



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

TERMS OF REFERENCE FOR IDENTIFICATION OF ENERGY SERVICE PROVIDER COMPANIES

INVESTING IN ENERGY EFFICIENCY TO STRENGTHEN THE COLD VALUE CHAIN OF SMALL AND MEDIUM ENTERPRISES IN THE ISLAMIC REPUBLIC OF AFGHANISTAN

UNIDO Project ID: 170167

Duration of Advertisement: 5th of March 2020 - 15th of March 2020

Interested Companies should send 1) Company profile, 2) References/CV of the key persons, 3) Current asset under management for the energy saving company service model (ESCO), if any, and 4) A Cover letter, to this email address: **office.afghanistan@unido.org**

1. Background and Aim of the Project

The Terms of Reference (ToR) describe services to be provided by a subcontractor which supports the cold value chain for the UNIDO project “Investing in energy efficiency to strengthen the cold value chain of small and medium enterprises in the Islamic Republic of Afghanistan”(UNIDO ID: 170167 and GEF ID: 10143). The ToR is addressing a part of project activities described in the project document approved by the Global Environmental Facility (GEF).

The overall project objective is to establish energy efficiency labeling for refrigeration and air-conditioning and encourage private financing to invest in the energy efficiency of the cold value chain and distribution channels operated by small and medium enterprises. Small and medium enterprises (SMEs) are crucial nodes of the cold chain as well as service providers to maintain the cold chain. However, the technical capacities of such SMEs are not properly supported, despite the government's efforts to strengthen the essential technical absorption capacities of the SME stakeholders by designing certification systems for refrigeration technicians and raising awareness on environmentally friendly refrigerants.

The key partners who were identified during the project preparation phase are National Environmental Protection Agency (NEPA), the Ministry of Energy and Water (MEW), the Afghanistan National Standards Authority (ANSA), the Ministry of Industry and Commerce (MoIC), the Afghanistan Chamber of Commerce (ACCI), and the Afghanistan Women Chamber of Commerce and Industry (AWCCI).

An initial analysis of the refrigeration and air-conditioning sector in Afghanistan revealed that SMEs dominate the industrial horizon.

Energy service company, hereinafter, ESCO Services, in the TOR refer to a business model as follows. Energy-efficient technologies bring a drastic reduction in the amount of energy used, which thus translates into reduced energy bills. Energy efficiency measures often cost money up-front, but in many cases, this capital outlay will be recuperated in the form of reduced energy costs within a short time period. Many cost-effective energy savings opportunities exist for refrigeration systems, particularly for large systems such as cold rooms. New energy-efficient technologies of cold storage components

such as compressors, electronically commutated evaporator-fan motors, thermal-insulated structures, LED lighting and energy management systems, combined with good practices such as regular maintenance and appropriate cold storage management can bring energy savings of more than 60% which provides an interesting potential for investment from the private sector including energy service companies (ESCO). This project facilitates SMEs' access to financing opportunities in addition to using ESCO models effectively to guarantee energy and cost savings;

Here ESCO is considered as a firm that provides solutions for achieving energy cost reductions and whose overall compensation can be linked (in part or in full) to the performance of the implemented solutions. In this context, an ESCO can provide a broad range of energy solutions including designs and implementation of energy savings projects, retrofitting, energy conservation, energy infrastructure outsourcing, power generation, and energy supply, mobilize financial resources (not necessary its own equity) and assume performance risks.

For more details, please refer to the CEO Endorsement document, which is the GEF project document¹.

2. Scope of the Proposed Tasks

This TOR is specifically looking for energy service companies that are capable and interested to provide energy services defined under *Outcome 2* of the project

Outcome 2: Investment agreement for energy-efficient & safe cold value chains including distribution channels is agreed. Output 2.4 Partnership established with financial institutes providing green financing opportunities for cold value chains

- 1) Technical evaluation and economic assessment of cold chain SMEs energy efficiency projects proposed by PEE;
- 2) Technical evaluation and financial assessment of energy efficiency solutions offered by investors and technology providers and proposing the list of SMEs which can benefit from this cold chain ESCO services;
- 3) Providing ESCO services to the SMEs endorsed by PEE under pre-agreed financial conditions in this contract;

3. Reporting and Deliverables

Milestones of the project will be defined in the subcontracts. The main deliverables which are expected from ESCOS are including (1) Workplan, (2) technical and economical feasibility study, (3) progress reports, and (4) Muserment and verification reports;

5. Language Requirements

The working language of the Contract and reports will be English unless specifically requested. All documents in the local language need to be submitted with an informal translation.

¹ <https://www.thegef.org/project/investing-energy-efficiency-strengthen-cold-value-chain-small-and-medium-enterprises>