

TERMS OF REFERENCE FOR CONSULTANTS **(Phases I and II)**

A. Scope of Work

1. A consultant or firm with relevant market expertise and skills will work with ADB to conduct upstream market development work to build a comprehensive diagnostic framework that enables investment in energy efficiency (EE) and non-utility scale renewable energy (RE) technologies through financial institutions (FIs) by corporates and SMEs in Bangladesh and Nepal. First, the consultant will develop a comprehensive review of the current market potential for investment in EE and RE technologies by firms including a baseline of investment till date and technologies in force. The study will also identify barriers and opportunities to drive demand for further investments in such measures by corporates and SMEs and include identification of technologies most suitable for each of the respective markets, as well as develop proposed financing products and de-risking solutions through FIs. The report will be presented to potential partners including FIs, policymakers, and equipment vendors/technology partners and disseminated as an ADB knowledge product to the market. As a subsequent phase, select private sector FIs will be supported in preparing investable project pipelines, processes, and financial products for such investments.

2. The ultimate goal of the proposed scope of work is to devise energy and/or financial sector policy recommendations as well as financial sector product and technical solutions that can support increased gender-inclusive private sector investments in EE and RE through Financial Institutions in each country.

B. Detailed Tasks and/or Expected Output

3. The services to be provided by the Consultant or Firm will cover, but will not be limited to, the following tasks:

(i) Phase 1: Market Analysis and FI Engagement

Part I: Baseline Research and Analysis for diagnostic

- a. Map energy consumption and emissions by corporates and SMEs in various sectors across Bangladesh and Nepal and investment potential at a market level for each country. The analysis will include a review of historical data and prior studies;
- b. Identify attractive segments for investment in EE and RE by corporate and SME firms, including diagnostic of relevant technologies and associated financial, regulatory and practical viability for firm level investment;
- c. Diagnose existing baseline of investments by corporate and SME firms in target technologies, including sources of finance utilized to fund;
- d. Identify gaps relative to levels of investments required in each sector to achieve national policy priorities, NDCs and other country level objectives;
- e. Identify key aspects of policies and/or regulatory frameworks for the target technologies that act as barriers and/or incentives in each of the respective sectors, including through consultations with government and regulatory bodies; suggest ways to address these barriers including through identification of key policy initiatives, and review of best practices from global/regional experience which could be considered;
- f. Identify other barriers (technical, financial, gender or other) that prevent firms from investing in relevant technologies and Financial Institutions from designing appropriate products for same. Suggest ways to address these barriers;

- g. Segregate identified funding gaps for potential investments that could be expected to be made through investments by corporates and SMEs through FI intermediation.

Part II: Market Survey and Consultation with Financial Institutions

- a. Conduct wide ranging market consultations with key stakeholders including global and regional FIs, technology providers, regulators / policymakers, corporate and SME firms, and other industry participants to understand the challenges in financing and other challenges associated with undertaking investments in these EE and RE projects.
- b. The consultation must focus on identifying, analysing and developing recommended approaches to address:
 - Opportunities for policy reform or regulatory incentives to drive further investment;
 - Best practices used in the financing structures to facilitate undertaking of existing private sector firm investments in EE and RE sectors, including through references to global or regional experience;
 - Potential client types to be financed with EE/RE investments by sector, and estimated requirements from corporates and SMEs for (i) loan tenor, (ii) interest rate concessions and (iii) other solutions to overcome barriers to investment;
 - Barriers to increasing female participation in the EE and RE projects as key stakeholders (Corporate or SME owners/managers, technology/service providers or other);
 - Baseline of existing portfolios in EE/RE investments by FIs. Identification of potential interest from FIs and that are inclined to develop further EE and RE financing products and undertake financing;
 - Key challenges for the financial institutions in undertaking such financing and likely incentives and support desired by the financial institutions, including through de-risking instruments, internal process support mechanisms or tailored funding solutions;
 - Equipment, service and other technology providers to act as FI partners, including detailed assessment of the optimal partnership models that could be forged to overcome technical and financial barriers to financing EE and RE solutions for firms;
 - Size of the proposed portfolio potential to be achieved by the FI. Any potential specific product financing or other technical requirements by the FI;
 - Technical tools that can easily support FIs in the (i) cost benefit of investing in the proposed EE and RE technologies; and (ii) measurement of EE savings, GHG or CO2 savings. Recommend opportunities for deployment of relevant EE or carbon reducing certification programs to track clear outcomes;
 - Other “tool kit” approaches to implement, assuming interest by private sector FIs in addressing the gaps and increasing investments for target high potential EE and RE sectors, which includes but is not limited to credit considerations, internal process/systems changes and segment distribution strategies.
- c. The consultation with key stakeholders to focus on understanding and validating the findings regarding potential demand, key applicable technologies, key barriers to undertaking investments and proposed solutions (any of a range of product, technical and/or policy) to assist where firms and FIs can increase

investment to improve sustainability of their business.

Part III: Draft Report and Financing Solutions

- a. Submit a report on the findings covering each of the elements addressed in Part I and Part II. The report will also summarize the financing modalities available and the key challenges in undertaking the financing.
- b. The report will further identify the key areas of regulatory, technical and financial barriers and provide suggestions on proposed mitigants for such challenges, including drawing on applicable regional or global best practices.
- c. The consultant will also develop actionable “toolkit” for implementation for FIs interested in expanding their portfolio of loans to EE and RE sectors, including cost benefit models, recommended process changes, and financing structures and de-risking instruments that can enable increased firm level investment in identified technologies. The design to include a plan to potentially develop or procure expertise to assess technologies and identify potential technology partners, design financial products, and work with male and female equipment and service vendors as well as create associated credit and distribution criteria for prospective implementation by interested FIs.
- d. Consultant to also develop models that enable firms and FIs to monitor and measure the climate benefits of investments in EE and RE sectors.

(ii) Phase 2: Capacity Building and Knowledge Sharing

- a. Prepare a working-level industry meeting (draft agenda and invite list, coordination of event logistics including venue, invitations, convening of speakers etc.) and solicit participation from a relevant stakeholder mix, including FIs, policymakers/ regulatory authorities, technology vendors / OEMs, ESCOs, relevant industry associations, and other select public / private sector stakeholders for a gender-inclusive knowledge sharing event.
- b. At the event, present findings and disseminate knowledge on key market areas studied to inform and support investments in target sectors in Bangladesh and Nepal.
- c. Engage all key market stakeholders in a comprehensive dialogue around the findings of the study to validate findings and incorporate informed feedback.
- d. Publish final report as a knowledge product to the market.
- e. Develop detailed recommendations for ADB’s action to address technical and financial needs of interested FIs and develop tailored follow-on project support with selected FIs.

C. Time-Line

Sl. No.	Activity	Timeline	Submissions
1.	Phase I	12 months from the issuance of contract	Final Report
2.	Phase II	6 months from the issuance of contract	Knowledge session

D. Minimum Qualification and Experience

4. The staff of candidate firms or individual consultants should have practical experience in undertaking market research and stakeholder engagement activities in the energy and development finance sectors. The consultants or their representatives should have a working knowledge of Bangladesh and Nepal's EE and RE market and regulatory framework, as well as the ability to interface with the policy makers, technology providers and financing partners key to the proposed project success.

5. The professionals staffing the work for a firm or individual consultants should have:
- (i) at least a bachelor's degree in a relevant field; strong preference for an master's degree in Finance, Economics, Public Policy, Engineering, Energy or Management Studies equivalent qualifications.
 - (ii) Team should include at least one member with over 15 years of relevant experience in EE and RE as applicable for the corporate and SME sectors.
 - (iii) Firm should have a working experience of over five years in carrying out EE and RE projects and benchmarking studies, including with in-market presence or comparable experience in each of the target markets.
 - (iv) Firm should have a working experience of executing EE and RE financing projects and supporting various financing schemes.
 - (v) Firm should have a prior experience of working with energy sector stakeholders ranging from industry associations, technology vendors, consultants and FIs in the EE and RE space.
 - (vi) Firm should have a prior experience of identifying and promoting EE and RE technologies relevant to corporate and SME sectors.
 - (vii) Experience and local establishment in Bangladesh and Nepal is strongly preferred.
 - (viii) Must have excellent English oral and written communication skills.

E. Reporting Requirements

6. The selected firm will work from its own premises and report to ADB's PSFI unit in the Private Sector Operations Department (PSOD).