



## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

Date: 03.06.2021  
Ref.2021-060

<b>Country:</b>	Republic of Kazakhstan
<b>Description of the assignment:</b>	Financial Support Mechanisms Review – National Consultant
<b>Project name:</b>	00091328, UNDP-GEF Project "NAMA" 00101058, UNDP-GEF Project «DREI»
<b>Period of assignment/services (if applicable):</b>	2 months (not more 30 working days)

Any request for clarification must be sent by standard electronic communication to the e-mail [zulfiya.suleimenova@undp.org](mailto:zulfiya.suleimenova@undp.org) and in e-mail subject please indicate **Request\_Ref.2021-060**.

### 1. BACKGROUND

Kazakhstan is by far the largest GHG emitter in Central Asia with annual emissions of 284 Mt CO<sub>2</sub>e in 2012 and has one of the world's highest GHG emissions per capita (16.9 tCO<sub>2</sub>). The energy intensity of the country's economy in 2010 – 0.68 toe per 1000 dollar of GDP – was almost six times that of Western Europe (0.11), almost triple that of the US (0.24). While Kazakhstan has substantial potential for energy and other resource efficiency improvements, GHG emissions across the sectors have been steadily rising since the early 2000s, when the emissions bottomed out at around 146 Mt CO<sub>2</sub>e, or 41% of the 1990 peak level of 358 Mt CO<sub>2</sub>e. The main reasons for this high level of intensity are the use of outdated technologies and lack of strong incentives for energy conservation. There is a strong commitment within the government to invest in clean energy and to reduce greenhouse gas emissions.

The UNDP/GEF "Nationally Appropriate Mitigation Actions (NAMA) Urban for Low Carbon Development" Project is a \$5.93 million USD project which focuses in making investments in energy-efficiency more attractive in Kazakhstan. The definition of NAMA being used by the project is any investment in clean energy that reduces greenhouse gas emissions, regardless of whether or not it has international support. The project started in April 2015 and is scheduled to finish by October 2021. One of the main outcomes of the project is the facilitation of financing for urban NAMAs through the creation and operationalization of a dedicated fund. After two years, the project concluded that creating its own financial support mechanism (FSM) was not feasible and instead the project decided to cooperate with an existing FSM, which is implemented by the DAMU Foundation (<https://www.damu.kz/en/>) called the Municipal Energy Efficiency Support Facility (MEESF). The UNDP and DAMU cooperation in the provision of financing support to urban NAMA projects is embodied in the FSM called Investment Incentives Mechanism under the Urban NAMA Project.

The IIM was launched in October 2017 and has been running now for slightly over three years. Over the period from December 2017 to June 2020, 110 applications for subsidies were received and the results were that 10 of them – rejected as non-eligible, 100 – endorsed. Out of the 100 endorsed projects 37 projects were approved to receive loans from commercial banks and loan interest payment subsidies. Initial estimates have suggested that for the 37 projects funded the lifetime emissions reductions are 660,673 t CO<sub>2</sub> but these figures need to be independently verified.

Building on the experience of the NAMA project, the Government of Kazakhstan, and other stakeholders, including financial institutions, such as Astana International Finance Centre and DAMU, were interested to further develop the mechanisms of attracting private investments into energy saving projects. As a result, the Ministry of Industry, and Infrastructure Development (MIID), requested UNDP to support the implementation of a Government-financed project on energy saving measures through innovative financing mechanisms. In addition, led by UNDP, and with support of UNEP, and UNESCAP, the Kazakhstan has been planning to launch a Green Finance Accelerator, as a platform of action to attract private investments towards energy efficiency and energy saving measures. This platform is planned to be funded in the initial stage by the Joint SDG Fund, and a grant application is now under consideration.

Now that the Urban NAMA Project FSM has been running for three years, and given that its FSM results are considered to be taken as a basis for scale-up, it is time to take stock and assess its performance and make recommendations for the future in terms of either: a) enhancing and strengthening it; or (b) making clear and specific recommendations for the design of a new FSM.

In addition, UNDP is implementing another ongoing US\$ 4.51 million UNDP/GEF climate change mitigation project in Kazakhstan called the “De-risking Investment in Renewable Energy (DREI)” Project. This project also includes another FSM to reduce the risks of investing in small renewable energy projects. It was initially planned that the FSM under the NAMA Project will be transferred to the DREI Project but focusing on supporting small scale renewable energy projects. It is important that the lessons learned from this FSM review are considered in any planned adjustment in the design of the FSMs in the NAMA and DREI Projects.

## 2. SCOPE OF WORK, RESPONSIBILITIES AND DESCRIPTION OF THE PROPOSED ANALYTICAL WORK

### **OBJECTIVE AND SCOPE**

The key objective of this assignment is to provide comprehensive assistance to the international consultant (review of the existing design and performance of the FSMs of the NAMA and DREI Projects) in the collection and initial processing of the material necessary for the assessment, ensuring the organization and conduct of consultations and meetings with partners and key national experts, preparing expert opinions, etc.

### **Deliverables:**

The national consultant will report to the GEF Portfolio manager and work closely with the international consultant to prepare the review, and coordinate with the UNDP-GEF NAMA and DREI project team (Project Managers, National Low-Carbon Finance Expert, and Chief Technical Adviser of projects). The national consultant is responsible for the collection and initial processing of all necessary information, organizing meetings, interviews, consultations with the main project partners, in order to ensure the achievement of the following results of the international consultant.

**Output 1: FSM Design and Performance Review:** This involves the review of the existing FSMs under the Urban NAMA Project and the DREI Project. The review must cover the following:

- a. Design of both FSMs, particularly their respective bases (*whether this is based on additionality and/or incremental cost principles*);
- b. Actual implementation performance of the IIM (*whether the agreed procedures are appropriate and were followed strictly, and whether or not there are impacts from this particularly the removal of financial barriers to EE investment projects, and whether or not this is scalable and replicable and sustainable*);
- c. Reviewing legal agreements with DAMU, including the responsible party agreement, to ensure these adequately represent UNDP's objectives and interests;
- d. Selection process of projects that will be endorsed to lending banks and for receiving financial support under the IIM (*whether this has been done on a consistent and defensible nature and project selection is achieving maximum leveraging and maximum impact*);
- e. Economic/Financial viability of projects (*whether sound economic/financial feasibility analyses are done, e.g.,*

*comparison of IRR, NPV, and payback period with or without subsidy);*

- f. Cost-effectiveness of selected projects that are endorsed for FSM support and the quality of the economic/financial analyses that were carried out;
- g. Transparency of design of the FSM including assessment of the stakeholder consultations that were carried out;
- h. Types of projects that are endorsed for the FSM support including whether or not these are projects that can be supported by the GEF;
- i. Technical viability of projects (*whether energy savings and GHG emissions reductions are part of the FSM eligibility criteria*);
- j. Accuracy of the estimation of the total investment costs; and
- k. Accuracy of the assessment that the subsidy is what turned an unattractive investment into an attractive one.

A summary of the comparison of the level of subsidy granted versus the total investment cost of each project shall be prepared and presented. The performance review should collect data to answer the same questions but should look at the impact in terms of what was achieved versus what was planned. It should examine the process of monitoring and reporting of the FSM-supported projects was designed and actually implemented, including whether or not independent verification and validation were done for each project. Lastly, the review should involve the actual financial performance (i.e., cost-effectiveness) of the implemented FSM-supported projects.

One of the questions that should be examined into is the rationale behind a fixed subsidy versus other approaches such as a subsidy based upon principles of additionality and incremental costs. The review should assess and examine how the idea of a fixed subsidy came about and what was the rationale behind this decision. The review should also look at what other options were considered for the FSM and why were these rejected.

The FSM design and performance review should interview the NAMA project manager, international CTA, UNDP CO staff, and the RTAs as well as other individuals/parties involved in the original design of the mechanism back in 2017. The analysis of the FSM implementation as presented in the project's mid-term review (MTR) shall also be reviewed.

The review should also evaluate the quality of the reporting on the annual results of the FSM implementation, focusing on the quality and accuracy of the report prepared and submitted by each supported project to the PMO and the quality assurance role provided by UNDP.

**Output 2: Revised Financial Support Mechanisms Recommendations Report:** – The revised FSM recommendations and strategy report will focus on (i) recommendations to enhance the performance of the existing FSM; or (ii) clear recommendations for a new FSM to be applied to: a) the remainder of the lifetime of the Urban NAMA Project; and b) the DREI Project. The Revised Financial Support Mechanisms Report should include the following:

- Analysis of the various options for an enhanced FSM or a new FSM 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 FSM also including recommendations for third party validation and verification.
- Recommended approach for the redesign or modification of both FSMs and justification for the recommendations. The recommendations on the redesigned/modified FSM should include:
  - Detailed description of design
  - Detailed key operational specifications (e.g., criteria for selection of investments; basis for additionality etc.)
  - Initial guidance on key principles to include in any legal arrangements/agreements (which can then be acted on by a lawyer).
  - Suggested plan of action to effectively implemented the recommendations of the FSM Review.

If the recommendation will be to continue with Damu Foundation, then measures to enhance and strengthen the existing FSM will be included. If the recommendation will be to develop a new FSM, 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 direct financial incentives and look, for example, at other possible options such as performance-based payments, loan guarantees, and or technical assistance for de-risking activities for innovative projects.

### 3. REQUIREMENTS FOR EXPERIENCE AND QUALIFICATIONS

#### I. Academic Qualifications:

- Bachelor's degree in finance/economics, business administration and accounting or any other relevant field.

#### II. Years of experience:

- Minimum 5 years of experience working with financial institutions in a professional capacity that shows understanding of how financial mechanisms work is required.
- Experience in the technical area of renewable energy/ energy efficiency is an asset but not required.
- Experience working with international organizations or multilateral financing institutions on financial policy design.
- Experience with the GEF is an asset but not required.

#### III. Competencies:

- Excellent communication skills;
- High level of computer skills (Microsoft Office, Internet);
- Fluency in English and Russian.

### 4. DOCUMENTS TO BE INCLUDED WHEN SUBMITTING THE PROPOSALS.

#### **Female candidates are encouraged to apply.**

The following documents **in PDF** to be attached to the Offer (maximum size 19Mb per one e-mail transmission) and should be sent to [procurement.kz@undp.org](mailto:procurement.kz@undp.org) with indication of **Ref.2021-060** in the e-mail subject not later **16 PM (Nur-Sultan time) of 14 June 2021**:

- a) Duly accomplished **Letter of Confirmation of Interest and Availability** using the template provided by UNDP (Annex 3);
- b) **Personal CV or P11**, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate, copies of Diploma(s);
- c) **Financial Proposal** (Annex 4) that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided. If an Offeror 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 Offeror must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP.

**ONLY fully submitted applications would be considered for evaluation!!!**

### 5. FINANCIAL PROPOSAL

Payments will be made within 20 days upon acceptance and approval of the corresponding deliverables by UNDP on the basis of Certification of Payment document signed by the NC and approved by UNDP-Kazakhstan. The

payment amounts will be in accordance with deliverables:

#### **Deliverables 1 and 2 – 100% of the Total Contract Amount**

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

The services of the NC shall be paid in KZT. The amount paid to the NC shall be gross and inclusive of all associated costs such as social security, pension, and income tax etc. The NC is solely responsible for all taxation or other assessments on any income derived from UNDP.

## **6. EVALUATION**

Individual consultants will be evaluated based on **Combined Scoring method** – where the qualifications and methodology will be weighted a max. of 70%, and combined with the price offer which will be weighted a max of 30%:

- **Step 1:** Preliminary evaluation of offers (ONLY fully and timely submitted applications with all required documentation (CV, Annex-3 and Annex -4, Diplomas) would be considered for technical evaluation.
- **Step 2:** Technical Evaluation = maximum 700 points, which consists of technical scoring of qualifications and experience - 500 points, and interview – 200 points.
- **Step 3:** Financial Evaluation = 300 points.

**Technical Evaluation – 70%:** UNDP will conduct a desk review to technically evaluate the shortlisted candidates. Only top 3 high scored candidates obtaining a minimum of 70% (350 points) of the maximum obtainable points for the technical criteria (500 points) shall be invited for the interview. Technical scoring of qualifications and experience – maximum 500 points:

	<b>Desk Review</b>	<b>Max obtainable points</b>	<b>Specific points based on qualification</b>
<u>1</u>	Bachelor's degree in finance/economics, business administration and accounting or any other relevant field;	100	Bachelor's degree – 70 points Master's degree – 85 points PhD – 100 points
<u>2</u>	Minimum 5 years of experience working with financial institutions in a professional capacity that shows understanding of how financial mechanisms work is required.	150	Less than 5 years – 0 points 5 years – 105 points, each additional year 9 points, max. 150
<u>3</u>	Experience in the technical area of renewable energy/ energy efficiency is an asset but not required.	100	Availability of Experience: Poor = 10; Satisfactory = 30; Good = 50; Very good = 70; Excellent = 100
<u>4</u>	Experience working with international organizations or multi-lateral financing institutions on financial policy design	100	Availability of Experience: Poor = 10; Satisfactory = 30; Good = 50; Very good = 70; Excellent = 100
<u>5</u>	Experience with the GEF would be an asset	50	Availability of Experience: Poor = 10; Satisfactory = 20;

	(but not required).		Good = 35; Very good = 40; Excellent = 50
		500	

**Interview max 200 points:** Only candidates obtaining a minimum of 70% (140 points) of the maximum obtainable points (200 points) during the interview shall be considered for the financial evaluation.

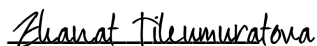
**Financial evaluation – 30% = 300 points:** The following formula will be used to evaluate financial proposal: Lowest priced proposal\*300 points/price of the proposal being evaluated.

The award of the contract shall be made to the individual consultant whose offer has been evaluated and determined as (a) responsive/compliant/acceptable and (b) having the highest score out of the set of weighted criteria: technical (70%) and financial (30%).

**Zhanat Tileumuratova**

**Procurement Associate**

**Date:** 03-Jun-2021



**Vitalie Vremis**

**Deputy Resident Representative**

**Date:** 03-Jun-2021



#### ANNEX

ANNEX 1- TERMS OF REFERENCES (TOR)

ANNEX 2- INDIVIDUAL CONSULTANT GENERAL TERMS AND CONDITIONS

ANNEX 3- OFFEROR'S LETTER TO UNDP CONFIRMING INTEREST AND AVAILABILITY FOR THE INDIVIDUAL CONTRACTOR (IC) ASSIGNMENT

ANNEX 4- BREAKDOWN OF COSTS SUPPORTING THE ALL-INCLUSIVE FINANCIAL PROPOSAL