

**Terms of Reference (ToR) for selection of consulting firm for execution of Technical Assistance (TA) activity to develop enabling environment for EE investment in RMG sector for the programme, “Promoting private sector investment through large-scale adoption of energy saving technologies and equipment for Textile and Readymade Garment (RMG) sectors of Bangladesh.”**

**A. BACKGROUND**

Infrastructure Development Company Limited (IDCOL) was established on 14 May 1997 by the Government of Bangladesh. The Company was licensed by the Bangladesh Bank as a non-bank financial institution (NBFI) on 5 January 1998. Since its inception, IDCOL has been engaged in renewable energy and infrastructure sector development of the country with support from its development partners such as World Bank, ADB, JICA, IDB, KfW, GIZ, USAID & GCF etc.

Financing energy efficient projects is a recent initiative of IDCOL. Under this, IDCOL has already undertaken nationwide Improved Cook Stove (ICS) and Energy Efficient Brick Kiln programs. In addition, energy efficient boilers & industrial machineries and manufacturing of energy efficient components and appliances are within the focus areas of IDCOL.

Energy efficiency is widely recognized as the most fundamental short-run imperative for rapid, ambitious and cost-effective climate change mitigation. As a matter of fact, improved efficiency is the most cost-effective, least-polluting and readily-available energy source. It can help enhance the competitiveness of economies while also alleviating energy poverty with more available energy for the same levels of input. Energy productivity gains will lower the cost for the economy as a whole, enhance the supply security and reduce the need to develop new sources of energy supply to serve those without access to modern energy services for health and education enhancement. Accelerated energy efficiency can also create attractive green jobs and businesses.

GCF Board in its meeting on 10 November 2020 approved the funding proposal titled “Promoting private sector investment through large-scale adoption of energy-saving technologies and equipment for textile and readymade garments sectors of Bangladesh”. IDCOL has been approved GCF financing to promote and implement private sector investments in energy efficient technologies & equipment for textile and RMG sectors in Bangladesh. This programme aims to support entrepreneurs and business establishments in the textile and RMG sectors, one of the largest industries of the country, with financial and market resources to avail investment opportunities for energy saving technology upgrades. IDCOL will be the DAE (Direct Access Entity), arranging concessional loans from Green Climate Fund (GCF) to finance textile and RMG businesses in Bangladesh to adopt energy efficient appliances.

The programme is designed to optimize the use of funding available in terms of leverage and sustainability, investing concessional resources optimally to enable adequate financing and creating market instruments to manage risks among market actors. In order to access financing from the programme, the end borrowers will always be required to take on risk via minimal capital requirements.

The approved programme comprises of five interrelated components as follows:

- Component 1: USD 100 million credit for financing energy saving equipment and technology for Textile sector
- Component 2: USD 3.05 million GCF Technical Assistance (TA) to develop enabling environment for EE investment in textile sector
- Component 3: USD 150 million credit for financing energy saving equipment and technology for RMG sector
- Component 4: USD 2.30 million GCF Technical Assistance (TA) to develop enabling environment for EE investment in RMG sector
- Component 5: USD 1.15 million GCF Technical Assistance (TA) to strengthen regulatory and institutional framework at the national level to overcome the operational constraints related to implementing EE&C in the country

The details of RMG sector related components are follows:

**Component 3: USD 200.00 million (GCF financing- USD 150 million, Executing Entity co-financing- USD 50 million) credit for financing Energy Saving Equipment & Technology for RMG sector**

IDCOL will channelize funds from GCF in the form of loan, to the Executing Entities (EEs) i.e. Local Financial Institutions (LFIs) viz. BRAC Bank, City Bank, South East Bank and IDLC or any other eligible LFIs as per selection criteria to reach the ultimate end borrowers who are in this case the private garments manufacturing entities. In some instances, if required, IDCOL will lend directly to the RMG manufacturers. The EEs will seek disbursements from IDCOL for energy efficient equipment & technology according to their loan application pipeline over the program implementation period.

**Component 4: USD 2.30 million GCF Technical Assistance (TA) to develop enabling environment for EE investment in RMG sector**

IDCOL will be responsible for execution of the Technical Assistance (TA) activities under component 4 with the support of a consulting firm. The activities proposed as Technical Assistance under this component aims to improve market perception about energy efficiency, enabling to promote access to information & resources and to build capacity of all relevant stakeholders for successful implementation of Component 03, in order to bring about a systemic change in the RMG sector. The component is envisaged to create an interface between energy efficiency equipment suppliers or manufacturers and the decision makers behind the investment for energy efficiency i.e. RMG end borrowers, thereby helping disseminate the information related to energy efficiency and resolve any queries that the unit owners may have.

Presently, IDCOL will engage a consulting firm for execution of Component 4 (Technical Assistance-RMG). The procured firm will be responsible to conduct activities detailed out in the subsequent sections of this Terms of Reference. Support will be commensurate to the funding proposal being implemented, and to the activities outlined in the approved proposal.

## **B. OBJECTIVES OF THE CONSULTANT'S SERVICES**

The overall purpose of the consultancy is to ensure proper execution of Component 4: USD 2.30 million GCF Technical Assistance (TA) to develop enabling environment for EE investment in RMG sector as per GCF approved timeline and other terms and conditions.

Key objectives under the TA will be to (a) develop a base line data of energy consumption in the RMG sector through relevant preparatory activities, to evaluate and sustain programme objectives (b) capacitate IDCOL personnel as well as Local Financial Institutions (LFIs) to enhance market awareness and implementation of monitoring & verification of energy efficient technologies in factories of RMG borrowers (c) develop capacity and knowledge of RMG units in order to enable them to implement energy efficient equipment in their respective factories (d) provision of technical support to the LFIs on monitoring, reporting and verification (MRV) of energy efficiency projects (e) provide relevant and sufficient assistance such as guidance documents, rapid diagnostic study report, troubleshooting guide etc. to RMG units during loan application process and (f) provision of technical support to selected RMG units (as required) under the programme, for implementation of the programme activities.

The services will be provided by an international consulting firm, procured under the procurement policy of IDCOL. An international firm, means any consulting firm established or incorporated in any country outside the country where the assignment takes place and conducts business activities beyond the borders of its home country.

## C. SCOPE OF WORK OF THE CONSULTANTS

Under component 4 of the programme, several activities are included which fall under key broad outputs. The detailed scope of activities to be carried out by the consulting firm are as follows:

### **Output 4.1: Preparatory activities & Base lining energy consumption of RMG sector**

- Activity 4.1.1: Devise operational manual for the program & selection of prospective LFIs for the program (if required).
- Activity 4.1.2: Develop whistle blower policy for the program.
- Activity 4.1.3: Organizing programme launching event, to introduce the new concessional credit line and its unique features dedicated to promote EE in RMG Sector.
- Activity 4.1.4: Classification of RMG units based on scale and type of products and data collection through energy audit of sample plants.
- Activity 4.1.5: Consolidation of data and developing sector-level baseline.
- Activity 4.1.6: Interact with stakeholders/market players to prepare a list of equipment already implemented in Bangladesh and having proven energy savings results. List will be integrated with knowledge platform and disseminated through other means to ensure adequate public outreach.
- Activity 4.1.7: Revision of baseline by conducting energy audit and data consolidation.

### **Output 4.2: Capacity building of Local Financial Institutions (LFIs)/IDCOL**

Capacity building of LFIs/IDCOL to assess funding proposal and monitor implementation of energy efficient technologies in factories of RMG borrowers.

- Activity 4.2.1: Conduct capacity building trainings/workshops to develop capacity of corporate/head office level officials to effectively conduct banking due diligence of loan applications for implementation of energy efficient technologies.
- Activity 4.2.2: Conduct capacity building trainings/workshops to develop technical capacity of banking officials at branch/field level to efficiently monitor implementation of energy efficient technologies over the duration of repayment of loan amount.

### **Output 4.3: Capacity building of RMG units to enable implementation of energy efficient technologies**

- Activity 4.3.1: Conduct workshop to establish and disseminate business case of energy efficiency among RMG unit owners/top officials to help generate interest in owners in energy efficiency concept as well as provide select real-life case studies to instill confidence among them in pursuing energy efficiency projects.
- Activity 4.3.2: Impart training to facility/utility managers on the technical requirements for implementing energy efficiency projects as well as necessary steps (i.e. equipment working condition, energy supply stability etc.) to be undertaken during operations to ensure theoretical energy savings are realized.
- Activity 4.3.3: Develop awareness of workers on importance of energy efficiency and impart knowledge key skills required to implement energy efficient equipment. This will help them adapt to any possible change in the operations due to introduction of new machinery and ensure seamless transition to new machinery without a loss in productivity.

### **Output 4.4: Provide on-demand technical support to participating banks on monitoring, reporting and verification (MRV) of energy efficiency projects**

Provide on-demand technical support to LFIs/IDCOL on monitoring, reporting and verification (MRV) of energy efficiency projects within TA period of 05 years. On-demand technical support means LFIs/IDCOL will be able to send queries to TA consultant related to any issues faced during MRV of live projects. TA consultant will provide response to the issue or get back to LFIs/IDCOL for further information within 5 days of request being raised.

- Activity 4.4.1: MRV Support provided to LFIs/IDCOL (in form of technical trainings, resolve queries on request, handholding support). Impart trainings on technical capacity (i.e. concepts related to energy and emission savings, methods for calculating energy, emission and cost savings etc.) required for appraisal of energy efficiency projects. Resolve queries and provide technical support to LFIs/IDCOL on MRV related issues for projects to develop capacity in the banks to conduct MRV of projects even after TA consultant expires its tenure of 5 years.
- Activity 4.4.2: Develop standard solutions document and case study for gender based on experience of commonly issues encountered in previous activity. Identify most commonly faced issues of banks in MRV and develop standard solution document addressing those issues to provide LFIs/IDCOL with troubleshooting guide and help them conduct MRV after tenure of TA consultant expires.

#### **Output 4.5: Provide assistance to RMG units in loan application process**

Rapid Diagnostic study report, Guidance documents, Troubleshooting guide and periodic query resolution response to RMG units.

- Activity 4.5.1: Conducting rapid diagnostic study of key areas related to loan application process for which RMG units require handholding as well as nature of support required.
- Activity 4.5.2 Prepare guidance documents and filled up templates of loan application forms along with step-by-step explanation of process of loan application along with development of check list on list of supporting documents and guides on where and how they can be available.
- Activity 4.5.3 Respond to queries related to loan application process received through Query Management module present in proposed digital platform.

#### **Output 4.6: Provide on-demand technical support for implementation to RMG units which have secured GCF funding under this programme**

Periodic query resolution and handholding support provided to RMG units; troubleshooting guide.

- Activity 4.6.1: Implementation support provided to RMG units on request: Resolve queries and provide technical support to borrowers to ensure effective implementation of energy efficiency intervention.
- Activity 4.6.2: Develop standard solutions document i.e. troubleshooting manual based on experience of common issues encountered in previous activity: Identify most commonly faced issues of borrowers in implementation and develop standard solution document addressing those issues. The responses and queries will be consolidated to a troubleshooting guide to provide ready reference to any borrower after tenure of TA consultant ends.

#### **Output 4.7: Technology fair to create market awareness and develop access to energy efficient technology**

02 days long Technology fairs organized (in Year 3) with participation of minimum 30 different technology suppliers and representation from 60 different Textile/RMG units.

- Activity 4.7.1: Organization of 01 technology fair: In order to create market awareness and develop access to energy efficient technology, IDCOL along with the LFI's will organize technology fair to create interface between international manufacturers/suppliers of energy efficient equipment and Textile/RMG unit owners to stimulate market development for energy efficiency in the sector.

This fair will also be covering both Textile sector under component 01 & 02 and RMG sector under Component 03 & 04

#### **Output 4.8: Strengthening access to the Green Climate Fund (GCF) to address Bangladesh's industrial energy efficiency requirements**

- Activity 4.8.1: Comprehensive analysis report of IDCOL's energy efficiency portfolio, developing risk proposition for financing in EE in RMG sector and assessing the prospects in energy efficiency investments in Bangladesh.
- Activity 4.8.1: Support IDCOL in preparing concept papers and funding proposals for energy efficiency projects within specific targeted industrial sectors of Bangladesh. At least 3 Concept Notes and 01 Funding Proposal to be developed.
- Activity 4.8.2: Enhance the capacity of NDA and IDCOL to engage with the GCF effectively. This includes understanding GCF processes, requirements, and criteria. It may involve training and workshops to develop the necessary skills.

The TA component will be executed by IDCOL within the disbursement period of 06 years. The main beneficiary of the component will be IDCOL, LFIs and Textile-RMG sector borrowers for sustainable implementation of the programme. The TA consultant will be selected from a list of international consultants based on competitive bidding procedures and the scope of work developed from activities given above.

#### **D. TIMELINE OF WORK**

The consulting firm has to complete the work defined in the scope within a period of 6 years from the date of signing of contract. Specific timeframe for conducting each activity will be communicated to the selected firm.

#### **E. EXPECTED KEY DELIVERABLES**

The Consultants shall submit the following reports to IDCOL to report the implementation progress, the issues analysis, and the recommendations for the project.

**Table 1. Reporting Requirements for Consulting Services**

Report	Timing	Remarks
Inception Report	At commencement	Including the detailed work plan
Monthly Work plan and Performance Report	Every month	Monthly update
Yearly Performance Report	Every year	Yearly assessment of performance
Final Report	End of contract	Reporting on Project Completion

The consulting firm will have to provide specific deliverables for each activity, in timely manner, as per the GCF approved log frame and gender action plan.

#### **F. LIST OF PROFESSIONALS**

The expectation for the key experts to be engaged in the assignment can be described in the below table.

**Table 2. List of Professionals**

Experts	Qualification (minimum requirement)		
	Education	Professional Experience	Language (English)
Team Leader / Project Manager	Master's Degree or above in related fields	Minimum 15 years' experiences including at least 5 years as project leader/ manager in relevant field	Proficient in writing and speaking
Financial Management Expert	Master's Degree or above in related fields	Minimum 10 years' experiences in financial management	Proficient in writing and speaking
Industry Expert	Master's Degree or above in related fields	Minimum 10 years' experiences in industrial production	Proficient in writing and speaking
Project Administration	Master's Degree or above in related fields	More than 5 years' experience in consulting	Proficient in writing and speaking
Environmental, Social and gender Specialist	Master's Degree or above in related fields	More than 10 years' experience in environmental/social consulting	Proficient in writing and speaking
<b>Climate Finance Specialist</b>	Master's Degree or above in in climate change, environment and natural resource management, green finance, energy policy, international development, economics, or any closely related field	More than 15 years' experience in climate change/ climate finance	Proficient in writing and speaking

**G. CONTENTS OF EOI SUBMISSIONS**

IDCOL now invites eligible applicants (“Firms”) to express their interest in providing the Services. Interested Firms should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. In this regard, the interested applicants are requested to submit their Expressions of Interest (EOIs) along with the documents listed below:

- a) documentary evidence of incorporation of the Firm (Trade License of the year of registration and of the latest year, MOA, Incorporation certificate, Articles of Association, or Membership of professional bodies, registered Partnership deed, copy of tax payer certificate, copy of bank statement as evidence of the bank solvency)
- b) audit report (by CA firm) for last 03 (Three) years containing necessary disclosures including segregation of revenue sources (please submit a revenue statement certified by a chartered accountants, if necessary disclosure on revenue segregated by sources is not clearly stated in the audit report);
- c) annual report for the latest fiscal year, if any;
- d) bank solvency certificate and/or bank statements showing the amount of liquidity available;
- e) details of works completed in the last five (5) years including clients' names, brief description of

engagements, contract period, contract value, etc. as per the chart below:

SI No	Name of the Project/Assignment	Total Person-Month	Total Contract Value	Period (time of start and end)
1				
2				
...				

- f) completion certificate(s) issued by the clients articulating title, topic, duration and amount of contracts/assignments;
- g) Consultants may associate with other firms in the form of a joint venture or a sub consultancy to enhance their qualifications. If there is any joint-venture or consortium formed, the JV firms shall have to submit all the information as above;
- h) Content of EoI shall be printed in English language. In case of any original document(s) [certificate, statement, etc.] being in a language other than English, the applicant is required to submit a notarized copy of the document(s) translated in English.

## H. ELIGIBILITY OF CONSULTING FIRM

An International Consulting Firm<sup>1</sup> (as the lead firm) or Joint Venture with broad and deep experience in conducting similar assignment is needed. The firms those meet the following criteria are encouraged to participate:

- Companies and firms registered with appropriate authorities;
- Have consulting experience in more than two countries (in case of Joint Venture, the lead firm should have experience of working in more than two countries) and the experience is substantiated by completion certificates issued by relevant client or employer.
- Have yearly minimum turnover of about USD 500,000 or equivalent;
- Have advisory income of a minimum USD 300,000 or equivalent in the last financial year;
- Have record of a minimum of ten (10) years' of general experience among which eight (08) years' experience and expertise in similar field;
- Have completed minimum 03 (three) similar assignments in last 03 (three) years of minimum 10 (ten) person months each
- Have all the technical facilities of their own or necessary arrangements with such facilities;

The short-listing criteria are:

- a) Years of general experience
- b) Financial Capacity
- c) Similar experience
- d) Team composition, and organizational capacity
- e) Notably, the applicant's previous track record and performance in collaboration with IDCOL will serve as a significant criterion for the selection process.

## I. TERMS OF PAYMENT

- The maximum allowable budget for the entire assignment is USD 2,300,000 inclusive of all regulatory payments (duty, VAT, tax .etc.). Thus IDCOL will not bear any regulatory expense during the payments.
- The budget amount of USD 2,300,000 will also include contingency amount. Maximum percentage of cost of each output will be as follows:

<sup>1</sup> An international firm, means any consulting firm established or incorporated in any country outside the country where the assignment takes place and conducts business activities beyond the borders of its home

**Table 3. Maximum allowable budget**

<b>Output</b>	<b>Maximum % of cost (USD)</b>
Output 4.1: Preparatory activities & Base lining energy consumption of RMG sector.	17.86%
Output 4.2: Capacity building of Local Financial Institutions (LFIs)/IDCOL	7.00%
Output 4.3: Capacity building of RMG units to enable implementation of energy efficient technologies	9.67%
Output 4.4: Provide on-demand technical support to participating banks on monitoring, reporting and verification (MRV) of energy efficiency projects	17.16%
Output 4.5: Provide assistance to RMG units in loan application process	16.56%
Output 4.6: Provide on-demand technical support for implementation to RMG units which have secured GCF funding under this programme	20.00 %
Output 4.7: Technology fair to create market awareness and develop access to energy efficient technology	7.0%
<b>Output 4.8: Strengthening access to the Green Climate Fund to address Bangladesh's Energy Efficiency Requirements</b>	4.75%
<b>Maximum allowable amount (including contingency)</b>	<b>2,300,000 (100%)</b>

- The payment will be made upon receiving of satisfactory deliverables under each activity as per GCF approved log frame. The payment phases will be determined during execution of contract with the procured consulting firm.
- All the payments will be made subject to timely receiving of the fund from GCF & compliance of any other regulatory issues.