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## TERMS OF REFERENCE

### National Consultant - Developing the Guideline on best practices in setting Public-Private Partnerships for providing thermal energy out of solid biomass

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<b>Duty station:</b>	<b>Chisinau, Moldova, with travel throughout Moldova</b>
<b>Reference to the project:</b>	<b>Moldova Energy and Biomass Project /MEBP/</b>
<b>Contract type:</b>	<b>Individual Service</b>
<b>Duration of the assignment:</b>	<b>March – June 2018 (50 days of consultancy)</b>

#### **A. BACKGROUND AND CONTEXT OF THE ASSIGNMENT:**

Moldova Energy and Biomass Project (MEBP) funded by the European Union and implemented by UNDP was launched in 2011 with the goal to develop the biomass market in Moldova. MEBP Phase One (2011-2014) with a budget of 14.56 million EUR concentrated on demand creation through setting up solid biomass-based heating systems in public and private sectors. At the same time, another significant effort concentrated on development of the private sector that would meet the growing demand for biomass. Presently, main source of biomass in Moldova constitutes agricultural and wood processing waste: straw, sun flower, orchard and vineyard pruning, wood processing and other waste or by-products.

In 2015, MEBP entered into its Second Phase in the framework of the Eastern Partnership Integration and Cooperation (EaPIC) programme, based on its continued high relevance and the clearly identified need to further support the consolidation of the emerging biomass market in the country. The extension timeframe spans until the end of 2018 with additional EU-funding of 9.46million EUR.

During the first phase (2011 – 2014) a new type of Public Private Partnership (PPP) for the provision of sustainable heat delivery services to public institutions based on biomass installations through a private partner was piloted. The opportunities and risks associated with running such projects were analyzed at the stage of piloting a PPP in the district of Leova. The pilot clearly demonstrated the feasibility of the overall model. A replicability study demonstrated that there is potential for other well-functioning PPPs to be established and identified the prerequisites for replicating heat service provision through PPPs in Moldova, including the core success elements like sustainability of offered services, provision of professional operation and maintenance services, quality control of the fuel and mutual profitability. Thus in 2015-2017, two new PPPs for provision of thermal energy out of biomass sources to public institutions have been established in Nisporeni and Ungheni districts.

In this context, the Moldova Energy and Biomass Project **is seeking to hire a service provider to develop a Guideline on best practices** in establishing and running PPPs for providing thermal energy out of solid biomass.

#### **B. OBJECTIVE OF THE ASSIGNMENT AND SCOPE OF WORK:**

The general objective of the requested consultancy services is to develop within the framework of the Moldova Energy and Biomass Project a practical **Guide on best practices** for establishing and running PPPs that will reflect the experience of the 3 PPPs created with the support of MEBP, main lessons learned, available procedures and practices, practical recommendations for other public and private stakeholders wishing to initiate a PPP. This will include, but will not be limited to aspects like advising on the technologies to be applied, recommended equipment, biomass fuel and all other elements of the total price of the heat delivered, evaluation of demand for heat delivery, etc. All recommendations will be in line with the "Law on private and public partnership" nr.179, as of 10.07.2008 and the Government Decision nr.476 as of 04.07.2012," Approval of Regulation regarding general conditions and procedures of selection of private partner".

**The overall objective of the assignment consists of the following major components:**

In particular, the contractor will carry out the following activities:

- ✓ Develop, present and get approval of the methodology for conducting the Guide, including a questionnaire for district administration, as an effective tool to collect general information about the Public partners experience, practices, lessons learned and recommendations for future similar projects;
- ✓ Informative meetings with representatives of the Local Public Administrations engaged in PPPs: Leova, Ungheni and Nisporeni
- ✓ Visits to several public buildings heated through PPPs from all 3 districts: Leova, Ungheni and Nisporeni;
- ✓ Bi-lateral meeting and briefs with Agency for Public Property on the current legal framework pertaining to PPPs;
- ✓ Thorough analysis of all steps for setting up the PPP:
  - The methodology for selecting the private partner: tender documentation, selection criteria's, etc. and a list of recommendations;
  - Contract development and negotiation;
  - Tariffs calculations;
- ✓ Scaling up the financial model of a successful PPP from the point of view of the investments from private partner and contributions from public partner in order to allow a competitive price to the end users;
- ✓ Based on this analysis provide a list of practical recommendations for future Public and Private partners willing to engage in establishing a PPP for provision of thermal energy out of solid biomass;
- ✓ Assessment of the possibilities to develop new PPP formats for the existing boiler houses;
- ✓ Thorough analysis and correspondent recommendations on the technologies to be applied, recommended equipment, biomass fuel, etc.
- ✓ Conduct a presentation of the first draft of the Guide to district and local public authorities, which are part of proposed PPP, and adjust the content to public partners' comments, recommendations accordingly.
- ✓ Adjust the content according the recommendations of the Agency for Public Property and MEBP.
- ✓ Provide recommendations for stages of establishing a PPP, to be used for future actors willing to engage in establishing a PPP for providing thermal energy out of solid biomass sources:
  - assessment and final selection of buildings;
  - individual feasibility studies and their approval of Agency for Public Property;
  - terms of reference (caiet de sarcini) based on feasibility study and technical necessities identified;
  - tender announcement and draft contract for tender process.

Overall, the Guide shall not exceed 60 pages in A4 format. The final document shall be presented in Romanian language.

### **C. OUTPUTS:**

The output of the assignment shall include, among other details, the following:

- ✓ Action plan on how to embark on developing the Guide;
- ✓ Approved methodology of the studies including questionnaire for district administrations;
- ✓ Presentation of the first drafts of the studies to each district and local public authorities, which are part of proposed PPP;
- ✓ Step-by-step guidelines for creating and operationalizing the PPP to deliver biomass heating services for future actors willing to engage in PPPs;
- ✓ Recommendations on tender documentation pack for identifying the private partners;
- ✓ Recommendations in drafting the contract for both public and private partner;
- ✓ Analysis of the current legal framework and correspondent recommendations;
- ✓ Economic analysis of the tariffs: recommendations for tariff establishment;
- ✓ Recommendations of best financing model (equity, debt/loans, public-capital)
- ✓ Recommendations of best model of ownership of the heating equipment by PPP partner;
- ✓ Recommendations of Assets and Liability management;
- ✓ Funding strategies and risk mitigation. Risk identification, risk assessment and risk monitoring;
- ✓ Recommendations on operation and maintenance arrangements of the biomass heating system
- ✓ SWOT analyses of a PPP.

### **D. TENTATIVE SCHEDULE:**

All the deliverables shall be submitted within the timeframe shown in the table below:

<b>Deliverables / milestones</b>	<b>Timeframe/workload</b>
Approved content of the guide, including questionnaire for District Administration	15.04.2018 (7 days)
Draft economic and legal analysis of setting up a PPP for delivering thermal energy out of solid biomass	30.05.2018 (37 days)
Presentation of the first draft of the guide focusing on conclusions, lessons learned, best practices, etc.	15.05.2018 (3 days)
Presentation of final version of contract completion report with the final findings, conclusions and recommendations	15.06.2018 (3 days)

### **E. INSTITUTIONAL ARRANGEMENTS:**

The contractor will work under the direct supervision of MEBP Project Manager. The contractor shall take overall responsibility on the quality and timeliness of the assessment process within its competency. The contractor is responsible for the compilation and editing of the draft material, presentation and the final product in both Romanian and English.

The Project Manager of MEBP and, if needed, other project staff will provide the contractor with the necessary information and materials and/or will facilitate the communication with the relevant public authorities for obtaining the necessary information in order to ensure the successful completion of the assignment.

The presentation of the findings shall be conducted by the contractor in coordination with the MEBP. Any costs associated with the arranging the event (conference room, refreshments, etc.) shall be covered by MEBP.

## **F. REPORTING:**

In the course of contract execution, the selected service provider will be required to produce one Final Report upon the conclusion of the contract period.

The Final Report needs to be submitted in electronic version and on paper support. The report should comprise:

- A narrative section to reflect the main findings of the consultant, the extent to which contract objectives have been attained, a description of the methodology and approach, and main findings with respect to the Guideline;
- Summary of the industry (economic and legal) analysis conducted;
- Desk review of national legal framework and best international practices conducted;
- Summary of the questionnaires and the questionnaires as such;
- A photographic portfolio of the assignment to include a selection of most appropriate action shots taken during the visits, etc.;
- Summary of lessons learned for future interventions;
- Follow-up activities;
- General Conclusion and Recommendations.

## **G. OTHER CONSIDERATIONS**

- *Timeliness and quality*

The contractor's performance shall be assessed based on timeliness and quality of services. The contractor shall be notified of any deviation from the agreed schedules and standards, pursuant to which it will be required to remediate its performance. In case no satisfactory remediation shall be obtained UNDP reserves the right to terminate the contract.

- *Language*

The analysis and the all the complementary documents shall be prepared in Romanian. The final and interim reports shall be submitted in Romanian and English.

- *Legal and other requirements*

The content of the requested documents shall conform to the pertaining relevant legislation in the country and the international best practices and models.

- *Submission of data, reports and other material produced*

All primary data, reports, and other documentation produced during this assignment shall be made available to UNDP in appropriate electronic format (word, excel, PDF, etc.) depending on the nature of its content. All data acquired and products developed in the course of the assignment will be in the ownership of UNDP and cannot be used by the Contractor and its team without prior written permission.

- *Cooperation requirements*

The consultant is expected to work closely with other experts and expert teams hired by UNDP on parallel/complementary activities.

- *Consultations process*

The responsibility for facilitating the consultation process for the purposes of completion of tasks outlined hereto will be primarily responsibility of the Contractor. The Contractor shall be responsible for: preparation of working material and agenda, ensuring participation of the key team members as required, communication/coordination with the invited stakeholders (if deemed necessary), preparation of minutes and etc.

- *Payment schedule*

The payment will be processed in instalments based on the milestones defined in the contract and in accordance to the company's proposed methodology and approach.

#### **H. QUALIFICATIONS REQUIREMENTS:**

- ✓ University Degree in Technical Sciences, Mechanics, Energy and/or Agriculture, or related studies;
- ✓ At least 5 years of experience in developing business plans, feasibility studies, producing analytical reports and conducting surveys/market researches, manuals and guides;
- ✓ Good knowledge and understanding of the energy sector in Moldova as well as service delivery at district/local level;
- ✓ Good understanding of the legal framework and procedures for establishing Public-Private Partnerships in Moldova;
- ✓ Experience in providing similar consulting services to creation of PPPs and good understanding of heat delivery service are strong advantages;
- ✓ Proven ability to gather, analyse information and provide practical recommendations based on results;
- ✓ Advanced training and facilitation skills, mastery of interactive participatory training techniques and adult learning methods;
- ✓ Excellent interpersonal and diplomatic skills, as well as the ability to communicate effectively with all stakeholders and to present ideas clearly and effectively;
- ✓ Knowledge with solid biomass market development dynamics;
- ✓ Excellent proficiency in Romanian and Russian. Knowledge of written and spoken English is an advantage.
- ✓ Proven commitment to the core values of the United Nations, in particular, respecting differences of culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status;