

## TERM OF REFERENCE (ToR) FOR THE RECRUITMENT OF INDIVIDUAL CONTRACTOR (IC)

### GENERAL INFORMATION

<b>Services/Work Description:</b>	Recruitment of National Consultant to support establishing of a Credit Risk Guarantee Fund for renewable energy lending at the Development bank of Ethiopia
<b>Project/Program Title:</b>	UNDP-GEF: "Promoting Sustainable Rural Energy Technologies (RETs) for Household and Productive Uses"
<b>Post Title:</b>	National Consultant (NC)
<b>Consultant Level:</b>	Level C (Senior Specialist)
<b>Duty Station:</b>	Addis Ababa
<b>Expected Places of Travel:</b>	-
<b>Duration:</b>	One year (with possibility of extension)
<b>Expected Start Date:</b>	Immediately after IC Contract Agreement is signed

### I. BACKGROUND/PROJECT DESCRIPTION

The Ministry of Water Irrigation and Electricity (MoWIE) of Ethiopia in collaboration with several partners, including UNDP, the Development Bank of Ethiopia (DBE) and UNCDF, is implementing the GEF-financed project titled "Promoting Sustainable Rural Energy Technologies (RETs) for Household and Productive Uses" (further referred to as 'the Project'). The project will seek to implement a private sector driven and market based approach towards promoting the use of Rural Energy Technologies in rural communities in Ethiopia in order to increase the use of RETs significantly.

To achieve the project objective, and address the identified barriers, the project's interventions has been organized into four components:

- **Component 1:** Strengthened regulatory and legal framework based on national standards;
- **Component 2:** Rural Public Awareness Campaign on Renewable Energy Technologies;
- **Component 3:** Sustainable Financial Mechanism (SFM) for RETs for rural households;
- **Component 4:** Business Incubator to Promote Greater Entrepreneurship for Investment in RETs.

Under component 3 of the project a Credit Risk Guarantee Fund for renewable energy lending (further referred to as 'Guarantee fund' or 'GF') will be established. DBE will act as the guarantor and manager of the fund, while UNCDF will provide technical assistance related to the establishment and implementation of the fund. The objective of this ToR is to recruit a consultant to support establishing of the Credit Risk Guarantee Fund for renewable energy lending at Commercial Banks and MFIs via DBE Credit Risk Guarantee Fund provision. The consultant will work in DBE offices.

The Credit Risk Guarantee Fund will:

- provide partial credit risk guarantees (up to 50%) to loans from commercial banks to larger RET enterprises with regional/national outreach; the risk guarantees are intended to make credit from commercial banks more easily accessible to RET enterprises and service providers.
- provide partial credit risk guarantees (up to 50%) to MFI loans to small, local RET enterprises with district/sub-regional outreach; the risk guarantees are meant to make MFI credit more easily available to local RET enterprises and service providers.

Currently an operation manual for the Credit Risk Guarantee Fund is developed and endorsed by DBE and project partners. The OM is intended to function as a reference outline, to be used by, and guiding those institutions and units, which are involved with/having authorities and responsibilities in connection with activities related to the implementation of the GRGF as set out in the Project Document (ProDoc) of the Project. For the operationalization of the CRGF, DBE/UNCDF/UNDP are seeking an expert.

## **II Scope of the work**

The objective of the assignment is to support DBE and project partners in establishing and operationalizing the Credit Risk Guarantee Fund for renewable energy lending.

## **III EXPECTED OUTPUTS AND DELIVERABLES**

Under the supervision of UNCDF CleanStart Programme Manager and the direct supervision of DBE Special Fund Administration and RFIP Directorate Director, and in close cooperation with the Energy Coordination Team of DBE, the consultant is expected to support DBE in establishing and operationalizing the credit risk Guarantee Fund. Main tasks include:

1. **Operationalization of CRGF:** support DBE in operationalizing the CRGF as guided by the approved operational manual of the credit risk guarantee fund. The consultant shall provide support to DBE on the following processes and activities, but not limited to:
  - a. Preparing Expression of Interest (EOI) documentation for consideration by DBE senior management and project partners;
  - b. Organizing an event to explain the EOI process to interest banks and MFIs;
  - c. Issuing of EOI to banks and MFIs;
  - d. Collecting of applications received and conduct pre-screening;
  - e. Organizing due diligence visits to applicants;
  - f. Conducting due diligence of applicants and preparing due diligence reports;
  - g. Internal review process of due diligence documents;
  - h. Finalizing of due diligence documents;
  - i. Decision making process which includes DBE senior management and project partners;
  - j. Establishing internal procedures to process and assess request for providing guarantees for loans by selected banks and MFIs.
  - k. Serve as secretary of the GFMC
  - l. Prepare proposals on the amendment of operational manual on the basis of implementation practices as deemed necessary
  - m. Other activities relevant to the smooth operation of the CRGF

During the process of operationalization of the CRGF, the consultant will receive technical support from UNCDF.

2. **Capacity building:** provides capacity building or arranges expertise to provide capacity building to DBE staff and financial intermediaries (commercial banks and MFIs) accessing or willing to access the credit risk guarantee fund.

3. **Coordination:** regularly coordinate with the project manager of the UNDP-GEF project 'Promoting Sustainable Rural Energy Technologies (RETs) for Household and Productive Uses' to ensure alignment of activities implemented under other components of this project, as well as with UNCDF to coordinate activities related to the establishment of sustainable financing mechanisms and capacity building of financial institutions on renewable energy lending.
4. **Reporting** on programme progress. Provides inputs to quarterly and annual progress reports as requested by the Project Manager of the UNDP-RET project and UNCDF related to the establishment and operation of the CRGF at DBE.
5. Any other tasks related to the operationalization of the credit risk guarantee fund in particular and project component 3 in general as deemed necessary by DBE and UNCDF.

#### **IV. INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS**

The national consultant shall report daily to DBE and regularly to UNCDF CleanStart Programme Manager. In addition, the national consultant shall have contact with UNCDF experts on Credit Risk Guarantee funds regularly for feedback and suggestions. The national consultant shall also inform regularly the Project Manager of the GEF project of the progress made.

#### **V. LOGISTICS AND ADMINISTRATIVE SUPPORT TO PROSPECT IC**

The national consultant shall work from DBE premises in Addis Ababa.

#### **VI. DURATION OF THE WORK**

It will be a full-time assignment for one year, with the possibility of extension.

The Project runs from 2017 to 2020.

#### **VII. QUALIFICATIONS OF THE SUCCESSFUL INDIVIDUAL CONTRACTOR (IC)**

DBE/UNCDF/UNDP are seeking a national individual expert with substantive proven experience and capacity to provide the required support to DBE outlined above. In particular, the national consultant is expected to have:

- A minimum of Master's degree in Finance, Economics, or comparable field (or A bachelor's degree in these fields with 7 years of experience);
- At least 7 years of experience at medium or senior level in a financial institution in Ethiopia, preferably in a lending environment;
- Experience in working with credit risk guarantee fund mechanisms is an advantage;
- A network of contacts in the Ethiopian banking sector is an advantage;
- Excellent knowledge of English, including the ability to set out a coherent argument in presentations and group interactions;
- Capacity to communicate fluently with different stakeholders (bankers, private sector, government authorities);
- Demonstrates integrity by modelling the UN's values and ethical standards;
- Displays cultural, gender, religion, race, nationality and age sensitivity and adaptability.

### VIII. CRITERIA FOR SELECTING THE BEST OFFER

Upon the advertisement of the Procurement Notice, qualified Individual Consultant is expected to submit both the Technical and Financial Proposals. Accordingly; Individual Consultants will be evaluated based on Cumulative Analysis as per the following scenario:

- Responsive/compliant/acceptable, and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
  - a. Technical Criteria weight is **70%**
  - b. Financial Criteria weight is **30%**

Criteria	Weight	Max. Point
<b>Technical Competence (based on CV, Proposal and interview (if required))</b>	<b>70%</b>	100
▪ <b>Criteria a.</b> Understanding the Scope of Work (SoW); comprehensiveness of the methodology/approach; and organization & completeness of the proposal		50 pts
▪ <b>Criteria b.</b> Minimum educational background as per the requirement in the ToR		15 pts
▪ <b>Criteria c.</b> Minimum seven years of experience in similar field and/or IC contracts		15 pts
▪ <b>Criteria d.</b> Ability to discharge the consultancy service within the timeframe as per the ToR		20 pts
<b>Financial (Lower Offer/Offer*100)</b>	<b>30%</b>	30
<b>Total Score</b>	<b>Technical Score * 70% + Financial Score * 30%</b>	

### IX. PAYMENT MILESTONES AND AUTHORITY

The consultant payments would be effected monthly upon certification of satisfactory performances and delivery of agreed outputs/results per month

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained	Percentage of Payment
1 <sup>st</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
2 <sup>nd</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
3 <sup>rd</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
4 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
5 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%

<b>Installment of Payment/ Period</b>	<b>Deliverables or Documents to be Delivered</b>	<b>Approval should be obtained</b>	<b>Percentage of Payment</b>
6 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
7 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
8 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
9 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
10 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
11 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%
12 <sup>th</sup> Month/ Installment	certification of satisfactory performances and delivery of agreed outputs	DBE/UNCDF/UNDP	8.333%

#### **XI. CONFIDENTIALITY AND PROPRIETARY INTERESTS**

The Individual Consultant shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy service without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under the assignment shall become and remain properties of UNDP.