

Terms of Reference (TOR) and Evaluation Criteria

Capacity building workshop: Strengthening the capacity of local financial institutions in Small Island Developing States (SIDS) to appraise and finance renewable energy projects

Secretariat of the International Renewable Energy Agency (IRENA)

I. BACKGROUND

The International Renewable Energy Agency (IRENA) is an intergovernmental body with a mandate to promote the widespread and increased adoption and the sustainable use of all forms of renewable energy (RE), to provide to its Members upon their request advice on the financing for RE and support the application of related mechanisms. IRENA directs its principal partnership activities towards knowledge sharing, ensuring that existing information and experience is developed, organised, and made accessible in a usable format. Cooperation at the global, regional and national levels, knowledge sharing, enabling policies and enhanced capacity, and the encouragement of investment flows and strengthened technology and innovation, are essential elements in the Agency's efforts.

Renewables bring far reaching benefits in terms of lower energy costs, energy access, environmental protection, along with the potential to create new jobs. Amid rapidly falling technology costs, RE technologies have become increasingly cost-competitive with fossil fuels. Yet global investment in renewables has remained below its potential, and the investment shortfall indicates that there are enduring market barriers and perceptions of high risk that deter financiers.

Local financial institutions (FI) are at the forefront of capital provision for a wide range of sectors, usually with established national and local networks and knowhow. Studies on RE in developing countries have highlighted the lack of capacity in the local FI's as a barrier to increased investments in the national RE sector. Various countries have indeed implemented national financing programs to support the growth of RE and EE projects, however, the capacity of local FI's to appraise and manage RE loans on a larger scale has been identified as an area for intervention.

Many local FI's lack the experience or information necessary to finance RE projects. Structuring term sheets and developing screening criteria to assess project risks requires an understanding of technical, financial, commercial, policy and regulatory aspects of renewables. The lack of track record and performance history of certain RE technologies further adds to the perception of high risk by local FI's. Lack of experience and capacity gaps in domestic financial sectors also translate into higher capital costs for RE projects. In addition, financiers may not be familiar with market players and the industry structure in countries with nascent RE markets.

Although these are barriers which any RE project must overcome, they are especially pronounced for small island developing states (SIDS). Small island markets have little leverage and projects in these markets receive financial terms that reflect their smaller purchasing power and lack of economies of scale. The high fuel costs for existing power generation systems in these islands

result in SIDS spending a higher portion of their GDP on electricity and makes it less likely they can afford the significant upfront investment required to install renewables that will alleviate the dependence on fossil fuels.

The Association of Development Financing Institutions in the Pacific (ADFIP) is the umbrella organisation of development finance institutions in the Pacific focused on promoting the interests of its member organisations and advance cooperation among them, helping to find solutions to problems they face with a view to promoting growth and economic diversification while ultimately contributing to the development of Pacific Island countries.

ADFIP has identified the RE and energy efficiency sectors as markets where their organization members intend to play a larger and more supportive role. In order to do so, one of the first steps is to enhance the capacity of the local FI's to adequately understand and assess the risks and opportunities for lending to the sector. ADFIP in partnership with international and regional organizations, has been organizing capacity building workshops for members since 2011 to enhance the understanding of energy finance and selected members have established energy loan programs in the past.

In order to sustain the capacity building initiative and for the enhancement of existing energy loan programs, the ADFIP has sought IRENA's cooperation to organize a two day capacity building workshop on 22-23 November 2018 together with the Annual Meeting of the ADFIP which will be held from 20-23 November 2018 in Suva, Fiji.

II. OBJECTIVE

The project, is aimed at enhancing the engagement of local FI's, initially in the Pacific region in RE finance; to improve the understanding of the sector, prominent and relevant technologies; credit and risk management strategies and tools; domestic policies and regulations, and the upskilling of staff in local FI's responsible in assessing RE loans.

This project aims to deliver similar training in SIDS in the Caribbean region and beyond.

For this initiative IRENA, seeks a contractor to create a core capacity building plan which is flexible to be adapted per the needs of the stakeholders, and deliver a training workshop for local FI's in SIDS with the objective of creating a conducive environment for financing RE and enhancing the confidence of local FI's to finance RE projects.

The project will be phased in the following components:

1. Preparation of a core training program and core training materials for SIDS leveraging past experience preparing and delivering similar programs, desk research and inputs from IRENA. The program will include imparting a basic understanding of the different components of an RE system and its working (focus on prevalent technologies and business models in the specific region); prevalent quality standards and benchmarks; recommended system design guidelines; the prevailing business models; the policy and regulatory framework in the region; case examples that are relevant for the region, technology and project related risks for lenders, innovative options for

capital raising and risk mitigation instruments. The core program and materials will be prepared separately for two types of target audience:

- a. Senior/top management of local FI's in SIDS; to impart an understanding of the broader picture of RE in their countries, the policy and regulatory framework, the prevalent business models and the structuring of energy loan programs.
 - b. Operational staff/loan officers of local FI's in SIDS; to impart an understanding of the technical, financial, commercial, legal, policy and regulatory aspects of RE projects, assessing and mitigating project risk from a loan appraisal point of view.
2. A needs assessment exercise will be conducted remotely (email/teleconference/video calls) for a specific region to understand the capacity building needs of stakeholders.
 3. The core program and materials will adapted to the outcomes of the needs assessment exercise and delivered in an onsite workshop in selected regions.
 4. The contractor will make available 40 hours of time in one calendar month after the workshop for remote consultations and follow-ups by participants (email/teleconference/video calls).
 5. The contractor will take feedback in the workshop to identify any unmet expectations, and identify priorities for further capacity building activities for ADFIP members and prepare a summary of the workshop.
 6. For 12 calendar months subsequent to the date of contract signing, the contractor will deliver similar capacity building workshops for up to 6 additional offerings in different regions upon the request of IRENA.

In the initial contract, the contractor will organize and deliver a two day workshop at the ADFIP Annual Meeting for the senior management of ADFIP member banks on 22-23 November 2018 in Suva Fiji. The workshop should include adequate opportunity for the FI's to have a dialogue with RE developers, to help align expectations and to tackle barriers to finance in a targeted manner.

Subject to the results of the above mentioned workshop and the follow up activities undertaken by ADFIP members, a subsequent workshop may be organized for the operational managers and loan officers of the local FI's in the Pacific region. The contractual arrangements for this subsequent offering will be concluded by IRENA and the contractor in a separate agreement in the future.

Subject to the future needs of IRENA, this core training program and materials shall be suitably adapted for delivery in other regions based on updated needs analysis exercises. The contractual arrangements for these offerings will be concluded by IRENA and the contractor in a separate agreement in the future.

III. SCOPE OF WORK

The scope of work should include but it is not strictly limited to the content mentioned in the sections below.

Task 1: Develop a core training program and training materials for enhancing the capacity of local FI's in SIDS to effectively finance RE projects

Prepare a core training program and training materials for local FI's in SIDS to address the following broad outcomes. The basis for preparing the core program and materials will be the contractors past experience preparing and delivering similar programs, desk research and inputs from IRENA.

1. Basic understanding of RE and EE projects, the market structure, business models prevalent in the sector and the policy and regulatory framework in RE and EE project development.
2. Key technical, policy, regulatory, commercial and implementation challenges facing RE and EE projects and mechanisms to address these.
3. An improved understanding of the key parameters that drive the financial viability of RE and EE projects.
4. Enhanced understanding of the various business models for RE and EE projects.
5. Categorisation of key risks associated with RE projects to make informed investment decisions and an overview of relevant risk mitigation instruments.
6. Options to raise capital including green bonds and leveraging development capital.

Two sets of training programs and materials shall be prepared for the respective target audiences:

- For the senior management and executive level staff of local FI's to impart an understanding of the broader picture of RE in their countries, the policy and regulatory framework, the prevalent business models and the structuring of energy loan programs.
- For the operational managers and loan officers of the local FI's to impart an understanding of the technical, financial, commercial and legal aspects of RE projects, assessing and mitigating project risk from a lenders point of view.

Task 2: Conduct a needs assessment exercise remotely and assess in more detail the capacity building needs of various local FI's in the Pacific region to appraise and finance local RE projects.

2.1 Conduct remote consultations, with IRENA, the ADFIP Secretariat, selected ADFIP members, international FI's with regional presence. IRENA and ADFIP will support this activity with introductions to target stakeholders.

2.2. Approach the target stakeholders via email and teleconference to seek their perspectives on the status quo of local RE finance in the region, the main barriers to RE finance and the capacity gaps in local FI's which are hindering their enhanced participation in financing RE projects.

2.3 Prepare a summary of discussions, assess their response to the proposed training, and the extent to which they are currently involved or would like to be potentially involved in financing local RE projects.

2.4 Prepare a needs assessment report, identifying the barriers to, and opportunities for local FI's to finance RE projects and prepare the final training program and training materials for a capacity building workshop tailored for ADFIP members.

Task 3: Deliver an onsite training session to ADFIP members and selected additional institutions.

3.1 The contractor will organize a two-day training workshop on 22-23 November 2018 (inclusive) in Suva, Fiji inclusive of venue rental, audio/visual equipment, preparation and printing of training materials in consultation with ADFIP and IRENA. The contractor will be responsible for the travel arrangements and travel costs of their team members and associated experts (if any).

3.2 The training is mainly for ADFIP members who will be attending the Annual Meeting, however, additional institutions selected by ADFIP may also be invited to participate with the training being delivered to a maximum of 50 participants.

3.3 The training workshop shall include a session for interaction with regional project developers to mutually discuss RE project development mechanisms, identify opportunities for collaboration and to align expectations on financing local RE projects.

3.4 The training workshop shall include a session where the participants will generate draft proposals for financial service products for the energy sector. Through this exercise, participants will be expected to prepare a first level concept of an energy loan program which they will further develop upon return to their respective offices.

3.5 The contractor will make themselves available for up to 40 hours of consultations in a span of one calendar month post the workshop (via teleconference/videoconference) to support ADFIP members to further refine their respective concepts for energy loan programs in their home countries. The scheduling of the respective advisory meetings will be mutually decided by ADFIP, IRENA and the contractor.

(i) In sub task 3.5 the contractor will serve as an advisor, drawing from their knowledge and global experience. The contractor will not be responsible for ensuring the successful initiation or launch of energy loan programs by workshop participants.

3.6 Prepare a workshop summary report inclusive of feedback collected from the participants, the contractor's assessment of the participants, the relevance and effectiveness of the training and a proposal to address areas where additional capacity building may be needed.

IV. RESPONSIBILITIES OF THE CONTRACTOR AND OUTPUTS

The contractor will be responsible for developing a work programme covering the scope of work and addressing the tasks presented in section III of this Terms of Reference.

Deliverables

The outputs of this work are:

1. An inception report with a proposed methodology for the project based on remote consultations with IRENA, ADFIP and selected regional stakeholders.
2. A draft training proposal and action plan.
3. A needs assessment exercise and preparation of the final training workshop and training materials.
4. Organize and conduct a two-day training workshop onsite for ADFIP members on 22-23 November 2018 (inclusive) in Suva, Fiji and selected other institutions as part of the ADFIP Annual Meeting, inclusive of the costs of: the travel and lodging of the contractor's staff, venue hire and A/V equipment hire, printing of training materials (maximum 50 participants).
5. A workshop summary report inclusive of feedback collected from the participants, the contractor's assessment of the participants, the relevance and effectiveness of the training and a proposal to address areas where additional capacity building may be needed.
6. Support the preparation of draft energy sector financing product by participants during the two-day workshop. To be available for up to 40 hours of consultations, after the workshop via teleconference and remote methods for follow up discussions with ADFIP, IRENA and workshop participants to support further development of the concepts for energy loan programs that will be prepared during the workshop.

V. TIMELINE

It is expected that this project requires approximately 2 person-months of work in a 3.5-month time frame.

Milestones	Deliverable	Cumulative Timeline
Contract award		0 weeks
Review documentation and conduct remote consultations with IRENA, ADFIP and associated partners to prepare inception report with a methodology, workplan, draft training program and training materials.	Inception report with draft training proposal, action plan and training materials.	2 weeks
Conduct a needs assessment, follow up with more detailed consultations with ADFIP members if necessary.	Needs assessment summary report.	4 weeks
Consultations with IRENA and ADFIP to finalize the training proposal and action plan.	Final program for training workshop and training materials.	6 weeks
IRENA approval of the training proposal and action plan.		7 weeks
Develop and deliver training workshop onsite as per the training plan.	Delivery of the training onsite in Suva, Fiji on 22-23 November 2018	10 weeks
Take two-way feedback during the training and prepare a workshop summary report. Identify any unmet expectations, and identify priorities for further capacity building activities for ADFIP members.	Workshop summary report with identification of priorities for future work.	12 weeks
Provide guidance to ADFIP Members in addressing product development, peer reviewing member specific policies or procedures.	Record of Feedback on Member Correspondence-Post Workshop	14 weeks

VI. EVALUATION CRITERIA

IRENA requires a consulting firm (contractor) with proven experience and capacity to provide the required activities and outputs as described above. To assess the best value for money the qualitative evaluation of the request for proposals will be based on:

Criteria	Criteria details	Weight (%)
A. Team capabilities and experience	<p>The team is technically sound, qualified and with experience in delivering project finance training to financial institutions, specifically with capabilities in RE finance.</p> <p>Please provide CVs of all staff and experts to be involved with the project and elaborate their individual roles.</p> <p>Team consisting of at least:</p> <p>(i) One Senior Project Manager (post graduate degree in economics, finance, business administration, engineering, the environment) – experience 7-10 years in:</p> <ul style="list-style-type: none"> - Project development - Finance and/or commercial banking - Training <p>(ii) One Project Officer (post graduate degree in economics, finance, business administration, engineering, the environment) – experience 3-5 years in:</p> <ul style="list-style-type: none"> - Project development - Finance and/or commercial banking - Training <p>(iii) Associated experts with expertise in imparting various components of RE, energy efficiency, and sustainable transport finance training.</p>	35
B. Technical proposal	Methodology and elaborated proposal shows a clear understanding of the barriers to RE finance flows and capacity building needs to alleviate these.	20
	The contractor proposes innovative ideas to carry out remote consultations to prepare an effective needs assessment report, the development of the training program and related materials.	10
	Clear and concise work plan for the technical proposal, demonstrating extensive knowledge, experience and ability to carry out this project.	5

C. Expertise of the contractor	Experience in production of reader friendly material, for non-expert readers, such as info-graphics on technical issues. To provide samples of prior work. All team members are expected to possess a high degree of fluency in English language.	10
	Be internationally experienced in producing and delivering training programs and knowledge products on financing for renewables. Present a portfolio of past work on training for RE, across a wide range of geographies.	15
	Cite an inventory of RE finance strategies recommended by the contractor in previous works and highlight previous assignments in SIDS and/or in the broader Asia Pacific region.	5

VII. Price Quotation - Structure

Block 1:

1. For the preparation of two sets of core training program and core training materials for SIDS based on desk research and inputs from IRENA for two types of target audience:
 - a. Senior/top management of local FI's in SIDS.
 - b. Operational staff/loan officers of local FI's in SIDS.

Block 2:

1. For the needs assessment exercise to be conducted remotely and adaptation of the core training program and materials.
2. Unit cost/hour for up to 40 hours of post workshop consultations remotely via teleconference/video call. In case the full 40 hours are not consumed, the payment will be calculated on actual number of consultation hours provided multiplied by the unit cost/hour. The consultation hours will be determined jointly by IRENA, ADFIP and the contractor.

Block 3:

1. For the onsite delivery of the workshop on actuals including venue hire, catering, A/V equipment rental (on actuals) **/**.
2. For travel costs (the most economic economy fare flights on actuals); room, board and airport terminal transfers of contractor's staff (on the basis of United Nations DSA rates).
Payments for the first workshop offering will be as follows:

*in case a third party offers the venue hire, catering, A/V equipment, the contractors payment for Block 3 will only be for Block 3, point 2.

**in case IRENA directly arranges the venue hire, catering, A/V equipment, the contractor's payment for Block 3 will only be for Block 3, point 2.

Option: During the period of 12 calendar months subsequent to the date of contract signing, IRENA may mandate the contractor to deliver workshops in additional SIDS up to a maximum of 6 workshops. In this case a separate agreement will be concluded with the contractor. The payments for each subsequent offering will be as follows: