

# EOI Information session

Financial and Technical Support to Enhance Accessibility and Affordability of Medical Liquid Oxygen in Zambia and SADC

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October 11, 2024

*CHAI*



# Background

- 25 million annual global deaths are linked to lack of medical oxygen.
- Zambia needs approximately 261M liters of oxygen per month to meet demand.
- COVID-19 surges in Zambia exposed limited availability and high cost of liquid medical oxygen.
- Global donors (USAID, Global Fund, Unitaid) are investing in infrastructure (e.g., tanks, piping, cylinders) to increase access to bulk liquid oxygen.

## Challenges in Zambia

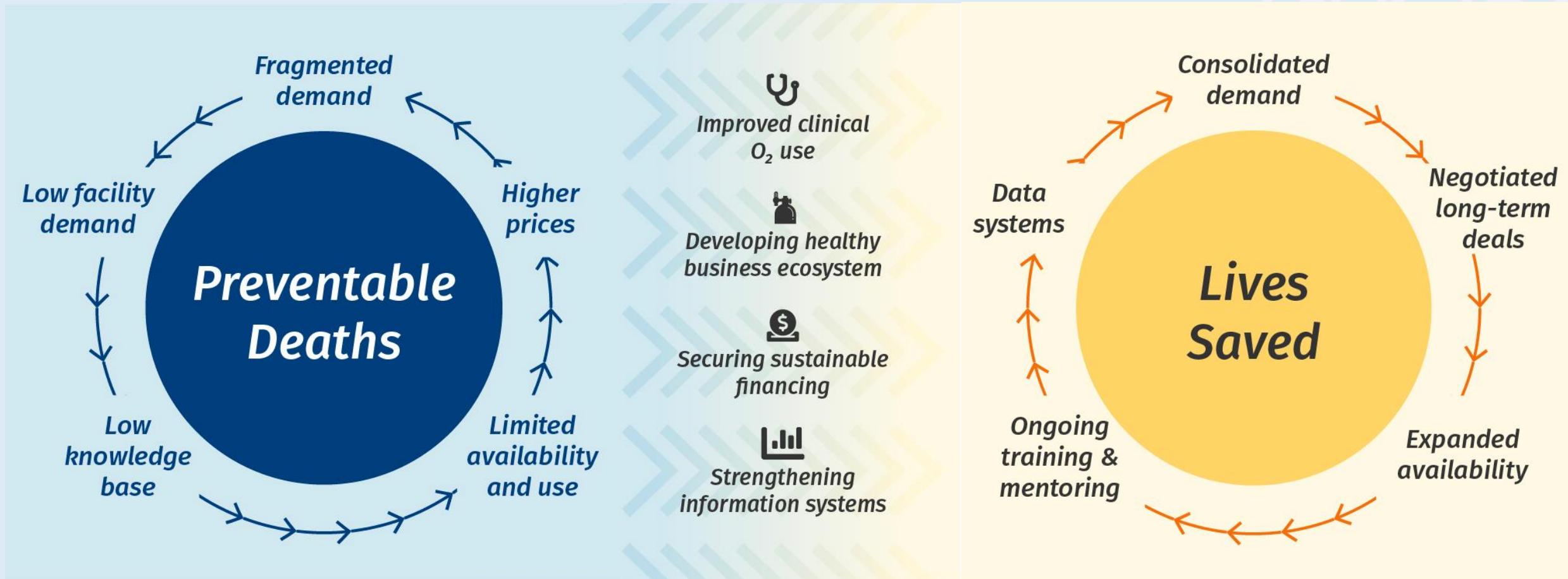
- Limited LOX supply in the public sector.
- Current suppliers focus more on the private sector; goal is to encourage competition and diversity.
- Production, distribution and storage challenges.

*Aim to offer significantly lower prices than current market rates*

# Strategy Overview

**TARGET** *Reduced maternal, child, and overall mortality from hypoxemia-related causes through improved access to high-quality oxygen services at all levels of the health care system*

**IMPACT** *oxygen services at all levels of the health care system*



# EPIC



*CHAI is a sub-grantee of FHI360 under the Meeting Targets and Maintaining Epidemic Control (EpiC) project, an eight-year global initiative funded by the United States Agency for International Development (USAID).*

## *EpiC support*

- Supporting the Ministry of Health (MoH) to introduce and scale up access to medical liquid oxygen in the public health sector.
  - Exploring potential interventions to enhance access to medical oxygen boosting demand for LOX in Zambia to an estimated 170-230 tonnes per month, plus potentially an additional 70-140 tonnes per month for neighboring countries (e.g., Malawi, DRC).
  - Strengthen supply security across sub-Saharan Africa encourage competition and supplier diversity.
  - .To have a significantly lower pricing than the current prices in the market

# Purpose of the EOI

*Responses to this EOI will be used for the purposes of supplier and market landscaping purposes to achieve the following objectives:*

## Objectives

- 1 **Identify opportunities** to improve the availability and affordability of medical liquid oxygen for public sector procurement in Zambia.
- 2 Identify suppliers for partnership or **financing opportunities** to improve the availability and affordability of medical liquid oxygen for public sector procurement in Zambia.
- 3 Increase supplier diversity and achieve more **affordable pricing** for medical oxygen

*CHAI is utilizing the responses of this EOI to assess the market as outlined and therefore may use the feedback obtained during this process for future planning and decision-making purposes.*

This invitation for EOI should not be interpreted as a formal Call for Proposals or a Request for Tender. Any information submitted in response to this EOI is provided voluntarily and should be considered for internal purposes only. CHAI shall not be obligated to procure any goods or services described herein, nor does the issuance of this EOI constitute any commitment on the part of CHAI to engage in commercial or other business activities.

# Focus companies :

*LOX manufacturers, merchant suppliers or distributors*

*This invitation is extended to suppliers in the Southern African Development Community (SADC) region, who have operations or interests in Zambia.*

***Companies with the following interests are invited:***

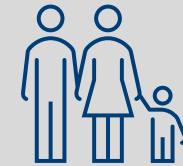


## **Scaling up**

production, distribution and storage capacity for medical liquid oxygen, with a commitment to supply public sector procurers at more affordable price



**Expanding** geographic reach within Zambia and to other countries within the SADC region



Implementing projects aimed at increasing the **availability and affordability** of medical liquid oxygen within Zambia and the SADC region.

# Eligibility Criteria

**1** Demonstrate capacity to expand LOX production/distribution/storage in Zambia and the SADC region.

**2** Proven track record as LOX manufacturer, supplier or distributor for medical/industrial use.

**3** Valid business trading license.

**4** Comply with quality assurance and regulatory standards.

**5** Willingness to collaborate with CHAI, FHI360, and USAID to increase LOX availability and affordability.

**6** Ability to supply medical-grade liquid oxygen at required purity levels.

## Proposal components - companies to submit a proposal including the following components

### *Production scale-up plan Annex A/B*



- Current production capacity and planned expansions.
- Infrastructure and technology for production/distribution.
- Expansion plan with **timelines** and **costs**.
- Ability to meet demand with external support.
- Addressing operational challenges.

### *Financial Support Annex A/B*



- **Financial support** needed for scaling (e.g., capital, working capital).
- Proposed financial mechanisms (e.g., contracts, blended finance, loans).
- **Budget allocation** details for the requested support.
- Revenue projections and **public sector savings**.
- Risks and mitigation strategies for financing.

### *Proposal Narrative*



- **Value proposition** and anticipated impact – price reduction.
- **Vision**
- Proposed activities, deliverables, and **timelines**.
- Company /or partnership roles.
- Key personnel profiles
- Qualifications, restrictions, or conditions (e.g., terms, supply agreement requirements).



# Proposal expectations, guidelines and limitations

*Proposal length – 20 pages max*

## Guidelines

- Annex A and Annex B to act as summaries of key data
- Proposal to cover all data including data in annexes

## Limitations

- Company expected to self – fund part of their proposal
- Company expected to have a self-sustained proposal without financing from EpiC
- Co-financing at 50% minimum for company portion

# Proposal evaluation

The proposals would be evaluated based on the following criteria (list not exhaustive) :

**Company Profile & Experience**

Experience in LOX production, distribution, or healthcare supply

**Technical Capacity & Scaling Plan**

Ability to increase production and distribution at the required quality standards

**Geographic Reach**

Current and planned distribution within Zambia and subsequently to SADC

**Financial Support, alignment & Proposal**

Clarity and feasibility of financial needs and alignment with MoH, EOI and partner objectives.

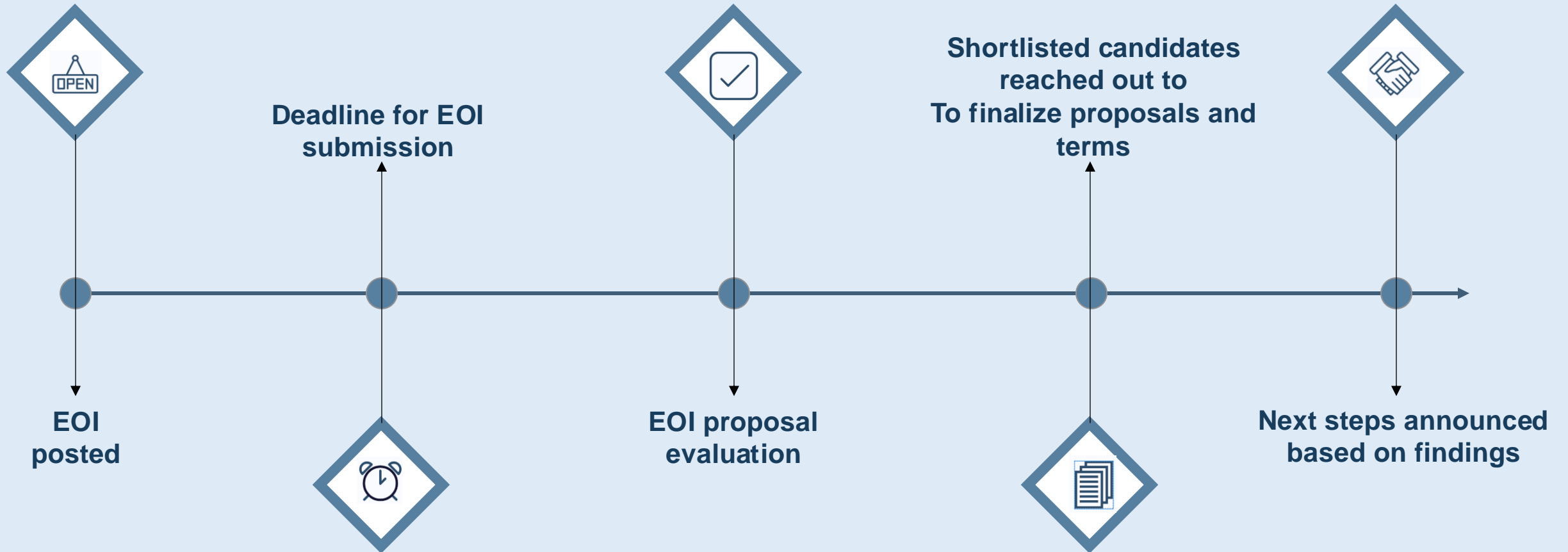
**Value Proposition, Impact & Sustainability**

Long-term affordability and availability benefits.

**Project Implementation & Timeline**

Feasibility of implementation plan.

# Timelines: EOI process



# Appendix

# Blended Finance Opportunities: Potential instruments and structures

Instrument	Offeror	Counterparty	Description
<b>Concessional rate loan</b>	<i>Social Impact Investor / Financing Partner</i>	<i>LOX supplier</i>	<i>Low-cost, long-term financing for capital investments needed to increase production and/or distribution capacity for affordable medical oxygen</i>
<b>Concessional credit line</b>	<i>Social Impact Investor / Financing Partner</i>	<i>LOX supplier</i>	<i>Low-cost, short-term financing to cover working capital requirements and/or short-term liquidity needs</i>
<b>Volume / offtake guarantee</b>	<i>Social Impact Investor / Financing Partner</i>	<i>LOX supplier</i>	<i>Guarantor covers an agreed portion of the value of any unrealized volumes when actual demand falls short of agreed minimum volumes. Reduces demand risk for suppliers to achieve targeted capital allocation and/or favorable pricing for eligible purchasers.</i>
<b>Grant co-financing</b>	<i>Public &amp; Private Donor Agencies</i>	<i>LOX supplier</i>	<i>Grant funds provided to offset the cost of capital investments needed to increase production and/or distribution capacity for affordable medical oxygen</i>
<b>Take-or-Pay purchase agreement</b>	<i>Public &amp; Private Donor Agencies</i>	<i>LOX supplier</i>	<i>Commitment to purchase a minimum volume over a defined time period at an agreed price. Reduces demand risk for suppliers to achieve targeted capital allocation and/or favorable pricing for eligible purchasers.</i>
<b>Implementation grant</b>	<i>Public &amp; Private Donor Agencies</i>	<i>Government agencies, NGOs</i>	<i>Grant funds provided to equip health facilities with infrastructure and equipment necessary for oxygen use, train health workers on oxygen administration and promote oxygen use, support government agencies to plan and release oxygen tenders / procurements</i>