to cook and, they get stoves for free. It is worth mentioning that urban customers also get pellets for their cooking but these customers pay money to get these pellets. They also get free stoves.

The following is a chart that shows Inyenyeri's business model:



With regular consultations with stakeholders, and a feedback mechanism that the nature of the business put in place, Inyenyeri succeeded in identifying its customer needs and the company's value proposition. It then delivered and expanded customer base quickly but with a high degree of compliance. Inyenyeri consults with its potential customers and stakeholders on a regular basis as part of market research for future customers and outreach to the current customers, which includes provision of reference materials on health and safety aspects of using the improved cookstoves.

The non-institutional stakeholders that Inyenyeri consults and work with as well as their comments are presented below:

Stakeholder	Comments
Stove users (communities, predominantly women)	Communities expressed that before Inyenyeri, they were only using firewood and charcoal for their cooking. They said that firewood was scarce and that charcoal was getting more and more expensive. They also expressed that they were exposed to problems and diseases related to being exposed to smoke. Communities said that Inyenyeri came as a solution to their cooking challenges. As they explained, the introduction of cleaner cooking practices is expected to improve the wellbeing of rural as well as urban Rwandan HHs, especially through savings on fuel costs for urban dwellers and others who

	<p>routinely buy cooking fuels. It is also expected to produce gains and improve access to schooling of girl children and health and nutrition benefits through energy and time saved in gathering firewood and other woody biomass fuels, and the potentially significant health benefits arising from cleaner air from reduced fuel consumption and cleaner burning stoves</p>
<p>Small charcoal producers and dealers</p>	<p>It is Inyenyeri's aim is to replace the use of charcoal by pellets made of biomass that can be burned in the cleanest gasifying stoves. Charcoal requires 10 times more wood than pellets to provide the same amount of cooking energy. On top of that, charcoal produces toxic smoke, and is more costly to use than pellets.</p> <p>It will be up to the customers to decide whether or not they wish to switch from traditional and harmful ways of cooking to clean gasifying stoves + fuel. If they do in significant numbers the impact will be that, while the workforce of Inyenyeri will grow, traders of charcoal will see their market shrink. While Inyenyeri will be growing, it will need to hire staff. If the charcoal traders have the right skills and work ethics they have a fair chance of filling in one of the vacancies.</p> <p>As the charcoal producers and dealers form part of the community, even they (and their wives) said that Inyenyeri's interventions are extremely important to improving the living conditions.</p>
<p>Local Entrepreneurs and Artisan Manufacturers</p>	<p>Local manufacturers would see Inyenyeri's stoves as a threat to their business. However, they were explained that innovation and competition is good for this traditional sector, and that they would have a chance to learn and further develop their competences. They were explained that they should target their products on specific markets to thrive.</p>

The communities highly appreciated Inyenyeri's interventions and ranked the provided stoves as leading in fuel efficiency and cleanliness. Communities said that they got amazed by the flexibility and the value that Inyenyeri put in them. They said that Inyenyeri took into consideration their needs and ideas and used them to keep improving the stoves until they came up with a stove that properly and effectively answers communities' questions. With regular consultations with stakeholders and a feedback mechanism that was put in place, Inyenyeri succeeded in identifying its customers and their real needs. It then properly served them and expanded customer base quickly but with a high degree of compliance. In communities neighbouring Inyenyeri, 80% of communities (rural and city) changed from charcoal to Inyenyeri's clean fuel (pellets). Inyenyeri consultations and a close collaboration

with communities and other stakeholders made the company realize community's real cooking needs. This allowed the company to come up with better and more efficient cooking stoves. They therefore moved from Phillips stove (Tier 1, 2 and 3) and reached the MimiMoto Fan-Gasifying Stove, the reported world's cleanest solid biomass stove, the first of its kind to meet IWA Tier 4 Indoor Air Quality Standards.