

## TC Document

### I. BASIC INFORMATION FOR TC

Country/Region:	Regional – C&D Countries
TC Name:	Supporting the Institutional Capacity of C and D groups' countries to promote Energy Efficiency and other Sustainability Financing Programs
TC Number:	RG-T2338
Team Leader/Members:	Maria Netto (IFD/CMF), Team Leader; Jose Juan Gomes (IFD/CMF); Isabelle Braly-Cartillier (IFD/CMF); Carlos Ludena (INE/CCS); Toshitaka Takeuchi (INE/ENE); Felipe Capella (LEG/SGO); Carlo Pietrobelli (CTI) and Stephanie Suber (IFD/CMF)
Associated Loan/Guarantee Number:	n.a.
Associated Loan/Guarantee name:	n.a.
Date of TC Abstract authorization:	06/20/2013
Beneficiary:	National Development Banks and/or specific public financial vehicles of C&D countries
Executing Agency and contact name	IDB/IFD/CMF, Maria Netto
Donors providing funding:	n.a.
IDB Funding Requested:	US\$425,000 (SECCI Funds)
Local counterpart funding, if any:	US\$86,000 in kind in the form of logistical and staff support from beneficiary entities
Disbursement period:	36 months (30 months of execution)
Required start date:	August 1, 2013
Types of consultants:	Individual consultants or firms
Prepared by Unit:	IFD/CMF
Unit of Disbursement Responsibility:	IFD/CMF
TC Included in Country Strategy:	No
TC included in CPD:	No
GCI-9 Sector Priority:	The TC is closely related to two institutional priorities of the IDB under the GCI-9: (i) Institutions for growth/social welfare; and (ii) Protecting the Environment and Responding to Climate Change

### II. OBJECTIVES AND JUSTIFICATION OF THE TC

2.1 Many countries in the region are developing specific green economy strategies or aim at mainstreaming green economy considerations into existing development strategies<sup>1</sup>. However, the scaling up of those action plans requires private sector involvements<sup>2</sup>. And so far, many barriers have impeded private investments in those areas. The deployment of new technologies is often involved, which entails new risks and additional costs for unprepared and weakly structured market players<sup>3</sup>. They are therefore poorly serviced by commercial banking: the traditional financial instruments available are not adapted to their specificities<sup>4</sup>. There is a strong case for efficiently using public resources to incentivize private investments into transformational projects in those aforementioned

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<sup>1</sup> Green economy activities/sectors include: practices and technologies allowing a more efficient use of natural resources (including but not limited to Energy Efficiency (EE) and Renewable Energy (RE) projects), sustainable practices in supply or production chains, enhanced agro-practices, waste management, biomass, reforestation, valuation of environmental services etc. In the aftermath of the Rio+20 meeting in 2012, in particular in the Latin America and Caribbean (LAC) region, Barbados, Brazil, Colombia, Mexico and Peru are leading activities in developing assessments of financial needs relating to a transition to a greener economy an developing specific plans (see: <http://www.unep.org/greeneconomy/>).

<sup>2</sup> [UNEP, Green Economy, Briefing Paper on Finance](#), 2012.

<sup>3</sup> [The Green Investment Report - The ways and means to unlock private finance for green growth- A Report of the Green Growth Action Alliance, World Economic Forum, 2013.](#)

<sup>4</sup> As an example, an analysis of energy investments in the LAC region ("[Climatoscope 2012](#)") shows that one important factor preventing investments in RE and EE is that financial markets often do not internalize the risks associated to RE and EE technologies nor integrate their potential benefits in the credit lines that they offer to firms, in particular to SMEs.

areas<sup>5</sup>. Blending different types of finance is necessary not only to facilitate the access of Micro, Small and Medium Enterprises (MSMEs) to medium and long-term financing at adequate terms and conditions, but also to promote the adoption of new environmentally friendly technologies.

- 2.2 The global **objective** of this TC is to support C&D countries in designing, implementing, and promoting dedicated green financing strategies and mechanisms that support simultaneously the supply of and the demand for financing in environmentally beneficial programs in key strategic sectors.
- 2.3 Depending on each country's particular situation, the **IDB counterpart** could be: first and/or second tier National Development Banks (NDBs); existing or new publicly-supported Special Purpose Vehicles (SPVs); National Development Agencies (NDA); or any other relevant public sector development entity. The ultimate beneficiaries of the financial mechanisms put in place are expected to be local private sector actors, particularly MSMEs. The support provided aims at building the execution capacity of the counterpart so that the financing strategy/mechanism is effectively designed and implemented. The counterpart is involved in each step of the methodology applied, which goes from prioritization of strategic sectors to the development of mechanisms addressing barriers from both the supply of and the demand for financing (see Components 1 to 6 below).
- 2.4 The IDB, and more specifically IFD/CMF, has acquired a sound expertise in this field. Technical support provided so far to NDBs in Brazil, Mexico and Colombia has resulted in a number of innovative financing strategies and in the implementation of several dedicated credit lines from the Bank, and in some cases included also the creation of *ad-hoc* intermediation vehicles like SPVs<sup>6</sup>.
- 2.5 Given the already identified demand from a number of entities in C&D countries, CMF would like now to build on this momentum and expertise and start to work very actively with C&D countries for a wider regional impact. There is a specific relevance in supporting those sustainable practices in smaller economies: the first benefits are economic and social through improved productive inclusion, associated with environmental benefits through improved use of natural resources<sup>7</sup>.

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<sup>5</sup> Public intermediaries, especially NDBs, played an important role raising and channeling global climate finance in 2012 (US\$110-120 billion), as well as supporting the creation of an environment conducive to private sector investment in climate friendly programs ("[The Landscape of Climate Finance 2012](#)", see also [IDB-MG-148](#)).

<sup>6</sup> Such as the experiences in: (i) programs to allow the channeling of international climate finance through NDBs (e.g. Bancoldex, Nafin, Finrural); (ii) supporting promotion of National Environmental Funds (e.g. BNDES); (iii) development of internal Environmental and Social risks Management Systems (e.g. Finrural, Findeter, Bancoldex); (iv) development of innovative green instruments and products (such as guarantees for green housing by SHF and insurance scheme for energy efficiency in service sector with Bancoldex); and (v) developing specific SPVs for green financing lines such as for the San Juan province in Argentina. For more information on experiences by NDBs in supporting green financing see also: [IDB-BK-116, chapter 6](#), [IDB-MG-148](#) and [IDB-TN-437](#).

<sup>7</sup> If financial mechanisms providing for medium and long-term financing at adequate terms and conditions for green projects it is expected that MSMEs would benefit most, as often the barriers for these actors to also invest in projects promoting innovative green technologies and measures are higher as they have less capacity to take risks and understand and manage new "perceived" risks from green projects. The benefits of improved efficiency, reduction of costs and sometimes additional revenues are more significant for MSMEs. Activities described further in component 5 are particularly important for these actors: promotion of project incubation and capacity to access credits.

- 2.6 This TC represents concrete opportunities for the IDB to comply with two institutional priorities under the GCI-9. First, it backs the priority associated with Institutions for Growth and Social Welfare. Secondly, it supports the priority of Protecting the Environment and Responding to Climate Change. The project team will make sure that the supported green financing mechanisms designed under this project will also be fully compatible with relevant policies and sector frameworks relating to specific sectors and potential environmental benefits prioritized by the beneficiaries.

### III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 The project will support up to 3 beneficiary entities. A project may start with a primary idea the counterparts want to implement and for each of the counterparts (up to 3) apply a holistic methodology developed by CMF, as described in the components 1 to 6 below. In addition the project also proposes organize regional events/knowledge sharing activities to disseminate lessons learned (component 7).
- 3.2 **Component 1: Capacity building and staff training:** having as IDB counterpart skilled human resources is crucial to the success of the development and implementation of green financial mechanisms. The TC will therefore support all necessary capacity building efforts (including for the structuring and implementation of dedicated intermediation vehicles such as structured funds). Under this component, the TC will support the development of training materials and technical papers on basic concepts relating to environmental practices, international financing opportunities, gathering experiences from other countries and NDBs in developing green products and implementing environmental strategies and good practices. The materials shall serve the counterparts' staff and its clients (i.e. commercial banks for second tier mechanisms, end clients – MSMEs, etc). Trained staff will acquire technical skills to support development of green products and be able to better understand strategic opportunities for their organizations to promote green products in the context of the country's specific national development goals and in the context of their mandate.
- 3.3 **Component 2: Identification of priority sectors:** taking into account (i) the country's priorities in both economic development and green economy transition; (ii) the strategic priorities of the beneficiary entity; and (iii) when relevant, its loan portfolio, one or two priority sectors with the largest potential for environmental and social benefits (potential GHG emission reductions, impact on natural resources consumption, etc.) will be selected for a deeper market analysis.
- 3.4 **Component 3: Market study:** this component will support a detailed market analysis for the priority sectors identified in component 2. It would entail the following: (i) methodology design; (ii) pre-feasibility study; (iii) identification of main stakeholders; (iv) data collection; and (v) analysis/dissemination of results.
- 3.5 **Component 4: Design of a dedicated financial mechanism:** according to the conclusions of the market study, the TC will draft the main features of the strategy. The best-fitted financial instruments can take many different forms, including concessional credit lines, guarantee facilities or very specific energy efficiency schemes (with the potential involvement of ESCOs and Insurers). The proposal will be presented and discussed with the counterpart but also with as many relevant stakeholders as necessary in order to be validated before its promotion and implementation. In some cases, the set-

up may require the creation of an intermediation vehicle to channel the funding. The TC would provide a preliminary design of such vehicle, including legal, regulatory and operational requirements. IFD/CMF has been developing such solutions in the past and more recently implemented a major program in the San Juan region in Argentina. The program will benefit from this particular experience.

- 3.6 **Component 5: Support for the structuring of the demand side of the market.** In many cases, supporting the structuring of the demand side of the market is critical for the success of the program. Final beneficiaries may not be able to structure technically robust and bankable projects. In this regard, the TC will include the design and proposal of an action plan that will include the capacitation of LFIs and final clients and potentially the creation of a project incubator. This solution was used in Mexico and Colombia and was successful to bridge the gap between the project owners' capacities and the financing requirements<sup>8</sup>.
- 3.7 **Component 6: Monitoring and evaluation.** In collaboration with the counterpart, the TC will propose the main features of a monitoring and evaluation system to assess the program's impacts: indicators, data collection process, monitoring procedures and governance.
- 3.8 **Component 7: Regional dissemination.** The outputs of this TC will be disseminated and shared across second tier National Development Banks (NDBs); existing or new publicly-supported Special Purpose Vehicles (SPVs); National Development Agencies (NDA); or any other relevant public sector development entity of C&D countries and the LAC region as a whole. IFD/CMF has built efficient channels to that effect: a strong and very valuable cooperation with the Association of Development Financing Institutions of Latin America and the Caribbean (ALIDE) and a dedicated IDB web tools to engage the regional financial community around green development issues such as the [finanzascarbono.org](http://finanzascarbono.org) and the KNL Klave lessons learned tool. This component will support the organization of 2 regional events, including technical materials.
- 3.9 In order to **implement the components**, the following activities are planned:
- a. Individual consultants will be hired to prepare necessary technical papers and training materials as well as to provide training to staff of the beneficiary entities on developing green products and implementing environmental strategies and good practices (Component 1). In order to promote economies of scale and sharing experiences, technical and training materials may be prepared in such a way that could benefit more than one beneficiary. Consultants would be required to travel as needed to present results of studies as well as to provide hands on training to beneficiaries.

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<sup>8</sup> See the experiences with preparation of IDB loans ME-L1120 with Financiera Rural (where in collaboration with the forestry agency of Mexico (Conafor) and NGOs a project incubator was developed in different regions in Mexico supporting small communities to have better access to information and knowledge on how to develop and present sustainable forestry projects) and CO-L1124 with Bancoldex (where a scheme including accreditation and standard contracts for energy service providers was developed facilitating hotels and hospitals to design bankable projects and be able to monitor results) and execution of TCs CO-T1153, CO-T1328 and RG-T1866 with those NDBs and FIRA (where a similar mechanism as the CO-L1124 is underway to support technical backstopping by local service and technology providers for improvements of water and energy in food processing in agriculture).

- b. Individual consultants with expertise on green/environmental benefits and markets as well as of local/country priorities and markets would be hired to support each beneficiary in the implementation of activities under components 2 or 3. Consultants may be required to travel as needed to present results of studies as well as undertake surveys.
- c. Individual consultants or a consultancy firm with expertise in structuring green financial mechanisms would be hired to support each of the beneficiaries in the implementation of components 4, 5 and 6. The execution of this component will also entail the costs of consultants and events needed to assess, with relevant actors (such as technical service providers and potential clients), the financing line requirements and conditions. Consultants may be required to travel as needed to do their work and present results.
- d. Finally, the execution of component 7 will entail the organization of 2 events at regional level to present results and lessons learned from activities undertaken with the beneficiaries and will include also fees and travel for needed consultants to support the events and prepare technical materials.
- 3.10 To ensure a proper execution, the project team will organize launching, mid-term and final review meetings/audio-conferences with beneficiary entities and consultants for each of the phases contemplated in their particular sub-projects. The regional events will be organized in close coordination with ALIDE.

RESULTS MATRIX									
	BASELINE			YEAR 1		YEARS 2 AND 3		EXPECTED COMPLETION DATE	DATA SOURCE
	Unit	Value	Year	Planned	Actual	Planned	Actual 1		
Component 1 - Counterparts staff and their clients / first tier banks trained	#	0	2013	20		60		07/30/2016	IDB Systems
Components 2 and 3 - Identification of key sectors, technologies, beneficiaries	#	0	2013	1		2		10/30/2015	IDB Systems
Components 4, 5 and 6 - Financial "green line" fully designed	#	0	2013	1		2		05/31/2016	IDB Systems
Components 1 and 7 – # of new content / webinars / forums created by participants (i.e. active participants that create new discussions through forums, webinars and/or posting of new content in the finanzacarbono.org community of practice for financial institutions)	#	0	2013	5		10		05/31/2016	IDB Systems, finanzacarbono.org
Components 1 and 7 – # IDB operations / projects with NDBs that make use of lessons learned from dialogues promoted by this TC.	#	0	2013	0		3		05/31/2016	IDB Systems & Survey

- 3.11 The total amount of this operation is US\$511,000, with US\$425,000 from SECCI resources and US\$86,000 in kind from beneficiary entities. These resources will be used to hire the services of experts to implement components 1 to 7 above as well as to pay for logistics of consultative events and related consultants' travel needs.
- 3.12 As required by the Criteria for appraising Bank programs eligibility for funding from the Special Programs/Grants of OC resources, other resources available for the financing were seek and it was concluded that as of today, there were no other resources available for the financing of these technical cooperation projects dedicated to the promotion of energy efficiency and sustainability via the capacity building of National Development Banks.

#### **Indicative Budget**

<b>ACTIVITY/ COMPONENT</b>	<b>DESCRIPTION</b>	<b>IDB/FUND FUNDING* (THOUSANDS OF US\$)</b>	<b>COUNTERPART FUNDING** (THOUSANDS OF US\$)</b>	<b>TOTAL FUNDING (THOUSANDS OF US\$)</b>
Component 1	Counterpart capacity building	<b>30</b>	15	45
Component 2	Identification of key sectors	<b>75</b>	15	90
Component 3	Market study	<b>75</b>	6	81
Component 4	Design of financial mechanism	<b>75</b>	15	90
Component 5	Design on demand/sector support plan	<b>75</b>	15	90
Component 6	Monitoring and evaluation system	<b>75</b>	15	90
Component 7	Regional dissemination	<b>20</b>	5	25
<b>TOTAL</b>		<b>425</b>	86	511

\* Funding will cover 3 programs (i.e. 3 beneficiaries / counterparts)

\*\* Each counterpart should provide in kind support for 20% of the TC support value. In case of component 7, the support correspond to in kind support from ALIDE and/or other interested donors over 3 years

#### **IV. EXECUTING AGENCY AND EXECUTION STRUCTURE**

- 4.1 The administrative and technical supervision of the proposed technical assistance program will be under the responsibility of IFD/CMF.
- 4.2 Any contracting will be undertaken following Bank's policies and procedures. The procurement of individual consulting services will be carried out by the IDB in accordance with Human Resources Department (HRD) policies. The procurement of firm consulting services will be carried out by the IDB in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-9). The procurement of consulting services different from consultants will be carried out by IDB in accordance with Corporate Procurement Policies.
- 4.3 The support will be provided upon demand. Due to the promotion and dissemination of this initiative through regional events that have been and are being organized with the Association of Development Financing Institutions of Latin America and the Caribbean (ALIDE), several public sector financial vehicles of C & D countries have already expressed their interest in working with the Bank in this area. The development Bank of Paraguay has already formally requested support (and requested IDB execution), and expressions of interest have already been received from Uruguay, El Salvador and

Barbados for the design of financing mechanisms for Environmental, Energy Efficiency and Renewable Energy programs. Beneficiaries will be selected on a first come, first served basis. In case there requests are sent simultaneously and resources would be scarce the selection of beneficiary will also consider regional balance.

- 4.4 The proposed TC would support three counterparts from different countries at most (see Section IV above). Given the diversity of actors that this TC aims at supporting and its regional scope, it is appropriate for the IDB to directly execute it in order to provide a centralized coordination of the various studies and ensure their dissemination to all C&D countries and to the region. IDB execution would be in accordance with GN-2629-1 and its appendix 10.
- 4.5 The Bank will make sure each of the beneficiaries have formally asked for its support and expressly requested Bank's execution of the TC. After the identification of each of the beneficiaries, the Bank will proceed to sign a short letter of agreement outlining the project and the local contribution.

## **V. MAJOR ISSUES**

- 5.1 Given that the work proposed in this TC is highly technical, there is a risk of not obtaining good quality results if the work carried out by consultants is not properly monitored. The TC will ensure that the materials developed are peer reviewed. Ensuring close technical follow up and quality control of the support provided is also one of the reasons why the TC is executed by IDB (IDF/CMF) with methodological support from KNL, in particular through the compilation of lessons learned through mechanisms such as the KNL/CMF Klave database on green financing. This TC requires also a strong ownership of the beneficiaries. It is expected that the counterparts will dedicate the appropriate staff and the necessary resources for the implementation of the TC. CMF will ensure that beneficiaries agree on those conditions to receive support from this initiative.

## **VI. EXCEPTIONS TO BANK POLICY**

- 6.1 No exceptions to Bank policy are envisioned.

## **VII. ENVIRONMENTAL AND SOCIAL STRATEGY**

- 7.1 According to the Environment and Safeguards Compliance Policy (OP-703), the TC has been classified as category C. No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact. See [Safeguard Policy Filter Report \(SPF\)](#) and [Safeguard Screening Form \(SSF\)](#).

### **Required Annexes:**

- Letter of Request
- Terms of Reference for activities/components to be procured
- Procurement Plan



## Áreas de apoyo para línea verde AFD

Ronald Granados [rgranados@afd.gov.py]

**Sent:** Thursday, July 04, 2013 2:14 PM

**To:** Netto de A. C. Schneider, Maria E.

**Cc:** Marques Garcia Ozemela, Luana; Demichelis, Jose Francisco; Braly-Cartillier, Isabelle; Gomes Lorenzo, Jose J.; Serra, Lucila; Compton, Erin K.; Jose Maciel [jmaciel@afd.gov.py]; Edgar Alarcon [ealarcon@afd.gov.py]

Estimada María,

En referencia al apoyo que el BID estaría brindando en cuanto al estudio de mercado para la estructuración de Líneas Verdes, confirmamos que nos interesaría que la ejecución/contratación de la misma sea por parte del BID.

Asimismo, consideramos que en esta etapa las áreas de Eficiencia Energética/Energías Renovables, y Manejo/Aprovechamiento de Residuos serían de interés para nosotros.

Seguimos en contacto para ir avanzando en los TdRs, etc.

Muy atentamente,

Ronald



Agencia Financiera de Desarrollo

### RONALD GRANADOS

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## **TERMS OF REFERENCE – COMPONENT 1 – CAPACITY DEVELOPMENT AND TRAINING**

### **I. BACKGROUND**

Many countries in the region are developing specific green economy strategies or aim at mainstreaming green economy considerations into existing development strategies. However, the scaling up of those action plans requires the involvement of the private sector. And so far, many barriers have impeded private investments in those areas. The deployment of new technologies is often involved, which entail new risks and additional costs for unprepared and weakly structured market players. They are therefore poorly serviced by commercial banking: the traditional financial instruments available are not adapted to their specificities. There is a strong case for efficiently using public resources to incentivize private investments into transformational projects in those aforementioned areas. Blending different types of finance is necessary not only to facilitate the access of Micro, Small and Medium Enterprises (MSMEs) to medium and long-term financing at adequate terms and conditions, but also to promote the adoption of new technologies. IDB is supporting C&D countries in designing, implementing and promoting dedicated green financing strategies and mechanisms that support simultaneously the supply of and the demand for financing in those sectors.

Having IDB counterpart skilled human resources is crucial to the success to develop and implement the green financial mechanisms IDB. IDB is therefore seeking to support its clients with all necessary capacity building efforts for the structuring and implementation of dedicated intermediation vehicles such as structured funds, including the development of training materials and technical papers on basic concepts relating to environmental practices, international financing opportunities, gathering experiences from other countries and NDBs in developing green products and implementing environmental strategies and good practices. Counterparts' trained staff will acquire technical skills to support development of green products and be able to better understand strategic opportunities for their organizations to promote green products in the context of the country's specific national development goals and in the context of their mandate.

### **II. OBJECTIVE**

A consultant with particular expertise on green / climate financing is required to support the IFD/CMF team in developing and coordinating knowledge sharing mechanisms and dialogues / workshops for its clients. In addition to technical skills, it will be critical that the consultant has good understanding of financial institutions operations, climate change and environmental policy issues as well as extensive experience in providing training.

### **III. FUNCTIONS, ACTIVITIES AND PRODUCTS**

In keeping with the principles and the objectives set for the Program, the consultant will support the IFD/CMF in the following actions, but will not be limited to:

1. Undertaking a diagnosis of specific capacity needs of the IDB counterparts under project RG-T2338 and developing tailored capacity development plans and training programs for the counterparts staff (i.e. national development banks or potential entities executing special

vehicle mechanisms) and for their clients (i.e. potentially commercial banks if the counter part is a second tier bank and potential end users of the financing mechanisms).

2. Developing dedicated training and information materials for counterparts and reviewing materials prepared by other technical experts for quality control and drafting tailored content for clients in Spanish and English.
3. Preparing agendas, reports and technical materials and supporting the overall coordination / organization of training and technical regional workshops/ sessions.
4. Undertaking content management, moderation and administration of knowledge sharing mechanisms, including the development and maintenance of content using the KNL Klave tool and the dedicated communities of practice for financial institutions under the finanzascarbono.org to exchange experiences and information on climate and green finance, financial mechanisms structuring, green projects development, methodological issues, specific financial instruments and events.
5. Support in the development and implementation of outreach plans to promote the financing line / mechanism developed with IDB counterparts, including capacitation of staff, local financial institutions and potential clients.

#### **IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:**

1. **Starting date and duration:** The contract will be for 12 months from the date on which the IDB indicates through a written notification when the work on the consultant shall begin. During this period the consultant will have to execute the tasks identified above, the ones agreed under the contract and those that would be agreed in the process of the project implementation. The work of the consultant will be evaluated after four (4) months and continuation of the work and terms may be reviewed as result of the evaluation.
2. **Place of work:** Offices of the selected consultant.
3. **Travel costs:** At the request of the IDB, when needed to Travel for attending events organized under the project, IDB will cover only Travel and daily subsistence allowances in accordance with IDB rates.
4. **Monitoring and Evaluation:** The consultant will be requested to prepare quarterly reports of its activities.
5. **Conflict of interest:** The selected consultant will undertake this contract will refrain from using the contract for promotion of its own services or products.
6. **Qualifications:** The person must have:
  - University and Post graduate degrees in economics, energy, finance, engineering, environmental sciences or a related discipline.
  - At least five years relevant working experience with green and climate finance and environmental and climate policy of which one year should have been in an international environment;
  - Extensive experience in training and capacity development;

- Excellent knowledge and relevant work experience with financial institutions, development of financial instruments and project development and management.
- Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
- Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
- Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.
- Fluency in English and Spanish. Working knowledge of other IADB languages highly desirable.

#### **IV. PAYMENT SCHEDULE**

The lump sum payment for this work will adhere to the following installments:

- 25% upon contract signing
- 35% upon delivery and approval by the IDB Team of an interim report.
- 40% upon delivery and approval by the IDB Team of the final report.

#### **V. COORDINATION**

Overall responsibility for the supervision of the consultant's work and the approval of payments would be taken by Maria Netto, Lead Financial Markets and Climate Change Specialist, IFD/CMF, in coordination with Jose Juan Gomes Lorenzo, Lead Financial Markets Specialist, IFD/CMF.

## TERMS OF REFERENCE – COMPONENTS 2 AND 3 – SECTOR PRIORITIZATION AND MARKET ANALYSIS FOR STRUCTURING A GREEN FINANCING MECHANISM

### I. BACKGROUND

Many countries in the region are developing specific green economy strategies or aim at mainstreaming green economy considerations into existing development strategies. However, the scaling up of those action plans requires the involvement of the private sector. And so far, many barriers have impeded private investments in those areas. The deployment of new technologies is often involved, which entail new risks and additional costs for unprepared and weakly structured market players. They are therefore poorly serviced by commercial banking: the traditional financial instruments available are not adapted to their specificities. There is a strong case for efficiently using public resources to incentivize private investments into transformational projects in those aforementioned areas. Blending different types of finance is necessary not only to facilitate the access of Micro, Small and Medium Enterprises (MSMEs) to medium and long-term financing at adequate terms and conditions, but also to promote the adoption of new technologies. IDB is supporting C&D countries in designing, implementing and promoting dedicated financing strategies that support simultaneously the supply of and the demand for financing in those sectors.

The IDB and more specifically IFD/CMF has already acquired a sound expertise in this field. Technical support provided so far in Brazil, Mexico and Colombia has resulted in a number of innovative financing strategies and in the implementation of several dedicated credit lines from the Bank, some including the creation of ad-hoc intermediation vehicles like SPVs<sup>1</sup>. IDB would like now to build on this momentum and expertise and start to work very actively with C&D countries for a wider regional impact. There is a specific relevance in supporting those sustainable practices in smaller economies: the first benefits are economic and social through improved productive inclusion, associated with environmental benefits through improved use of natural resources.

In order to implement this work, IDB requires specific expertise to support the potential counterparts (i.e. first and/or second tier National Development Banks (NDBs); existing or new publicly-supported Special Purpose Vehicles (SPVs); National Development Agencies; or any other relevant public sector development entity) in identifying priority sectors for which environmental benefits could be leveraged and a dedicated financial strategy / mechanism developed and to undertake in depth market assessment of what specific barriers and opportunities for the implementation of a mechanism.

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<sup>1</sup> Such as the experiences in: i) programs to allow the channeling of international climate finance through NDBs (e.g. Bancoldex, Nafin, Finrural); ii) supporting promotion of National Environmental Funds (e.g. BNDES); iii) development of internal Environmental and Social risks Management Systems (e.g. Finrural, Findeter, Bancoldex); iv) development of innovative green instruments and products (such as guarantees for green housing by SHF and insurance scheme for energy efficiency in service sector with Bancoldex); and (v) developing specific SPVs for green financing lines such as for the San Juan province in Argentina. See also: [IDB-BK-116, chapter 6](#).

## II. OBJECTIVE

A consultant with particular local / national expertise in the implementation of environmental / climate change programs / projects is required to support the IFD/CMF team in supporting its counterparts to identify priority sectors of work and undertake market assessments to serve as basis for the design and implementation of a dedicated green financial mechanism.

## III. FUNCTIONS, ACTIVITIES AND PRODUCTS

In keeping with the principles and the objectives set for the Program, the consultant will support the IFD/CMF in the following actions, but will not be limited to:

- Support in the identification of priority sectors with environmental benefits for intervention, including:
  - Assessment of country's priorities in both the areas of economic development and green economy transition,
  - Assessments of strategic priorities of the beneficiary entity
  - Analysis of exiting financial instruments and project / loan portfolios, including classification of current or potential client activities.
  - Identification and estimation of the key environmental benefits that could be promoted by a green program (potential GHG emission reduction, impact on natural resources consumption, energy savings, etc.)
  - Selection of sector(s) on which the program should focus via a priority matrix methodology.
- Undertake a detailed detailed market study analysis for the priority sectors identified under the process described above. It will in particular entail the following steps:
  - Methodology design,
  - Pre-feasibility study,
  - Identification of the segment stakeholders,
  - Data collection,
  - Data analysis and dissemination of results.

## IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Starting date and duration:** The contract will be for 8 months from the date on which the IDB indicates through a written notification when the work on the consultant shall begin. During this period the consultant will have to execute the tasks identified above, the ones agreed under the contract and those that would be agreed in the process of the project implementation. The work of the consultant will be evaluated after four (4) months and continuation of the work and terms may be reviewed as result of the evaluation.
2. **Place of work:** Offices of the selected consultant.

3. **Travel costs:** At the request of the IDB, when needed to Travel for attending events organized under the project, IDB will cover only Travel and daily subsistence allowances in accordance with IDB rates.
4. **Monitoring and Evaluation:** The consultant will be requested to prepare quarterly reports of its activities.
5. **Conflict of interest:** The selected consultant will undertake this contract will refrain from using the contract for promotion of its own services or products.
6. **Qualifications:** The person must have:
  - University and Post graduate degrees in economics, energy, finance, engineering, environmental sciences or a related discipline.
  - At least five years relevant local / national working experience with in the implementation of environmental / climate change programs / projects;
  - Extensive experience with economic and market analysis and assessments;
  - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
  - Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
  - Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.
  - Fluency in English and Spanish. Working knowledge of other IADB languages highly desirable.

#### IV. PAYMENT SCHEDULE

The lump sum payment for this work will adhere to the following installments:

- 25% upon contract signing
- 35% upon delivery and approval by the IDB Team of an interim report.
- 40% upon delivery and approval by the IDB Team of the final report.

#### V. COORDINATION

Overall responsibility for the supervision of the consultant's work and the approval of payments would be taken by Maria Netto, Lead Financial Markets and Climate Change Specialist, IFD/CMF, in coordination with Jose Juan Gomes Lorenzo, Lead Financial Markets Specialist, IFD/CMF.

## TERMS OF REFERENCE – COMPONENTS 4, 5 AND 6 – DESIGN OF A GREEN FINANCING MECHANISM

### I. BACKGROUND

Many countries in the region are developing specific green economy strategies or aim at mainstreaming green economy considerations into existing development strategies. However, the scaling up of those action plans requires the involvement of the private sector. And so far, many barriers have impeded private investments in those areas. The deployment of new technologies is often involved, which entail new risks and additional costs for unprepared and weakly structured market players. They are therefore poorly serviced by commercial banking: the traditional financial instruments available are not adapted to their specificities. There is a strong case for efficiently using public resources to incentivize private investments into transformational projects in those aforementioned areas. Blending different types of finance is necessary not only to facilitate the access of Micro, Small and Medium Enterprises (MSMEs) to medium and long-term financing at adequate terms and conditions, but also to promote the adoption of new technologies. IDB is supporting C&D countries in designing, implementing and promoting dedicated financing strategies that support simultaneously the supply of and the demand for financing in those sectors.

The IDB and more specifically IFD/CMF has already acquired a sound expertise in this field. Technical support provided so far in Brazil, Mexico and Colombia has resulted in a number of innovative financing strategies and in the implementation of several dedicated credit lines from the Bank, some including the creation of ad-hoc intermediation vehicles like SPVs<sup>1</sup>. IDB would like now to build on this momentum and expertise and start to work very actively with C&D countries for a wider regional impact. There is a specific relevance in supporting those sustainable practices in smaller economies: the first benefits are economic and social through improved productive inclusion, associated with environmental benefits through improved use of natural resources.

In order to implement this work, IDB requires specific expertise to support for the potential counterparts (i.e. first and/or second tier National Development Banks (NDBs); existing or new publicly-supported Special Purpose Vehicles (SPVs); National Development Agencies; or any other relevant public sector development entity) the development of the main features of financial structuring for the mechanism including the best-fitted financial instruments, the system/vehicles funding intermediation, the specific incentives for structuring of the demand for credits and support for ensuring presentation of technically robust and bankable projects and developing monitoring and evaluation system of the expected environmental results.

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<sup>1</sup> Such as the experiences in: i) programs to allow the channeling of international climate finance through NDBs (e.g. Bancoldex, Nafin, Finrural); ii) supporting promotion of National Environmental Funds (e.g. BNDES); iii) development of internal Environmental and Social risks Management Systems (e.g. Finrural, Findeter, Bancoldex); iv) development of innovative green instruments and products (such as guarantees for green housing by SHF and insurance scheme for energy efficiency in service sector with Bancoldex); and (v) developing specific SPVs for green financing lines such as for the San Juan province in Argentina. See also: [IDB-BK-116, chapter 6](#).

## II. OBJECTIVE

Individual consultants or a consultancy firm with expertise in structuring green financial mechanisms and working with local financial institutions will be required to support IDB counterparts in the structuring of a green financing mechanism.

## III. FUNCTIONS, ACTIVITIES AND PRODUCTS

In keeping with the principles and the objectives set for the Program, the consultant will support the IFD/CMF in the following actions, but will not be limited to:

- Design of a dedicated financial mechanism, including:
  - Projection of financial conditions for a green credit line.
  - Defining eligibility conditions and implementation of the credit line.
  - Design of specific financial instrument and terms
  - When needed, support in design and development of intermediation vehicle to channel including legal, regulatory and operational requirements.
  - Identification Potential financing with national and/or international green funds.
- Design and structuring of credit demand structuring and promotion of the financial line, including:
  - Design of mechanisms for project incubation and preparation, including engaging local technology and service providers.
  - Development of a plan to promote the green credit line to potential clients and IFIs, including necessary capacitation.
- Design of monitoring and evaluation system, including the main features to assess the program's impacts: indicators, data collection process, monitoring procedures and governance (reporting procedure, decision making process, available corrective actions).

## IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Starting date and duration:** The contract will be for 8 months from the date on which the IDB indicates through a written notification when the work on the consultant shall begin. During this period the consultant will have to execute the tasks identified above, the ones agreed under the contract and those that would be agreed in the process of the project implementation. The work of the consultant will be evaluated after four (4) months and continuation of the work and terms may be reviewed as result of the evaluation.
2. **Place of work:** Offices of the selected consultant.
3. **Travel costs:** At the request of the IDB, when needed to Travel for attending events organized under the project, IDB will cover only Travel and daily subsistence allowances in accordance with IDB rates.

4. **Monitoring and Evaluation:** The consultant will be requested to prepare quarterly reports of its activities.
5. **Conflict of interest:** The selected consultant will undertake this contract will refrain from using the contract for promotion of its own services or products.
6. **Qualifications:** The person must have:
  - University and Post graduate degrees in economics, energy, finance, engineering, environmental sciences or a related discipline.
  - At least five years relevant working experience in designing dedicated green financing lines and working with local financial institutions;
  - Extensive experience and knowledge of climate and environmental finance and related frameworks for monitoring and evaluating environmental benefits /results;
  - Good knowledge of local market conditions;
  - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
  - Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
  - Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.
  - Fluency in English and Spanish. Working knowledge of other IADB languages highly desirable.

#### **IV. PAYMENT SCHEDULE**

The lump sum payment for this work will adhere to the following installments:

- 25% upon contract signing
- 35% upon delivery and approval by the IDB Team of an interim report.
- 40% upon delivery and approval by the IDB Team of the final report.

#### **V. COORDINATION**

Overall responsibility for the supervision of the consultant's work and the approval of payments would be taken by Maria Netto, Lead Financial Markets and Climate Change Specialist, IFD/CMF, in coordination with Jose Juan Gomes Lorenzo, Lead Financial Markets Specialist, IFD/CMF.

## PROCUREMENT PLAN

<b>Country:</b>	Regional
<b>Executing agency:</b>	IDB – IFD/CMF
<b>Project:</b>	“Supporting the Institutional Capacity of C and D groups’ countries to promote Energy Efficiency and other Sustainability Financing Programs”
<b>No. Of Project and contract:</b>	RG-T2338

**Brief description of the objectives and components of the Technical Cooperation:** The main objective of this technical cooperation is to support C&D countries in designing, implementing and promoting dedicated green financing strategies and mechanisms that support simultaneously the supply of and the demand for financing in environmentally beneficial programs in key strategic sectors. TC primarily aims to build the capacity of 3 potential counterparts (National development Banks, existing or new publicly-supported Special Purpose Vehicles (SPVs); National Development Agencies; or any other relevant public sector development entity) in design and execution of green financing mechanism through a combination of steps:

1. *Capacity building and staff training*, including support the development of training materials and technical papers on basic concepts relating to environmental practices, international financing opportunities, gathering experiences from other countries and NDBs in developing green products and implementing environmental strategies and good practices.
2. *Identification of priority sectors* with the largest potential for environmental and social benefits (potential GHG emission reduction, impact on natural resources consumption, energy savings, etc.) will be selected for a deeper market analysis.
3. *Market study* for the priority sectors identified.
4. *Design of a dedicated financial mechanism*, including where required support in the set-up of intermediation vehicle to channel funding.
5. *Support for the structuring of the demand side* of the market, including design and proposal of an action plan that will include the capacitation of LFIs and final clients and potentially the creation of a project incubator.
6. *Monitoring and evaluation system* to assess the program’s impacts: indicators, data collection process, monitoring procedures and governance (reporting procedure, decision making process, available corrective actions).
7. *Regional dissemination* of the output of this TC in cooperation with the Association of Development Financing Institutions of Latin America and the Caribbean (ALIDE) and dedicated IDB web tools.

**Starting date for signing of contract:** Aug 2013  
**Date of last disbursement:** Aug 2016

**Address of the division responsible for the execution of acquisition plan:**

Inter-American development bank  
Capital Markets and Financial Institutions Division (IFD/CMF)  
1300 New York Ave, NW, Washington DC 20577, USA

Counterpart capacity building		
Identification of key sectors	75	15
Market study	75	6
Design of financial mechanism	75	15
Design on demand/sector support plan	75	15
Monitoring and evaluation system	75	15
Regional dissemination	20	5

PROCUREMENT PLAN FOR NON-REIMBURSABLE TECHNICAL COOPERATIONS										
Country: Regional					Executing agency: IFD/CMF				Public or private sector: (indicate which applies)	
Project number: RG-T2338					Title of Project: Supporting the Institutional Capacity of C and D groups' countries to promote Energy Efficiency and other					
Period covered by the plan: Aug 2013 - Aug 2016										
Threshold for ex-post review of procurements:			Goods and services (in US\$): _____			Consulting services(in US\$): _____				
Item Nº	Ref. AWP	Description (1)	Estimated contract cost (US\$)	Procurement Method (2)	Review of procurement (ex-ante or ex-post) (3)	Source of financing and percentage		Estimated date of the procurement notice or start of the contract	Technical review by the PTL (4)	Comments
						IDB/MIF %	Local/other % (IN KIND)			
1		<b>Component 1: Capacity building and staff training</b>								
		<b>Non consulting services</b>								
		Travel (for training and technical support)	6,000			100%				
		Logistics for events (rental of rooms, interpretation services when needed, sound and video systems, preparation of materials, etc)	15,000	PC or DC			100%	Q1 2014 Q3 2014 Q1 2015	Q4 2014 Q2 2015 Q4 2015	
		<b>Individual consultants</b>								
		Consultants (at least one per bank supported) to provide technical support and training to client	24,000	IICQ	1	100%		Q1 2014 Q3 2014 Q1 2015	Q4 2014 Q2 2015 Q4 2015	
2		<b>Component 2: Identification of priority sectors and market study</b>								
		<b>Non consulting services</b>								
		Travel (for technical support)	20,000			100%				
		Logistics for consultation meetings with key stakeholder's (including travel), (rental of rooms, interpretation services when needed, sound and video systems, preparation of materials, etc)	15,000	PC or DC		75%	25%	Q1 2014 Q3 2014 Q1 2015	Q4 2014 Q2 2015 Q4 2015	
		<b>Individual consultants</b>								
		Consultants (at least one per bank supported) to provide technical support and training to client	136,000	IICQ		86%	14%	Q1 2014 Q3 2014 Q1 2015	Q4 2014 Q2 2015 Q4 2015	
3		<b>Components 3,4 and 5: Design of a dedicated financial mechanism, structuring of the demand and development of monitoring and evaluation system</b>								
		<b>Non consulting services</b>								
		Travel (for training and technical support)	15,000			100%				

		Logistics for consultation meetings with key stakeholder's (including travel, (rental of rooms, interpretation services when needed, sound and video systems, preparation of materials, etc)	15,000	PC or DC				Q3 2014 Q1 2015 Q3 2015	Q3 2015 Q1 2016 Q3 2016	
		<b>Consulting services</b>								
		Consulting services (per bank supported) to provide technical support to client	120,000	QBS or SSS		86%	14%	Q3 2014 Q1 2015 Q3 2015	Q3 2015 Q1 2016 Q3 2016	
		<b>Individual consultants</b>								
		Consultants (at least one per bank supported) to provide technical support to client	120,000	IICQ		86%	14%	Q3 2014 Q1 2015 Q3 2015	Q3 2015 Q1 2016 Q3 2016	
<b>4</b>		<b>Components 7: VII: Regional dissemination</b>								
		Logistics for consultation meetings / web interface with key stakeholder's (including travel, rental of rooms, web materials, interpretation services when needed, sound and video systems, preparation of materials, etc)	25,000	PC or DC		75%	25%	Q3 2014 Q1 2015 Q3 2015	Q3 2015 Q1 2016 Q3 2016	
<b>5</b>		<b>Project Execution Unit</b>								
		<b>Total</b>	<b>511,000</b>	<b>Prepared by: IFD/CMF</b>				<b>Date: 07/29/2013</b>		
<p>(1) Grouping together of similar procurement is recommended, such as computer hardware, publications, travel, etc. If there are a number of similar individual contracts to be executed at different times, they can be grouped together under a single heading, with an explanation in the comments column indicating the average individual amount and the period during which the contract would be executed. For example: an export promotion project that includes travel to participate in fairs would have an item called "airfare for fairs", an estimated total value of US\$5,000, and an explanation in the Comments column: "This is for approximately four different airfares to participate in fairs in the region in years X and X1".</p>										
<p>(2) <b>Goods and works:</b> CB: Competitive bidding; PC: Price comparison; DC: Direct contracting.</p>										
<p>(2) <b>Consulting firms:</b> CQS: Selection Based on the Consultants' Qualifications; QCBS: Quality and cost-based selection; LCS: Least Cost Selection; FBS: Selection under a Fixed Budget; SSS: Single Source Selection; QBS: Quality Based selection.</p>										
<p>(2) <b>Individual consultants:</b> IICQ: International Individual Consultant Selection Based on Qualifications; SSS: Single Source Selection.</p>										
<p>(3) <b>Ex-ante/ex-post review:</b> In general, depending on the institutional capacity and level of risk associated with the procurement, ex-post review is the standard modality. Ex-ante review can be specified for critical or complex process.</p>										
<p>(4) <b>Technical review:</b> The PTL will use this column to define those procurement he/she considers "critical" or "complex" that require ex ante review of the terms of reference, technical specifications, reports, outputs, or other items.</p>										