

# **DRAFT TOR: NATIONAL FINANCING EXPERT**

Mr/Ms



**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**TERMS OF REFERENCE FOR PERSONNEL UNDER INDIVIDUAL SERVICE AGREEMENT (ISA)**

**Catalyzing market transformation for IEE and accelerate investments in best available practices and technologies in the Former Yugoslav Republic of Macedonia**

**WBS: 120127-1-03-01**

<b>Title:</b>	National Financing Expert
<b>Main Duty Station and Location:</b>	Home based
<b>Mission/s to:</b>	
<b>Start of Contract (EOD):</b>	15 May 2019
<b>End of Contract (COB):</b>	30 July 2019, with possibility of extension
<b>Number of Working Days:</b>	28 days

**ORGANIZATIONAL CONTEXT**

The United Nations Industrial Development Organization (UNIDO) is the specialized agency of the United Nations that promotes industrial development for poverty reduction, inclusive globalization and environmental sustainability. The mandate of UNIDO is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition.

The DIRECTORATE of Programme Development and Technical Cooperation (PTC) of UNIDO is responsible and accountable for providing technical cooperation services to enhance the capabilities of developing countries and economies in transition to promote Inclusive and Sustainable Industrial Development (ISID). PTC is organized in the following departments: Department of Programmes, Partnerships and Field Integration (PTC/PFF), Department of Agri-Business (PTC/AGR), Department of Trade, Investment and Innovation (PTC/TII), Department of Environment (PTC/ENV), and Department of Energy (PTC/ENE).

**Department of ENERGY (PTC/ENE)**

The responsibility of the Department of Energy (PTC/ENE) is to assist Member States in the transition to a sustainable energy future under the overarching mandate of ISID, through the application of renewable energy for productive uses, adoption of the efficient use of energy by industry and the introduction of low-carbon technologies and processes. In transitioning to a sustainable energy

future, the challenges of addressing energy poverty and climate change become an integral part of the Department activities.

The main strategic focus areas of the Department's activities are first, to provide integrated energy solutions to industry by promoting energy efficiency; secondly, to deliver renewable energy technologies and systems to promote productive activities as a major contribution to reducing rural poverty; and thirdly, to champion industrial energy perspectives in the global debates about sustainable industrial development and climate change mitigation and adaptation. In addition, the Department acts as the focal point within UNIDO for all strategic energy and climate change partnerships, networks and conventions including UN-Energy, Sustainable Energy for All (SEforAll), and United Nations Framework Convention on Climate Change (UNFCCC). In discharging its responsibility, the Department cooperates with other relevant departments within UNIDO, in particular with the Department of Environment (PTC/ENV) on resource efficiency, clean technologies, chemicals and Montreal Protocol; the Department of Trade, Investment and Innovation (PTC/TII) on standards; the Department of Agri-Business (PTC/AGR) on productive uses, and the Department of Programmes, Partnerships and Field Integration (PTC/PPF) on strengthening strategic partnerships.

### **Energy Systems and Infrastructure Division (PTC/ENE/ESI)**

The Energy Systems and Infrastructure Division (PTC/ENE/ESI) focuses on promoting and developing sustainable energy solutions and infrastructure in business, urban and rural contexts. This focus brings together UNIDO's historic interventions on the supply side through promoting renewable energy technologies and on the demand side through industrial energy efficiency. By bringing together supply and demand side interventions, the Division is positioning the work of UNIDO at the leading edge of emergent energy systems and paradigms driven by the convergence of key technologies such as distributed generation, digitization and storage technologies as well as climate policies.

The promotion of industry cross-cutting solutions, such as the implementation of energy management systems and standards, and energy systems optimization continues to be one of the core functions of the Division. In addition, the Division supports Member States with the transition to sustainable energy systems for ISID. In discharging its responsibility, in line with the overall strategy of the Department, the Division cooperates closely with other Divisions in the Department, as well as other relevant organizational departments within UNIDO, in particular with the Department of Environment (PTC/ENV) and the Department of Trade, Investment and Innovation (PTC/TII).

### **PROJECT CONTEXT**

The Project aims to accelerate the transformation of the Macedonian market for industrial energy efficiency by addressing many of the existing barriers, in particular through strengthening policy, regulatory and institutional frameworks for IEE and supporting increased diffusion of and investment in best available industrial energy efficiency practices and technologies. The Project consists of three Components.

*Component 1 - Strengthening Macedonian policy, regulatory and institutional frameworks and capacity for market transformation for industrial energy efficiency and green industry*

Project Component 1 (PC1) focuses on promoting, developing and implementing a coherent set of normative, incentive and voluntary measures and programs that can operationalize and translate into tangible impact the substantial EE policy-and legislation-making work done over the last few years by the Macedonian Government and framed in its Second National Energy Efficiency Action Plans.

PC1 aims to catalyze further development of the Macedonian programmatic framework for industrial energy efficiency (IEE) through support of and synergies with initiatives for the development of market-based and technology transfer mechanisms for GHG emission reductions such as the EU Emission Trading Scheme and the UNFCCC Climate Technology Centre & Network (CTCN).

*Component 2 - Market development support for deployment and diffusion of best available practices and technologies for energy efficiency and environmental sustainability in industry*

Project Component 2 (PC2) is designed to introduce and support deployment of energy management systems (in line with ISO 50001) and best-available practices for industrial steam and compressed-air systems optimization in Macedonian enterprises and IEE market. This goal is pursued by working both on the demand and supply side of the local market for industrial energy efficiency services; on the one hand through knowledge dissemination and training of industry decision-makers and enterprises' "energy significant" personnel, and on the other via skills and expertise upgrade of national IEE consultants and service providers through training, hands-on experience and coaching of international leading experts. PC 2 does use a "Train-the-Trainers" approach.

*Component 3 -Scaling-up of investments in energy efficiency technologies for industry*

Project Component 3 (PC3) aims at accelerating the pace of investments in IEE projects and technologies by enhancing the use of available financing facilities for investments in industrial EE as well as to help mobilize additional financing from the Macedonian banking sector. PC3 is designed to focus on:

- a. Increasing quality and number of IEE projects and investment proposals submitted to Macedonian banks;
- b. Increasing the incentives for enterprises and banks to invest and engage in industrial energy efficiency projects.

## **ASSIGNMENT CONTEXT**

Project Component 3 (PC3) was designed to pursue its objectives through a combination of different incentives for different stakeholders and focused and tailored capacity building. The Macedonian Bank for Development and Promotion (MBDP) is the main project and execution partner for the activities under PC3. What follows is a summary of the incentives and capacity building activities under PC3.

### **1 - Technical Assistance Facility to support IEE investments is developed and established**

The Technical Assistance (TA) Facility wants to mitigate the following barriers:

- i. the limited or lack of resources of enterprises to prepare "satisfactory" IEE investment proposals for loans application;

- ii. the limited or lack of technical capacity and the higher transaction costs for Macedonian banks to appraise IEE investments/loans applications;

The TA Facility will be accessible to both individual enterprises and commercial banks and it will provide cost-free expert technical assistance for the following activities:

- ✓ Preparation of IEE investment proposals for loan application.  
The value of expert technical assistance provided will not be higher than 2.5% of the total project costs and up to a maximum of 3-4,000 USD per proposal or enterprise.
- ✓ Technical due-diligence/appraisal of IEE investment proposals submitted to Macedonian commercial banks that have access to existing credit lines for or open to IEE administered by MBDP.  
The value of expert technical assistance provided will not exceed 1.5% of the total project/ investment value and up to a maximum of 1,000-1,500 USD per investment or enterprise/ borrower.

The technical assistance support is envisaged to be provided by “Accredited EE Consultants” that will be selected by the UNIDO-GEF project in collaboration with MBDP and local commercial banks.

The TA Facility is envisaged to be administered by a North Macedonia legal entity with the appropriate management systems and competencies.

## **2. Performance-based Financial Reward mechanism for IEE investment projects established**

The purpose of this Performance-based Financial Reward mechanism is to provide a financial incentive to industrial enterprises to invest more in and prioritize EE projects while at the same time ensuring greater enterprises’ management and technical attention to the energy savings/GHG emission reduction performance of the implemented IEE projects.

Most Macedonian enterprises are facing serious financial resource constraints. Even though several credit lines that offered special conditions (lower and/or fixed interest rates; longer loan tenures; grace periods) for EE/RE/green technology investments/ loans have been piloted in North Macedonia over the last 5-10 years, for many companies and especially SMEs financing terms were not perceived as sufficiently attractive to take the “risk” of an IEE investment or experiences were not sufficient to trigger significant market transformation once external financial/grant support ended.

The Performance-based Financial Reward (PbFR) mechanism is to be established by the GEF-UNIDO Project together with MBDP. MBDP administers a number of credit lines, including the Credit Line for SMEs and Priority Projects (funds from the European Investment Bank) accessible to 11 North Macedonia commercial banks; and the Financing Sustainable Energy Projects Credits Line (funds from the World Bank), accessible to 5 Macedonian commercial banks.

The PbFR mechanism would provide a cash reward/premium to those enterprises that will have successfully completed their IEE projects, implemented using one of the credit lines administered by MBDP, where success will be determined by the achievement of quantitative performance targets (efficiency gains or energy savings) set and agreed before the issuance of the loan and the project

implementation. All commercial banks with access to the MBDP administered credit lines would be entitled to use the PbFR mechanism.

Based on discussions held between the UNIDO-GEF project team and MBDP colleagues during the project design period and initial workflow/process for the PbFR mechanism has been developed (please see Annex 2). However, during meetings held between UNIDO-GEF project team and MBDP colleagues after the project implementation started, the above preliminary process was discussed and the need for some adjustments was identified and acknowledged. As for the cost/financial structure of the PbFR mechanism, Table 1 below shows the current tentative structure.

Table 1 – Tentative cost/financial structure of the PbFR mechanism

Element	Description
Cash premium for Enterprises	7-8% of loan principal up to a maximum of 25,000 USD per loan/enterprise
Transaction costs subsidy for local banks	250 USD for IEE investments/loans between 15,000 - 50,000 USD 500 USD for IEE investments/loans between 50,000 - 100,000 USD
Cost of ex-ante M&V	1,000 USD
Cost of ex-post M&V	1,000 USD

### 3. Tailored training for EE consultants and for bank lending officers

Trainings tailored to different stakeholders and to complement/support the two different mechanisms will be developed. In particular, it is envisaged and planned that:

1. At least 15 local EE consultants will be trained in preparing good/high quality IEE investment proposals for loan applications

A training program of 2-3 days will be developed on best-practices for the preparation of IEE investment proposals for submission to national banks. The training curriculum will be developed with the involvement of officials from MBDP, local banks as well as IFIs operating in North Macedonia to ensure strong alignment with the requirements and needs of the local financing sector. The training will also present the TA Facility, its procedures, templates and application process. Attendance of the full training will be a requirement to become eligible for the role of “Accredited EE Consultant” for the TA Facility.

2. At least 15 bank lending officers will be trained in assessing IEE investment proposals

This training wants to complement the TA Facility in addressing the lack or limited capacity of lending officers of local banks in appraising IEE investment/project proposals. Also here a training program of 2-3 days will be developed to build better lending officers’ understanding of IEE projects/investments (from a banking sector/lending officer perspective) and operational capacity and skills to appraise proposals and identify/assess risks with reference to a limited number of specific but rather common IEE technologies and type of projects

(renovation of auxiliary energy systems/services such steam systems, compressed-air systems, pumps system and other technologies with clear replication and market potential). The training will also present the TA Facility and the Performance-based Financial Reward (PbFR) mechanism, their procedures, templates and application process. Attendance of the full training will be a requirement for commercial banks interested in having access to the TA Facility and the PbFR mechanism. The training curriculum will be developed with the involvement of national lending officers and national leading EE consultants. Equipment suppliers relevant to the selected types of IEE investments/projects to focus on will be also offered space and time to briefly present their market segments.

### **Services Required**

The services to be provided within the scope of the present individual service agreement (ISA) fall under Project Component 3 and are aimed to:

- i) Finalize the design of the Technical Assistance (TA) Facility
- ii) Finalize the design of the Performance-based Financial Reward (PbFR) Mechanism
- iii) Support UNIDO and MBDP in preparing terms of reference and other contractual documentation potentially needed for the third-party legal entity to be identified and selected for the management of the TA Facility and the PbFR Mechanism.

The **National Financing Expert** (hereinafter referred to simply as **Consultant**) will work closely with the National Project Manager, the UNIDO Project Manager, colleagues at MBDP and she/he will also need to interact with a small team of UNIDO qualified technology specialists. Inputs from UNIDO International Financing experts might be also sought and/or provided if deemed necessary.

<b>MACEDONIA – 120127</b>			
<b>Main Duties</b>	<b>Measurable outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
<p><b>1. Coordination with Project Management Unit (PMU) and effective engagement with MBDP and other relevant stakeholders</b></p> <p>In coordination with the National Project Manager (NPM) the Consultant shall support as well as taking the lead in liaising and/or engaging with MBDP colleagues, local commercial banks, Government and financial sector authorities, and other stakeholders relevant for the design and operation of the TA Facility and PbRF Mechanism.</p>	1. Effective communication and engagement achieved with all key stakeholders	2 days	Home base
<p><b>2. Finalize design of the TA Facility</b></p> <p>The Consultant will have to provide the expertise and experience needed to finalize the design of the TA Facility. This will require the Consultant to perform the following</p>	2. Design of TA Facility finalized through a participatory process engaging representatives of all	10 days	Home base

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Main Duties	Measurable outputs to be achieved	Expected duration	Location
<p>activities:</p> <ul style="list-style-type: none"> <li>i. Review the current draft design/process/workflow of the TA Facility (please see Annex 1)</li> <li>ii. Discuss with the UNIDO-PMU team</li> <li>iii. Meet and/or consult with MBDP colleagues, representatives of local banks and energy efficiency services providers and equipment suppliers, and representative of enterprises to discuss the TA Facility design and collect inputs and feedback (in coordination with PMU)</li> <li>iv. Finalize the design with respect to:               <ul style="list-style-type: none"> <li>a. Detailed description of process and workflow for TA Facility operations (please see Annex 1), from application to disbursement, and including interaction/connection with PbFR Mechanism</li> <li>b. Description of Roles and Responsibilities of parties involved, including and with special attention to the third-party TA Facility “Manager”</li> <li>c. Definition of type and number of standard templates and documents needed for the TA Facility operations (to be kept as lean as possible)</li> <li>d. IEE technologies/investments to be prioritized for support (criteria used for prioritization will have to be reported/documentated after consultation with UNIDO PMU and other relevant stakeholders)</li> <li><b>NOTE:</b> This specific design element will be coordinated by the UNIDO PMU, which will support the Consultant in getting inputs from other technical experts and stakeholders.</li> <li>e. Definition and qualification requirements for the Accredited EE Consultants that will provide the IEE investment preparation/appraisal services (in consultation with UNIDO PMU and national EE experts)</li> <li><b>NOTE:</b> This specific design element will be also coordinated by the UNIDO PMU, which will support the Consultant in getting inputs from relevant experts and/or stakeholders.</li> <li>f. High-level description of TA Facility promotion</li> </ul> </li> </ul>	<p>key stakeholders</p> <p>3. TA Facility design report including all aspects requested and more is prepared and submitted to UNIDO and the PMU</p>		



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Main Duties	Measurable outputs to be achieved	Expected duration	Location
<p>approach and activities</p> <ul style="list-style-type: none"> <li>g. Identification of potential risks for the TA Facility and description of possible mitigation measures</li> <li>h. Any other element that the Consultant should deem important or needed, or that may emerge during the assignment.</li> </ul>			
<p><b>3. Finalize design of the PbFR Mechanism</b></p> <p>The Consultant will have to provide the expertise and experience needed to finalize the design of the PbFR Mechanism. This will require the Consultant to perform the following activities:</p> <ul style="list-style-type: none"> <li>i. Review the current draft design/process/workflow of the PbFR Mechanism (please see Annex 2)</li> <li>ii. Discuss with the UNIDO-PMU team</li> <li>iii. Meet and/or consult with MBDP colleagues, representatives of local commercial banks and energy efficiency services providers and equipment suppliers, representatives of enterprises to discuss the PbFR Mechanism design and collect inputs and feedback (in coordination with PMU)</li> <li>iv. Finalize the design with respect to: <ul style="list-style-type: none"> <li>a. Detailed process and workflow for the PbFR Mechanism (please see Annex 2), from application to disbursement, <u>including clear definition of process in case of un-successful achievement of performance targets</u>, and possible interaction/connection with TA Facility</li> <li>b. Roles and responsibilities of parties involved, including and with special attention to the third-party PbFR Mechanism “Manager”</li> <li>c. Type and number of standard templates and documents needed for the PbFR Mechanism operations (to be kept as lean as possible)</li> <li>d. IEE technologies/investments to be prioritized for PbFR Mechanism (criteria used for prioritization will have to be reported/ documented). It is anticipated that TA Facility and PbFR Mechanism will have to be strongly aligned, but some flexibility is envisaged/expected.</li> </ul> </li> </ul> <p><b>NOTE:</b> This specific design element will be</p>	<ul style="list-style-type: none"> <li>4. Design of PbFR Mechanism finalized through a participatory process engaging representatives of all key stakeholders</li> <li>5. PbFR Mechanism design report including all aspects requested and more is prepared and submitted to UNIDO and the PMU</li> </ul>	<p>6 days (pls note that it is assumed that meetings for the TA Facility will be used also for the PbFR Mech.)</p>	<p>Home base</p>

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Main Duties	Measurable outputs to be achieved	Expected duration	Location
<p>coordinated by the UNIDO PMU, which will support the Consultant in getting inputs from other technical experts and stakeholders.</p> <p>e. Definition and qualification requirements for the PbFR experts/verifiers that will develop and carry out measurement and verification for the project “supported by” the PbFR Mechanism (in consultation with UNIDO PMU and national EE experts).</p> <p><b>NOTE:</b> This specific design element will be also coordinated by the UNIDO PMU, which will support the Consultant in getting inputs from relevant experts and/or stakeholders.</p> <p>f. PbFR Mechanism promotion approach and activities</p> <p>g. Potential risks for the PbFR Mechanism and possible mitigation measures</p> <p>h. Any other element that the Consultant should deem important or needed, or that may emerge during the assignment.</p>			
<p><b>4. Outline of Capacity Building trainings</b></p> <p>The Consultant will have to provide the expertise and experience, as well as knowledge of the capabilities of North Macedonia banking sector and energy efficiency service market, needed to develop an initial recommended outline/ structure for the trainings to be delivered in combination with the launch of the TA Facility and PbFR Mechanism.</p>	6. Draft annotated agenda for the two trainings targeted to EE consultants and lending officers respectively are developed and submitted to UNIDO and the PMU	1 day	Home base
<p><b>5. Support identification and selection of the TA Facility and PbFR Mechanism Manager</b></p> <p>The Consultant will have to provide the expertise and experience to support UNIDO and the PMU in:</p> <p>i. Preparing terms of reference (TOR) for the procurement of the services of TA Facility and PbFR Mechanism Manager (hereinafter simply the TAF-PbFRM Manager)</p> <p>ii. Identifying initial list of potential relevant services providers to be invited to bid</p> <p>iii. Evaluating bidders proposals</p> <p>iv. Provide direct advice and negotiations support to</p>	<p>7. Direct inputs and support provided to TOR preparation and A Facility and PbFR Mechanism Manager selection</p> <p>8. List of identified qualified North Macedonia services providers to potentially become TAF-PbFRM Manager</p>	4 days	Home base

<b>MACEDONIA – 120127</b>			
<b>Main Duties</b>	<b>Measurable outputs to be achieved</b>	<b>Expected duration</b>	<b>Location</b>
UNIDO and PMU in finalizing contractual documents with the TAF-PbFRM Manager as well as with MBDP, if needed.			
<b>6. Reporting</b> In addition to reports and deliverables specified in duties above, the Consultant shall prepare a short summary with additional information, risks, key findings, recommendations and others that have not been captured in other documents	9. Short final report	1 day	Home base
<b>7. Contingencies</b>		4 days	HB
<b>Total number of working days</b>		<b>28</b>	

#### **REQUIRED COMPETENCIES**

##### ***Core values:***

1. Integrity
2. Professionalism
3. Respect for diversity

##### ***Core competencies:***

1. Results orientation and accountability
2. Planning and organizing
3. Communication and trust
4. Team orientation
5. Client orientation
6. Organizational development and innovation

##### ***Managerial competencies:***

1. Strategy and direction
2. Managing people and performance
3. Judgement and decision making
4. Conflict resolution

#### **MINIMUM ORGANIZATIONAL/QUALIFICATION REQUIREMENTS**

**Education:** Advanced or higher degree in financing, economics, engineering or other field relevant to the assignment.

**Technical and Functional Experience:**

1. The Consultant has a minimum of 7 years of combined working experience in the field of financing and development of energy efficiency investments in industry and other sector in North Macedonia;
2. The Consultant has strong knowledge of North Macedonia context for commercial lending and financing to industrial companies;
3. The Consultant has demonstrated experience in carrying out research studies, market surveys on energy efficiency financing, with good drafting skills and ability to write on the subject;
4. The Consultant has good communications skills and ability to liaise and engage with stakeholders, including government officials;
5. The Consultant has proven project development, planning, execution and coordinating skills
6. The Consultant has proven ability to effectively work independently as well as part of a team

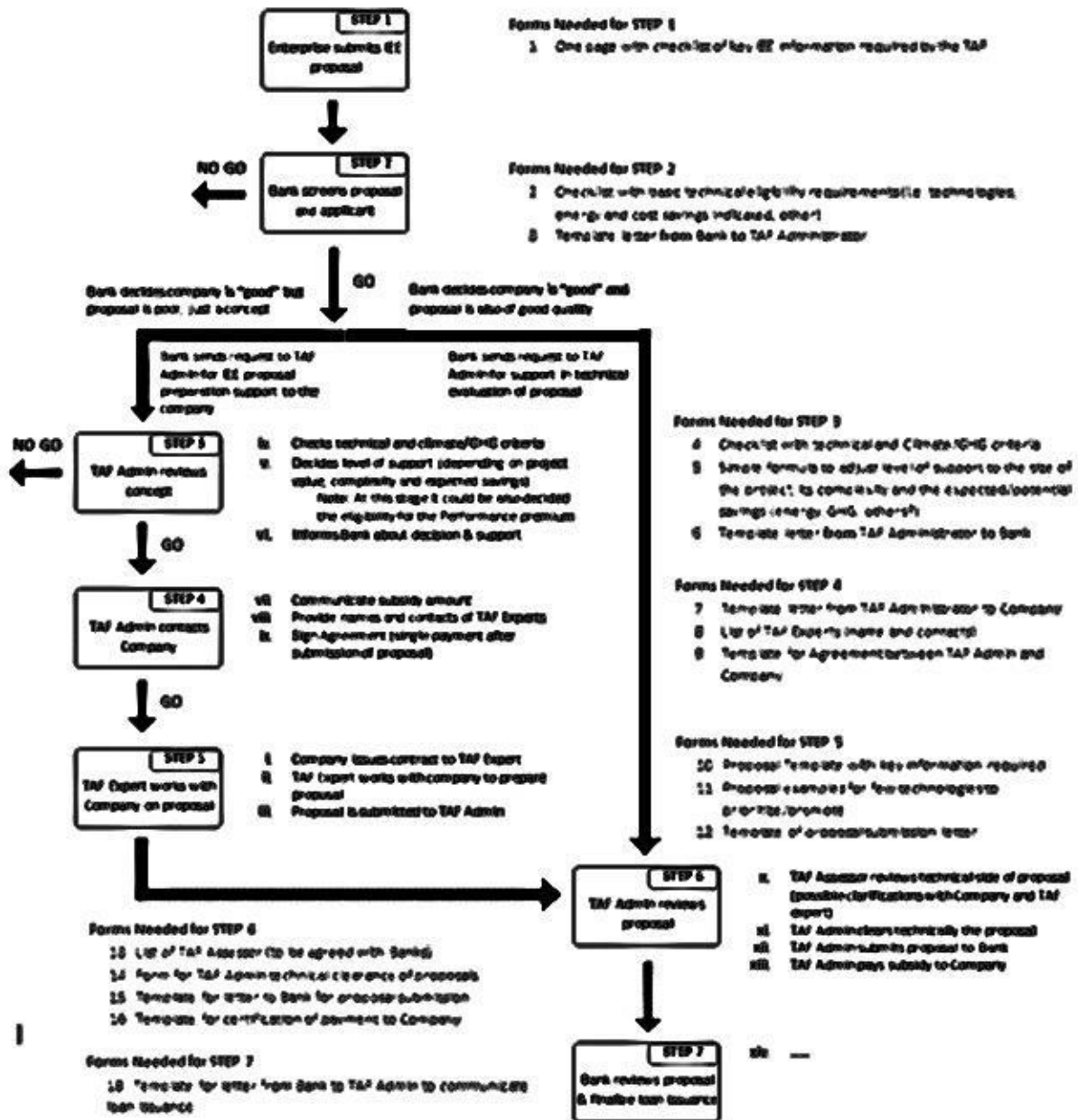
**Languages:** Macedonian as mother tongue and proficiency in English, both oral and written, are required.

**REPORTING**

In addition to the deliverables and outputs listed in the duty table above, the International EnMS Consultant will have to submit a short final report summarising key findings and recommendations. Deliverables produced during the assignment will have to be enclosed as annexes to the final report.

All reports shall be in English and submitted in electronic format.

**Annex 1: Draft design/workflow of the Technical Assistance Facility for industrial energy efficiency investments**



Annex 2: Draft design/workflow of the Performance-based Financial Reward Mechanism

