

Terms of Reference

National Consultant to review the financial support mechanism for UNDP GEF low-carbon rural housing project in Uzbekistan

1 BACKGROUND

The United Nations Development Programme (UNDP) and the Ministry of Construction (Minstroy) are jointly conducting a project entitled *Market Transformation for Sustainable Rural Housing in Uzbekistan*. The objective of the project is to provide Uzbekistan's rural population with improved, affordable and environmentally friendly living conditions. The project seeks to transform the rapidly growing rural housing sector in Uzbekistan towards a more sustainable and low-carbon development pathway by designing, piloting and scaling-up a green mortgage market mechanism, which will boost the demand for low-carbon housing among the Uzbek rural population. This project, under financial support from the Global Environment Facility (GEF) as well as significant national co-financing, was launched in March 2017 and is due for completion in March 2023.

The project consists of four inter-linked outcomes. The outcomes relate to introducing a green mortgage scheme for rural housing (Outcome 1), strengthening domestic supply chain and the capacity to design and construct efficient and low-carbon housing (Outcome 2), Strengthening policies and regulations, particularly building codes for rural housing and rural settlements (Outcome 3), and raising public awareness about benefits and advantages of energy efficiency and low-carbon housing (Outcome 4).

By achieving these outcomes, the project will create a favorable market environment and scalable business model for investment in both energy-efficient and low-carbon rural housing.

Under Outcome 1 of the project is the development, establishment and operationalization of a financing scheme for supporting the implementation of energy efficiency (EE) projects in rural housing in Uzbekistan under the heading "Green Mortgage market mechanism to scale-up demand for low-carbon housing". Under this component, the project works with national financial institutions, primarily Qishlok Qurilish Bank (QQB/Rural Construction Bank) and builds on and complements the existing and highly popular mortgage programme for rural housing implemented by the Rural Construction Bank. The Rural Construction Bank provides mortgages to the families wishing to buy a house under the State Investment Program "Housing for Comprehensive Rural Development" at 7% for 15 years. The demand for mortgages has been steadily increasing since 2009 and the Bank plans to further expand its mortgage operations in the next decade. The project implemented a financial support mechanism to complement the mortgage programme for rural housing and encourage low-carbon housing during 2019 and 2020. During these years, 800 rural housing were supported by the project in 2019 and 528 rural housing were supported by the project in 2020.

The project undertook a mid-term review in 2020 which was completed at the end of 2020 and which has concluded that the project needs adaptive management on the financial support mechanism needs an overall review and a new strategy.

Now that the financial support mechanism for low-carbon rural housing has been running for two years and now that the mid-term review has concluded that there are some issues that need to be addressed with regards to this mechanism, it is time to take stock and assess its performance and make recommendations for the future using adaptive management in terms of either: a) enhancing and strengthening it; or (b) making clear and specific recommendations for the design of a new financial support mechanism for low-carbon rural housing.

The project will hire a team of two persons (international and national consultant) to carry out this work. The international consultant will be responsible for the lead drafting of all reports while the national consultant will provide detailed review on all versions of the draft reports for all deliverables as well as inputs and feedback on proposed methodology and approach. The main focus of the national consultant will be on data collection and stakeholder outreach. The national consultant will also be available to translate summaries of documents in Russian for the international consultant, as required, and to provide brief analysis of documents in Russian for the international consultant, as required. The national consultant will take the lead role in organizing stakeholder meetings with various project stakeholders to assist with the drafting of reports and will also be available, where possible, to undertake in person meetings with key project stakeholders connecting to the international consultant via internet communications.

OBJECTIVE AND SCOPE OF WORK

The objective of this assignment is, using the theory of change and using data collected from the project and from interviews with all relevant stakeholders, to review and take stock of the results and impacts of the financial support mechanism (FSM) developed under Outcome 1 “Green Mortgage market mechanism to scale-up demand for low-carbon housing” by the project and evaluate how this has been implemented so far in order to undertake adaptive management and make recommendations for: a) adjusting and strengthening it; or (b) making clear and specific recommendations for the design of a new financial support mechanism for low-carbon rural housing.

The assignment will start by means of developing an Inception Report and will further consist of three main outputs which are 1) a Review of the financial support mechanism as it was deployed in 2019 and 2020 analyzing the suitability of the design and assessment of the impact of the mechanism, including its sustainability on the longer term and 2) a Recommendations **for a Revised Financial Support Mechanism** that discusses a way forward for the financial support mechanism in the rural housing project, either by adjusting the existing financial mechanism or by suggesting alternative approaches to (financially) support low carbon rural housing development and 3) suggested revisions to the Project Logframe following from the recommendations for the financial support mechanism.

Output 1: Review of the Financial Support Mechanism Design and Performance (international consultant responsible for the lead drafting, the national consultant supporting this task): This involves the review of the existing financial support mechanism under the project. The review must cover the following: (i) the design of the financial support mechanism under the mortgage scheme operated by the QQB, particularly whether this is based on additionality and/or incremental cost principles; (ii) actual implementation of the financial support mechanism, including procurement arrangements and

the sequence of steps in the operation of the financial mechanism towards compensation of low-carbon housing features; (iii) selection process of responsible parties currently involved, in light of stakeholders operating in the rural housing mortgage scheme in Uzbekistan; (iv) whether sound economic/financial feasibility analyses are done (comparison of IRR, NPV, and payback period with and without subsidy); (v) the transparency of design of the financial support mechanism including assessment of the stakeholder consultations that were carried out; (vi) the selection of the rural housing projects that are endorsed for the financial mechanism support; (vii) accuracy of the estimation of the total investment costs; (viii) accuracy of the assessment that the subsidy is what turned an unattractive investment into an attractive one (ix) assessment of the impact of the financial support mechanism in terms of effect on influencing consumer decisions for low-carbon housing (x) sustainability of the financial mechanism in terms of likeliness for the financial mechanism to be continued after the project ends.

One of the key questions that should be examined refers to the rationale behind the maximum compensation for low carbon features in the financial support mechanism versus other approaches such as a partial subsidy or partial financial incentive based upon principles of additionality and incremental costs. The review should assess and examine how the idea of a maximum subsidy came about and what was the rationale behind this decision. The review should also look at what other options were considered for the financial support mechanisms and why were these rejected.

The Review of the Financial Support Mechanism Design and Performance should review all documents involved in preparation of the financial support mechanism, the GEF review sheets and the correspondence between persons involved in designing the financial support mechanism as well as interviewing current and previous project managers, national CTA, international consultant who undertook the MTR, UNDP CO staff, the RTA as well as other (UNDP and other) individuals/parties/key stakeholders involved in the original design of the mechanism back in 2018 and 2019.

Output 2: Recommendations for a Revised Financial Support Mechanism (international consultant responsible for the lead drafting, the national consultant supporting this task): The revised financial support mechanism recommendations report will focus on recommendations to adjust and/or enhance the performance of the existing financial support mechanism to be applied for the remainder of the lifetime of the Project. The Revised Financial Support Mechanisms Report should discuss the analysis of the various options for an enhanced financial support mechanism or a new financial support mechanism together with justification of the chosen approach. The recommendations shall focus on cost-effectiveness, impact, efficiency, transparency/good governance, and sustainability. It shall provide an analysis of the resources required to run and implement the recommended improved or new financial support mechanism also including recommendations for (improved) third party validation and verification. If the recommendation will be to continue with QCB, then measures to enhance and strengthen the existing financial support mechanism will be included. If the recommendation will be to develop a new financial support mechanism, then recommendations will be made about the choice of an appropriate partner as well as the structure of the mechanism and how it should work. The options that can be looked at can go beyond the currently used performance based payments/direct financial incentives and consider, for example, also other possible options such as a stronger focus on technical assistance for de-risking activities for innovative projects.

Output 3: Revisions in the LogFrame of the project following from the recommendations (international consultant responsible for the lead drafting, the national consultant supporting this task): Depending on the type of recommendations for the financial support mechanism as formulated under Output 2, there may be consequences following from the recommendations for the LogFrame of the project, specifically in terms of adjustments of indicators on Output level, where possible (leading to similar results on Outcome and Objective level in the LogFrame).

Draft reports for both Output 1, Output 2 and Output 3 will be shared with all key stakeholders including original RTA (ORTA), the additional RTA (ARTA) and the relevant staff in the UNDP Country Office as well as the Project Manager and the international CTA to the project.

2 **EXPECTED OUTPUTS AND DELIVERABLES**

This assignment consists of four main outputs (international consultant responsible for the lead drafting, the national consultant supporting this task):

- 1) Inception Report which will provide initial review the recommendations of the financial support mechanism in the mid-term review and in the project document and GEF Request CEO and outline the proposed strategy and methodology for the full assignment including providing a table of contents for the full report
- 2) A report on the Review of the financial support mechanism as it was deployed in 2019 and 2020 analyzing the suitability of the design and assessment of the impact of the mechanism, including its sustainability on the longer term
- 3) A Report on the Recommendations for a Revised Financial Support Mechanism that discusses a way forward for the financial support mechanism in the rural housing project, either by adjusting the existing financial mechanism or by suggesting alternative approaches to (financially) support low carbon rural housing development
- 4) Suggested revisions to the Project Logframe following from the recommendations for the financial support mechanism.

DELIVERABLES

#	Deliverable	Name of the Deliverable /Report	Estimated # of working days to be invested by the FE	Target Submission Date of Deliverables to UNDP
1	DEV. 1	Inception Report	3 days	25.04.2021
2	DEV. 2	Draft Report on <u>Review of the Financial Support Mechanism Design and Performance</u> , Draft Report on <u>Recommendations for a Revised Financial Support Mechanism</u>	12 days	25.05.2021

3	DEV. 3	Final Report on <u>Review of the Financial Support Mechanism Design and Performance</u> Final Report on <u>Recommendations for a Revised Financial Support Mechanism</u>	5 days	15.06.2021
4	DEV. 4	Finalized Revised Project Log frame on the basis of recommendations	5 days	30.06.2021
Total:			25 days	

The estimated number of working days, indicated in above-mentioned deliverables, to be invested by the bidder are based on UNDP's estimations. *The bidder may invest less or more days for each deliverable based on the project needs and at the sole discretion of UNDP, however number of working days to be invested by bidder may be subject to change **for each deliverable**, the total working days of the bidder dedicated to this assignment shall be at a maximum 25 days as indicated in this document.* The successful bidder who then will be designated as the national consultant will agree to provide relevant inputs to produce jointly with the International Financial Consultant as a expert team the aforementioned deliverables to the satisfaction of the UNDP and its partners within the working/day limits set forth in the preceding table. In cases where the national consultant may need to invest additional working/days to perform the tasks and produce the deliverables listed and defined in the present Terms of Reference, he/she shall do so without any additional payment.

▪ ***Institutional arrangements***

UNDP will provide the selected national consultant all relevant background documents and a complete list of all relevant stakeholders that can be interviewed by the expert team represented by the International Financial Consultant and national consultant.

The National consultant will provide support to the International Financial Consultant, who will take a lead on the assignment with an equivalent number of working days (25 days) and both work as a team of experts. The team will be responsible for timely and quality producing the expected deliverables under this assignment

This work will be carried out over 25 working days over a period of some four months from 26 April 2021 to 30th June 2021. Both the international and national consultant shall be hired at the same time, where possible.

▪ ***Reporting Line***

The national consultant will be responsible to the UNDP ORTA and the ARTA for payment approval and submit reports to both the UNDP ORTA and the UNDP ARTA and also to the UNDP CO Environment Focal point, for payment sign off.

The national consultant will be submitting the reports based on the results achieved and in an agreed format stating that all actions taken during the assignment in English.

The national consultant shall be solely liable for the accuracy and reliability of the data provided, links to sources of information used.

▪ **Reporting Language**

The reporting language shall be in English. All required inputs and reporting will be provided in English to both the International Financial Consultant (Team Leader) and to the appointed supervisors. If the reports will be translated into Uzbek or Russian language, then this will be done at the cost of the UNDP CO. The national consultant is not required to produce reports in Uzbek or Russian language.

▪ **Title Rights**

The title rights, copyrights and all other rights whatsoever nature in any material produced under the provisions of this ToR will be vested exclusively in UNDP.

3 **MINIMUM QUALIFICATION REQUIREMENTS**

The expected qualifications of the national consultant are as follows:

General Qualifications	General Professional Experience	Specific Professional Experience
<ul style="list-style-type: none"> - Master's degree in finance/business/economics, energy/environmental economics/international relations, or any other relevant field; - Fluency in English, Russian. Knowledge of Uzbek desirable. 	<ul style="list-style-type: none"> - Minimum 5 years of demonstrable experience in financial/economic analysis related to energy sector (focused on renewable energy/ energy efficiency - Experience working with financial institutions in a professional capacity that shows understanding of how financial mechanisms work is required 	<ul style="list-style-type: none"> - 5 years or more of experience working with and/or analysis/development of private sector financing - 5 years or more of experience working with international organizations or multi-lateral financing institutions is an asset but not required - Experience with the GEF is an asset but not required - Working experience in other countries in Central Asia region is an asset but not required.

Notes:

- Internships (paid/unpaid) are not considered professional experience;
- Obligatory military service is not considered professional experience;
- Working with financial institutions must be in a professional capacity and show understanding of how financial mechanisms work;
- Professional experience gained in an international setting is considered international experience with international organizations.

Female candidates are encouraged to apply.

4 REQUIRED DOCUMENTS

The consultant is requested to provide:

- a) 1. Proposal:
- b) (i) Letter of Confirmation of Interest and Availability using the template provided by UNDP (Annex 3);
- c) (ii) CV with indication of the e-mail and phone contact or Personal History Form (P11 form), but successful consultant will be requested to submit filled in and signed a Personal History Form (P11 form) before contract issuance
- d) (iii) Provide a detailed Methodology on how they will approach and conduct the work (max. two pages or 4000 characters with spaces and enters)
- e) 2. Financial proposal that indicates the all-inclusive fixed total contract price and all other travel related costs (such as flight ticket, per diem, etc), supported by a breakdown of costs, as per template attached to the Letter of Confirmation of Interest template. If an applicant is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the applicant must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP (Annex 3).

5 CRITERIA FOR SELECTION OF THE BEST OFFER

Combined Scoring method – where the qualifications (58) and cover letter/methodology or approach (12) will be weighted a max of 70 and combined with the price offer which will be weighted a max of 30. The breakdown of the scoring is as follows:

- Master's degree in relevant field (MAX: 5 points if have it)
- Minimum 5years relevant professional experience (MAX: 15 points, 12 points for 5years or more, 13 points for 6 years, 14 points for 7 years, 15 points for 8 or more years)
- 5 years or more of experience working with and/or analysis/development of private sector financing (MAX: 5 points if have it)
- Experience working with international organizations or multilateral financial institutions (MAX: 10 points if have both, but if only one of them then 4 points for international organizations and 6 points for multilateral financial institutions)
- Experience with GEF projects (MAX: 10 points if have it)
- Experience working in other countries of Central Asia (MAX: 10 points if have it)
- Fluency in both English, Russian (MAX: 3 points if have it)

TOTAL: MAXIMUM SCORE: 58 points

Cover Letter/Approach to the assignment implementation:

Excellent: 12 points, Very good: 10 points, Good: 9 points, Fair 7 points, Weak 5 points

TOTAL: MAXIMUM SCORE: 12 points

The total maximum score after scoring qualifications and cover letter/methodology is 70 points. Only candidates with 49 points or more will proceed to the financial scoring.

The lowest priced technically qualified financial offer will score 30 points and each other one will be scored at financial offer of the individual scoring 30 points divided by financial offer of the individual being scored x 30 points.

The maximum total score is 100 points (58 points from qualifications, 12 points from cover letter/methodology and 30 points from financial scoring).

A validation interview will be held with the highest ranked candidate prior to making any final offer.

6 TIMING AND DURATION

The assignment shall start by 25 April 2021, from the date of signature of the Contract and shall be completed by **the end of June 2021**. The selected National FE will be hired for **25 working days** on a non-consecutive basis over a 3 months period which is estimated to be 25th April 2021 to 30th June 2021.

7 PLACE OF WORK

The place of work for this assignment is home-based.

8 PAYMENTS

Payments will be made within 30 days upon acceptance and approval of the corresponding deliverable by UNDP on the basis of actual number of days invested in that respective deliverable and the pertaining Certification of Payment document signed by the consultant. The payment amounts will be in accordance with each of the four deliverables following acceptance by UNDP of the deliverables:

- 1) **Deliverable 1** – 10% of the Total Contract Amount
- 2) **Deliverable 2** – 50% of the Total Contract Amount
- 3) **Deliverable 3** – 20% of the Total Contract Amount
- 4) **Deliverable 4** – 20% of the Total Contract Amount

The total amount of payment to be effected to the National consultant within the scope of this **contract cannot exceed 25 days**.

If the deliverables are not produced and delivered by the National consultant to the satisfaction of UNDP as approved by the ORTA and ARTA, no payment will be made even if the FE has invested man/days to produce and deliver such deliverables.

Payment terms and conditions along with the daily fee rate (indicated in the contract) and number of days invested (**not to exceed maximum number of days in Section 5**) will be the basis of payment to the National consultant. Payments will be made against submission of the deliverable(s) in Article 5 by the National consultant and approval of such deliverables by UNDP.

The services of the National consultant shall be paid based on the USD lump sum amount in Uzbek soums by UN exchange rate on the date of payment in plastic card.

The amount paid to the National consultant shall be gross and inclusive of all associated costs such as social security, pension, medical COVID19 related insurance and income tax etc.

Tax Obligations: The National consultant is solely responsible for all taxation or other assessments on any income derived from UNDP. UNDP will not make any withholding from payments for the purposes of income tax. UNDP is exempt from any liabilities regarding taxation and will not reimburse any such taxation to the National consultant.

9 ACRONYMS AND ABBREVIATIONS

Unless otherwise noted;

- UNDP: United Nations Development Programme
- FE: Financial Expert
- FSM: Financial Support Mechanism
- GEF: Global Environment Fund
- CO: UNDP Country Office in Uzbekistan
- IRH: Istanbul Regional Hub
- ORTA: Original Regional Technical Advisor
- ARTA: Additional Regional Technical Advisor