



Project Title: Ghana Industrial Energy Efficiency Readiness

TERMS OF REFERENCE (TOR) for the supply of services related to the capacity building of local banks in Ghana on financing energy efficiency projects.

This **Terms of Reference** will be used for the preparation of the bid for the provision of services related to the capacity building and training of local banks in Ghana on financing energy efficiency projects under the "Ghana Industrial Energy Efficiency Readiness" project.

The proposal should contain a detailed description of the services to be provided and the key experts/personnel to be assigned for preparation of the above-mentioned documents. The cost breakdown for each activity should be included in the proposal. **The maximum budget for this contract is USD 70,000.** All deviations from the Terms of Reference should be clearly indicated in the proposal.

1. BACKGROUND INFORMATION

Ghana Industrial Energy Efficiency Readiness project aims to support the implementation of Ghana industry related NDC targets through: (i) Detailed policy formulation for government on industrial energy efficiency; (ii) Developing an initial pipeline of industrial energy efficiency projects; and (iii) Capacity-building of local financial institutions on energy efficiency assessment.

The policy work package identifies concrete list of programmes and actions to attract investment in industrial energy efficiency along with the data collection framework, coordination mechanism and process for monitoring and evaluation. This will also serve as an input to the GCF Country Programme that is currently being developed within ongoing readiness support to Ghana with the assistance from UNDP.

The industry work package will support 10 champion energy intensive industrial enterprises with the implementation of ISO 50001 compliant Energy Management System (EnMS) with the aim of:

- Building industry's capacity to identify and formulate energy efficiency projects;
- Training a pool of national energy efficiency consultants together with industries to support further uptake of energy efficiency measures in other industries;
- Identifying the initial pipeline of industrial energy efficiency projects to be further developed into bankable investment proposals for commercial lending.

This TOR only relates to support for target (iii): Capacity-building of local financial institutions on energy efficiency assessment as part of the Ghana Industrial Energy Efficiency country programme.

2. SCOPE OF SUPPLY

Access to finance has been identified as the main barrier to industrial Energy Efficiency in Ghana, resulting in a lack of large-scale demonstration projects that serve as pilots for the market. The principal reasons for this include projects being perceived as high risk by financial institutions, as well as limited industrial capital and incentives to support projects in light of credit and equity capacity. These issues are compounded by excessively high transaction costs due to limited project pipelines and Energy Efficiency projects that are too small.

The Services required in this ToR include delivery of training courses to the banks, financing institutions in Ghana and other relevant stakeholders on assessment of energy efficiency projects.

2.1 Delivery of capacity building programme to the banks and financing institutions

The following services are expected to be delivered under this ToR. The proposal should clearly describe the methodology and approach to executing these services:

- **Assessment of energy efficiency financing risks.** The overall objective of the project is to reduce the banks' and financing institutions' perceptions about risks associated with energy efficiency projects. Thus, the successful bidder will be required to conduct a thorough assessment of the risks associated with financing energy efficiency projects in Ghana through desktop research and interviews with the banks, ESCOs, and other relevant stakeholders and propose measures to address these perceived risks. The report should contain the minimum:
 - List and description of main financial risks and barriers preventing increased investment in industrial EE;
 - List of existing financial instruments for industrial EE in Ghana, and their main characteristics (including institutions, interests rates, and repayment terms);
 - To the extent possible, list of industrial EE projects that have already been financed and implemented;
 - Propose measures to reduce lending risks for energy efficiency projects.
- **Conduct capacity needs assessment** of the financing sector on assessment of energy efficiency projects through structured and semi-structured interviews with individual banks, other financial institutions and other relevant stakeholders;

- Based on the results of capacity needs assessment develop training programme, manuals and materials to the technical staff of the banks and other relevant stakeholders. The agenda and the curriculum should ensure that bank officers understand how to assess the specific credit risks associated with energy efficiency financing;
- **Delivery of the training courses** to local banks and financing institutions on assessment of energy efficiency projects, which should include:
 - o Delivery of 2-hour training session to the senior managers and top management of banks, financial institutions and other relevant stakeholders, who require short introductory sessions to ensure their commitment to financing energy projects, secure their willingness to support their staff participate in the training and capture their interest to offer products that cater for energy efficiency projects;
 - o Delivery of three 1-day workshops to the specialists group which includes relationship and risk managers as well as the credit department and division heads. The relationship and risk managers have to be able to sell loans that finance energy efficiency, be able to analyse and evaluate the projects from a lending perspective and be able to identify the related risks and the way to mitigate them. For this they have to understand the following inter alia: (1) the importance of energy efficiency within the overall country's policies and interventions and hence the effects on the market, (2) The terminology, equipment and projects, (3) The financial analysis of the projects and the relevant cash projections and (4) the various risks associated with implementing such projects.
- **Delivery of tools & guidelines for local banks and financing institutions** in Ghana on assessment of energy efficiency projects. An important part of training banks' personnel includes equipping them with the right tools and methodologies for assessment of energy efficiency projects (to be integrated into existing methodologies used by the financial sector in Ghana). Thus, the development of such tools (e.g., credit risk evaluation tool) and methodologies should be included in the proposal. The bidders need to clearly specify what tools the participants will be provided with.

Please note that all deliverables should be produced in English. Cost of hosting the trainings should be included in the consulting agency's budget to be submitted to UNIDO.

Deliverables 2.1.:

- a. Assessment of energy efficiency financing risks in Ghana (report);
- b. Capacity needs assessment report of the financing sector in Ghana;
- c. A proposal of a training programme (manual) and methodology for the technical staff of the banks with clearly defined course content broken into modules, learning goals and outcomes (duration to be proposed);

- d. 2-hour training to senior managers and top management of the banks, financing institutions and other relevant stakeholders;
- e. Three training workshops for the technical staff of the banks;
- f. Tools & guidelines for local banks and financing institutions in Ghana on assessment of energy efficiency projects.

3. TIME SCHEDULE

The total duration for the whole assignment is estimated to be 8 months. Bidders are requested to submit a provisional time schedule as part of their proposal.

4. REPORTING

- 3.1. Inception report within 1-2 week of the contract signature providing the approach and methodology, work plan and available staff for the execution of the contract;
- 3.2. Quarterly Progress reports providing a summary of the results and achievements, issues encountered as well as the material developed during the reporting period. Besides, an updated work plans and a summary of planned activities for the next reporting period should be provided;
- 3.3. Final report to be submitted at the end of the contract providing a comprehensive summary of the work carried out.

5. LANGUAGE

Fluency in written and spoken English language is required for this assignment. The reporting language should be English.

6. EVALUATION CRITERIA

- Compliance with the requirements of the terms of reference
- Proven track record in delivering capacity building workshops to the banking sector or financial institutions on renewable energy and/or energy efficiency;
- Excellent knowledge of financing sector in Ghana and ability to convene financing sector for workshops;
- Proven track record in designing financial and de-risking instruments;
- Project team experience:
 - At least five years of experience in renewable energy or energy efficiency, including policy work with governments, business and financial sectors;
 - Strong knowledge of de-risking instruments, financial modelling, project assessment and evaluation of energy efficiency projects.

Annex 1:
Proposed outline for the proposal.

SECTION	NOTES
<p>1. Bidder</p> <p>1.1. Association Rationale</p> <p>1.2. Bidder(s) Organizations</p> <p>1.3. Bidder(s) Experience</p>	<p><i>If Services are to be carried out by the Bidder in association with any other individuals or organization, the association rationale should be described in this section.</i></p> <p><i>A description of the Bidder organization and its experience should be covered in this section as well as the associated individual/organization. No details about previous projects should be presented in this section but rather a general overview.</i></p>
<p>2. Concept & Methodology</p> <p>2.1. Critical analysis of the objective and the TOR</p> <p>2.2. Technical approach and methodology</p>	<p><i>The Bidder shall present a critical review of the entailed technical services including comments and suggestions on the TOR as part of their proposals.</i></p> <p><i>A general description of the technical approach and methodology for performing the required services shall be presented.</i></p> <p><i>A more detailed description on the methodology and approach of performing each activity shall also be presented.</i></p>
<p>3. Work Plan, Time Schedule & Budget</p> <p>3.1. Organization, Association & Logistics</p> <p>3.2. Time Schedule</p>	<p><i>The Bidder shall present the work plan for performing the entailed Services.</i></p>
<p>4. Proposed Personnel</p> <p>4.1. Project Organization Chart</p> <p>4.2. Proposed personnel</p>	
<p>5. Annex</p> <p>5.1. CVs and diplomas</p> <p>5.2. Previous Relevant Projects</p> <p>5.3. Samples of materials already developed for other providers</p> <p>5.4. Other</p>	