



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

### TERMS OF REFERENCE

#### Global Partnership for improving the food cold chain in the Philippines (SAP ID: 170126)

##### 1. AIM OF THE PROJECT AND EXPECTED RESULTS

The objective of the project is to identify, develop and stimulate the application of low-carbon, energy efficient refrigeration innovation technologies and business practices for use throughout the food cold chain (CC) while increasing food safety and security. The project has three components: (i) policy and regulatory assessment on the use of low carbon and energy efficient technology within the food CC, (ii) awareness and capacity building on the use of energy efficient, climate friendly and safe alternatives in the food CC, and (iii) technology transfer and establish partnerships among key stakeholders.

Under the 3 components, the following outputs are expected from the project, as defined in the project document approved by the Global Environment Facility (GEF):

**Output 1.1.1** National standards for flammable refrigerants and revision of energy efficiency and/or minimum efficiency requirements to fill existing gaps drafted/updated and proposed for endorsement to relevant stakeholders.

**Output 1.1.2** Collect technological as well as socio-economic data in order to project short, medium and long term CC needs in the Philippines, including expected growth in energy demand and overall climate impact. Projections on CC development will also take into consideration expected impacts on Gender Equality and the Empowerment of Women (GEEW).

**Output 2.1.1** Methodology to monitor and analyze efficiency and carbon impact of each part of the CC, and the CC as a whole, developed; international benchmarks and evaluation to identify high potential areas for improving the CC in the country conducted, operationally tested and standardized.

**Output 2.1.2** Optimized system operation recommendations based on data collected disseminated.

**Output 2.1.3** Recommendations for voluntary commitment to direct and indirect emission reductions drafted and proposed for endorsement to relevant stakeholders (especially private sector).

**Output 2.1.4** 200 key stakeholders are educated on energy-efficient and climate-friendly CC technologies and practices (100 women/100 men).

**Output 2.1.5** Education & high-level training for 50 local engineers, system suppliers and end-users on the availability and use of global innovative CC technology provided. Participation of at least 20 women will be promoted.

**Output 3.1.1** “Cold Chain Innovation Hub (CCI-Hub)” as ecosystem of technical resources, technology promotion, knowledge sharing, and stakeholder collaboration set up.

**Output 3.1.2** Global network of stakeholders, such as national and international technology suppliers, financial institutions, government, etc. built under the CCI-Hub.

**Output 3.1.3** Technology showcase established: best in class systems and components from around the globe presented virtually as well as technology product examples exhibited on site and used for education and training provided through industry partnership.

**Output 3.2.1** Business case demonstration projects based on the results of component 2 completed and economic feasibility verified.

**Output 3.2.2** Options for investments, loans and finance schemes assessed and proposed for implementation with national institutions/entities.

**Output 3.2.3** Capacity building and support for financial institutions and potential beneficiaries/suppliers delivered, investment-ready projects prepared and approved by financial institutions.

The project is expected to:

- Facilitate the adoption of appropriate standards to promote and sustain a sustainable CC development;
- Use of project resources to credit enhance, de-risk and leverage private sector investments in food chain technologies and upgrade existing transport systems and facilities;
- Mitigate investor risk with increased project quality and knowledge;
- Create the “Cold Chain Innovation Hub” as ecosystem of technical resources, research, and knowledge sharing;
- Capacitate businesses to develop bankable projects: Provide technical assistance and feasibility study support for CC projects to ensure investment-readiness;
- Partner with national and international technology suppliers to establish demo projects and new technology adoption;
- Foster capacity, knowledge and awareness of the investment project partners (end-users, technology suppliers and financing institutions) through training and other capacity building activities;
- Facilitate project-to-finance match-making;
- Collect and promote best practices; replicate promising business models.

## **2. ORGANIZATIONAL SET-UP FOR EXECUTION OF THE PROJECT**

Based on the approved project document, the implementation arrangement of the project will be the following:

The UNIDO Project Manager will be responsible for the oversight of project implementation to ensure that the project is being carried out in accordance with GEF Minimum Fiduciary Standards: Separation of Implementation and Execution Functions in GEF Partner Agencies - GEF/C.41/06/Rev.01. To ensure full coordination among various executing partners, UNIDO will appoint a national project coordinator (NPC), to facilitate and monitor the overall project execution.

A Project Steering Committee (PSC) will be established to serve as a guiding body to the Project Management Unit (PMU) in planning and monitoring activities. Members of the Steering Committee will be:

- PMU, through the National Project Coordinator (NPC);
- UNIDO, through the Project Manager;
- DENR-EMB-POD, through a selected representative;
- Shecco Japan KK, through a selected representative;
- CCI-Hub, through a selected representative;
- Private Financing Advisory Network (PFAN), through a local representative;
- Financial institution, through a representative.

The PSC will provide project direction and overall guidance to project execution, making critical decisions on strategic matters. This body will also ensure the timely delivery of project outputs and the eventual achievement of the project outcomes by reviewing annual work plans and progress reports. The PSC will meet once per year and other ad hoc meetings if necessary.

Technical Education and Skills Development Authority (TESDA) will be in charge of executing activities of the CCI-Hub at national level, while Shecco Japan KK, a global market accelerator helping companies bring their climate friendly solutions faster to market, will be executing the coordination with international technology supplier as well as the main source for technology dissemination in the country based on latest global developments.

PFAN will be responsible to ensure the full alignment of potential bankable projects to the requirements of investors. PFAN will execute the necessary exchange of information from investors (financial institutions) to clients (e.g. project developers, SME's) and vice versa, while supporting potential clients and technology supplier to get access to available financial opportunities.

A financial institution, selected by UNIDO through a competitive bidding process, in full coordination with the PMU and UNIDO, will assist in managing the budget for the business case demonstration projects, following criteria and conditions proposed by PMU and UNIDO.

### **3. SCOPE OF THE PROPOSED CONTRACTING SERVICES**

This Terms of Reference (ToR) provides the details concerning the activities and the modalities to achieve Output 3.2.1 under the project through a qualified financial institution. The financial institution will have to execute the tasks of the ToR and serve as the main coordinator, taking into account the organizational set-up for the execution of the project as defined in Section 2.

### **3.1 Description of Output 3.2.1 Business case demonstration projects based on the results of component 2 completed and economic feasibility verified**

The project will facilitate the demonstration of business cases (DEMO business cases) to be supported by the Project. This will include demonstration of innovative systems and improvements, as well as other projects adopting low-carbon refrigeration technologies. The selection of DEMO business cases will follow principles of replicability, impact, safety and readiness. DEMO business cases are based on analysis under component 2, with specific reference to what part of the cold chain offers the biggest potential for energy reduction and will be planned and completed during the project period. Furthermore, the DEMO cases will be a learning opportunity for the investment project partners (end-users, technology suppliers and financing institutions) to implement bankable projects in the future.

**Type of system/technology offered for the DEMO cases.** The following are the DEMO cases to be offered to the interested enterprises (indicative list of possible projects):

- Refrigerated truck with R290 cooling unit & monitoring system.
- CO2 condensing unit for small cold storage (industrial refrigeration).
- CO2 system for retail shop / small footprint facility.
- R290 ice machine for fisheries (medium to large capacity machine).
- CO2 container for post-harvest facility in remote area.
- R290 plug-in showcases for small retail / food service.
- R290 water loop refrigeration system.
- NH3 low charge - small system.

**DEMO cases financing.** One of the key elements of the DEMO Project in achieving its objectives is the establishment of a financial mechanism to stimulate capital attraction and financing availability for energy efficiency and low-carbon projects.

The Financial Mechanism that the project aims to establish is a co-financing scheme. The project will cover 80% of costs associated with the application of the DEMO technology in the form of a grant. These costs will cover equipment, freight, installation, commissioning, etc. The selected enterprises will cover the remaining 20% of the associated costs. This 20%, will be covered through loans offered by the financial institution or co-finance by the enterprises if they decide to do so.

**DEMO cases selection process.** In order to gain experience on requirements from potential investors as well as to support the project partners in building their capacities on funds mobilization, recipients will be selected following technical and financial criteria developed by the PMU, UNIDO, and the financial institution/Contractor. The final recommendation will be prepared by the PMU for endorsement by the Project Steering Committee. This process will promote the creation of providers-clients partnerships to stimulate durable and sustainable opportunities.

**Partnership with financial institutions.** To ensure a long-term strategy and numerous future implementations of energy-efficient and low carbon technology projects or conversions, a close relationship with financial institutions and green investment funds will be kept. The goal of DEMO business cases is to provide technical assistance and guidance on financing options

to potential recipient of cold-chain technologies. This will in addition leave a modality for the country to spread and replicate what was been attained in the capacity building activities and in the technical innovations/products showcased as well as in the DEMO business cases so that practices built in the project can be more widespread for the long-term, ensured by financial support.

### **3.2 Scope of Services**

The services to be provided by the financial institution/Contractor include but might not necessarily be limited to:

1. Preparation of operation, management and monitoring procedures for the DEMO project fund in accordance to both its and UNIDO's rules and requirements.
2. Participate in the launching event and promotion campaign of the DEMO Project.

The PMU will take the lead and be responsible for planning and organizing the launching event and promotion campaign.

3. When there is a loan application, participate in the timely screening criteria to identify enterprises best suited for the DEMO project. Assess potential recipient in terms of financial capacity and business standing.
4. Establish a contract agreement with the selected enterprises, including the loan component of the DEMO Project. The financial institution will also be responsible in the conduct of due diligence.
5. Operational management of the DEMO Project budget based on the approved operation, management and monitoring procedures.
6. Participate in the monitoring of the implementation of the DEMO Projects. This includes actual inspection in the field.

The PMU and the Project technological partner (Shecco Japan KK), will take the lead and be responsible in the implementation of the DEMO Project.

7. Provide inputs in the conduct and preparation of the following:
  - Documentation activities for the whole process of the DEMO case.
  - Final report on the DEMO case highlighting the results and lesson learned.
  - Publication and dissemination of the DEMO case report.
8. Reimbursement of any undisbursed funds to the project upon completion of the project activities.

The financial institution will be also required to assure high level of professional conduct and working regular coordination with the PMU.

#### 4. TENTATIVE TIME SCHEDULE

The DEMO project has an overall duration of 1 year i.e. end December 2022. The table below provides the tentative time schedule for the execution of the DEMO Project. Activities in the ToR will be clarified and may be refined based on mutual agreement during preparatory phase, to ensure additional activities will be within the contract budget or to reassign savings to other activities.

**Tentative schedule for the DEMO Project implementation**

	Activities	Schedule
1	Preparation and approval of the operation, management and monitoring procedures	November 2021
2	Launching and promotion events	throughout contract period
3	Acceptance of applicants and screening of interested enterprises	November-December 2021
4	Engagement of pilot enterprises and technology suppliers	November-December 2021
5	Implementation of the appropriate demo case for particular enterprise	Starting January 2022
6	Preparation and submission of final report	October 2022
7	Publication and dissemination of results and lessons learned	Starting November 2022

#### 5. DELIVERABLES

The financial institution/Contractor is expected to provide the following deliverables to UNIDO:

1. Operation, management and monitoring procedures of the DEMO Project fund
2. Quarterly progress reports.
3. Detailed financial report based on original budget allocation (inclusive of expenditures, co-financing data, and proposed budget re-allocation).
4. A final report at the end of the contract duration. The report should present a comprehensive summary of the work carried out, results/outputs, self-evaluation of the performed services including problems encountered and how they were solved, and recommendations on how to effectively establishment financial mechanism for energy efficiency and low-carbon initiatives.

#### 6. TECHNICAL PROPOSAL

Further to the information and documents provided, and taking into account these Terms of Reference, the financial institution/Contractor is requested to submit a Technical Proposal

describing in sufficient details the approach that it would propose to operationalize the budget for the DEMO Project.

The Financial institution's technical proposal would need to include an outline of the following aspects:

1. Description of the financial institution and its capacity and experience in managing projects related to the DEMO project.
2. Financial institution's proposed approach to set-up and operationalize the budget of the DEMO Project.
3. Outline of the financial institution's inputs to the design and execution of the DEMO Project launching event and promotional campaign.
4. Outline of the proposed procedure in processing the contract of the selected enterprises. It is to mention that the PMU and Shecco Japan KK will review the technical aspect, while the financial institution is that of financial aspect of the proposal.
5. Outline of the financial institution's inputs to the conduct of the actual implementation monitoring activities.
6. Outline of the financial institution's inputs to the conduct of the documentation activities and to the preparation of DEMO project report.
7. List of the key issues related to the implementation, management and monitoring of the DEMO project that would require the definition and agreement of detailed procedures.
8. List of key financial institution's staff that will be specifically appointed to work on the DEMO project.
9. Outline of the interaction of the financial institution with the PMU/UNIDO, Shecco Japan KK, technology suppliers, and recipient enterprises.
10. Proposed reporting system for DEMO project budget.
11. Statement of willingness to be a part of the DEMO project and commitment to sustain the support for the cold chain after completion of the DEMO project. This includes how much loan facilities the financial can offer during and after the DEMO project.

## 7. COMMERCIAL PROPOSAL

Please refer to the bid for the commercial proposal and include all relevant information

### 7. Qualification requirements and Evaluation Criteria

Financial institutions that would be interested managing the financing of the DEMO projects must submit proposals based on the ToR. The following pre-defined financial institute's qualification criteria and proposal content related evaluation criteria will be used to assess the content of the proposals:

	<b><i>Qualification Criteria</i></b>	<b><i>Requirements</i></b>
	Operational	
1	Certificate of Incorporation and bank license	The proposal must attach a copy of the financial institute's certificate of incorporation and official bank license (or similar adequate proof) setting forth the legal basis of the bank.

2	Organizational structure etc.	The proposal must attach the financial institute's organizational structure and banking network (if any)
3	Local Representation	The financial institute must have local presence/representation a the Philippines to satisfy UNIDO's local project needs
4	Financial	<ul style="list-style-type: none"> <li>• The proposal must include the financial institute's audited financial statements for the past three (3) years</li> <li>• The proposal must also attach a rating report/credit rating documenting the institute's financial soundness and investment grading</li> </ul>
	Years in business	The financial institute must be able to document business experience of at least five (5) years
	<b>Technical Evaluation Criteria</b>	
1	Proven expertise and track record in financial management for development projects	Proven expertise and track record in financial management for development projects Expertise in the field of financial management is proven and clearly reflected in the proposed approach to set-up and operationalize the budget of the DEMO project.
2	Comprehensiveness of the proposal	Complete and well-defined statement, reflecting deep understanding of the project. Aside from the operation, management and monitoring procedures, the inputs to the following elements of the project have been clearly established: <ul style="list-style-type: none"> <li>▪ Design and execution of the DEMO Project launching event and promotional campaign</li> <li>▪ Conduct of the actual implementation monitoring activities (including reporting tools etc.)</li> <li>▪ Conduct of the documentation activities and to the preparation of DEMO project report</li> <li>▪ Capacity of personnel resources available for this potential contract (i.e. number of staff, Curriculum Vitae of key personnel including the educational and professional expertise and experience, structure of proposed team etc.)</li> <li>▪ Level of sub-contracting, if any</li> </ul>
3	Sustainability, Expertise, Capacity & Commitment	Demonstrated capacity to sustain the provision of financial assistance to cold chain projects after the completion of project activities. Clear plans for institutional adoption of low-carbon cold chain financing program (e.g. staff training on low-carbon cold chain finance, inclusion of low-carbon cold chain financing in products, services and annual plans).
		In the context of the above the financial institute's proposal must also include the following:
		Firm commitment/statement to secure at least USD 200,000 in loans for enterprises during the duration of the project

		Number of years for which loans will be available after the closure of the project
		Estimated number of days to process any received application
4	Openness	Ease of entering into agreements and partnerships with UNIDO and stakeholders (particularly with suppliers, enterprises, consultants, consultants, and others).
	<b>Commercial Evaluation Criteria</b>	<b>THE FINANCIAL INSTITUTE IS TO FILL IN THE BID FORM – as per attached excel format/table</b>
	Total borne costs to UNIDO over the duration of the contract including, but not limited to:	
	Service/management fees	Service or management fee to manage the contract that will be signed with UNIDO (in lump sum) including all overheads and associated costs related to the contract
		Service or management fee for each contract signed between the bank and the enterprise (as a fixed lump flat rate)
	Annual Fixed Interest Rates	Annual Fixed Interest Rate of the loan offered to the enterprises
	Insurance premiums, if any	Any insurances or premiums that the enterprises will need to pay to receive the loans
	other costs required to fulfill the scope of the contract/provide loans to the enterprises, if any	Any other costs related to the loans provided to the enterprises
	Agreement with UNIDO Model Contract and Annexes (including UNIDO General Terms and Conditions)	