**CONSULTANCY SERVICES FOR THE PREPARATION OF A GCF FUNDING PROPOSAL AND ANNEXES: ‘TRANSFORMING FINANCE TO UNLOCK CLIMATE ACTION IN THE CARIBBEAN’**

**TERMS OF REFERENCE**

**1. BACKGROUND**

**Climate change and the private sector in the Caribbean**

1.01 Climate change is not simply a challenge with which Caribbean countries must grapple, but rather a fundamental threat to their prospects for sustainable development. The Caribbean is particularly vulnerable to increasing temperatures, changing precipitation patterns, sea-level rise and increasingly intense tropical cyclones due to the region’s geography and dependence on climate-vulnerable sectors such as agriculture and tourism. Caribbean countries also recognize that the urgency and magnitude of this challenge cannot be confronted by the public sector alone. In this context, there is both a pronounced need *and* considerable potential to unlock private sector investment in the transformation of the productive sectors and energy systems in Caribbean countries. Such investments can contribute towards: (i) adapting to the increasingly negative impacts of climate change on physical structures/buildings, as well as on productive sectors such as agriculture; and (ii) mitigating climate change by scaling up renewable energy and energy efficiency, thereby making the Caribbean a leader in addressing the challenge that threatens the region’s development.

**The Green Climate Fund**

1.02 The Green Climate Fund (GCF) is an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). The GCF was established to contribute to the collective efforts of the international community to combat climate change. With over 120 projects approved as at December 31, 2019, and a successful replenishment process that concluded in late 2019 with over USD 9 billion in new pledges, the GCF is the world’s largest fund dedicated to the fight against climate change. Designed to be an important part of the effort to mobilise USD 100 billion in climate finance per year by 2020, the GCF has a central role to play in addressing the pressing mitigation and adaptation needs of developing countries.

1.03 The GCF aims to support developing countries in achieving a paradigm shift to low-emission and climate-resilient development pathways. This is to be achieved by funding innovative and transformative mitigation and adaptation projects and programmes developed by the public and private sectors to contribute to the implementation of national climate change priorities in developing countries.

1.04 The Caribbean Development Bank (CDB) was accredited to the GCF in 2016, and signed its Accreditation Master Agreement (AMA) in 2018. CDB now aims to scale up its support to Borrowing Member Countries (BMCs) to access and utilize GCF funding to scale up investment in climate change adaptation and mitigation. This is aligned with key CDB policies and strategies, including its Climate Resilience Strategy (CRS), two central pillars of which are to mobilise concessional resources and build technical capacity to support BMCs’ climate action ambitions and work programmes.

**The proposed GCF programme**

1.05 In response to BMCs’ needs and requests for support, CDB is developing a programme on *Transforming finance to unlock climate action in the Caribbean*. Under the programme, CDB will blend GCF and CDB resources to extend concessional lines of credit to Development Finance Institutions (DFIs) – namely the Development Finance Corporate of Belize (DFC Belize), Development Bank of Jamaica (DBJ) and St. Lucia Development Bank (SLDB) – who will on-lend to MSMEs and homeowners for climate action investments (with a particular focus on renewable energy and energy efficiency, low-emissions transport, climate-resilient agriculture and resilience in buildings). The programme will include two components: (1) Scaling up access to finance for DFIs to enable climate action investments in the productive sectors and energy systems (comprising national projects, financed through GCF and CDB loans); and (2) Delivering technical assistance (TA) to facilitate programme lending and support the transformation toward climate-informed lending by Caribbean DFIs (financed through GCF grants). The CDB will serve as the Accredited Entity for the programme. The TA Component is expected to be executed jointly by the Bank and the United Nations Development Programme (UNDP) – a partner that is supporting the development and delivery of this GCF programme. The partner DFIs will serve as Executing Entities for the projects in their countries (hereafter referred to as “projects”), through which they will lend to MSMEs and homeowners for small-scale investments (hereafter referred to as “sub-projects”).

1.06 CDB has finalized a concept note (CN) for the programme and submitted it to the GCF Secretariat Private Sector Facility (PSF), working in collaboration with relevant national counterparts (incl. from DFC Belize, DBJ and SLDB) and UNDP. CDB is now seeking to develop this programme proposal into an approvable GCF funding proposal (FP). The purpose of the consultancy assignment described in these Terms of Reference (TORs) is to support CDB, UNDP and national counterparts to develop the current CN into a high quality FP with all relevant annexes.

**2. OBJECTIVE**

2.01 The principal objective of this consultancy is the completion of a high-quality GCF funding proposal and all relevant annexes for the *Transforming finance to unlock climate action in the Caribbean* programme. The selected firm will bear overall responsibility for producing the deliverables listed in Section 5 of these TORs, and must also ensure they are coherent with one another and fully aligned with GCF policies, standards and expectations, as well as those of CDB, UNDP and the partner BMCs.

2.02 When working to achieve the aforementioned objective, the selected firm will operate under the overall supervision of CDB, and work in close collaboration with representatives of UNDP, DFC Belize, DBJ, SLDB and other representatives of the Governments of Belize, Jamaica and St. Lucia. Activities are to be completed in sufficient time to allow appraisal by CDB staff prior to presentation to the GCF Board.

**3. SCOPE OF SERVICES**

3.01 The selected firm will lead the process of developing a high quality and approvable GCF FP (and all supporting annexes) for the aforementioned programme, building on the CN developed by CDB and national counterparts. To do so, the selected firm will work with CDB, UNDP, DFC Belize, DBJ and SLDB to implement the five (5) programme preparation activities included in the Project Preparation Facility (PPF) application submitted to the GCF Secretariat. These programme preparation activities are outlined in the table below, along with the deliverables associated with each activity.

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| **ACTIVITY** | **DELIVERABLES** |
| 1) Assess relevant baseline conditions in each partner country, define programme-eligible support, and develop the programme eligibility criteria and a consolidated feasibility study. | * Sub-project eligibility criteria. * Consolidated feasibility study, including country profiles and indicative lists of eligible technologies/practices. |
| 2) Develop an Environmental and Social Management System (ESMS) for the programme. | * Consolidated ESMS report, including a stakeholder engagement plan, programme-specific grievance redress mechanism, and records of in-country consultations. |
| 3) Develop a gender assessment and Gender Action Plan (GAP) for the programme. | * Consolidated gender assessment and Gender Action Plan (GAP), including records of in-country consultations. |
| 4) Develop an integrated financial model to help structure the programme and assess its benefits. | * Initial programme costing/budget. * Impact potential estimates. * Financial analysis with sensitivity analysis. * Economic analysis with sensitivity analysis. |
| 5) Formulate the programme funding proposal and operations manual, building on all deliverables produced under Activities 1-4. | * Funding Proposal. * Programme Operations Manual. * Detailed programme budget (using GCF template). * Procurement plan. * Timetable of programme implementation. * Term Sheet. |

3.02 The aforementioned programme preparation activities are described in more detail below.

Activity 1: Assess relevant baseline conditions in each partner country, and define programme-eligible support, and develop the programme eligibility criteria and a consolidated feasibility study.

3.03 Under this Activity, the selected firm will lead the process of designing and formulating the core technical elements of the programme, and those of the projects and sub-projects the programme will finance. To accomplish this, the selected firm will: (i) work with partner DFIs to identify and prioritize ‘focus sectors/areas’ for each project; (ii) define key climate change challenges/opportunities in the ‘focus sectors/areas’ in each country; (iii) collect baseline information on the ‘focus sectors/areas’ in each country; (iv) identify priority technologies/practices to be promoted/supported through the programme; (v) assess the supply and demand for financing within the ‘focus sectors/areas’ in each country; (vi) define the implementation arrangements and flow of funds for the programme, and assess its operational feasibility; (vii) develop the sub-project eligibility criteria for the programme; (viii) assess prospects for developing an initial pipeline of sub-projects; and (ix) develop the consolidated feasibility study for the programme.

3.04 In implementing PPF Activity 1, the selected firm will produce two (2) deliverables: (i) a set of sub-project eligibility criteria, including all relevant guidance, methods and tools; and (ii) a consolidated feasibility study, including a detailed ‘country profile’ for each country, as well as an indicative list of eligible technologies/practices and a list of excluded technologies/practices.

Activity 2: Develop an Environmental and Social Management System (ESMS) for the programme.

3.05 Under this Activity, the selected firm will lead the process of defining how the programme will ensure appropriate environmental and social (E&S) safeguards are adhered to in all projects and sub-projects. The selected firm will: (i) identify an initial list of E&S risks that may arise during sub-project implementation (in line with CDB safeguards), as well as define appropriate risk mitigation and management measures (including through in-country consultations); (ii) design a system (the ESMS) for ensuring E&S risks are properly screened and mitigated/managed within all projects and sub-projects; (iii) identify any/all capacity-building support the DFIs will require to adhere to the ESMS; and (iv) draft a report that captures all of this information.

3.06 In implementing PPF Activity 2, the selected firm will produce one (1) deliverable: a consolidated ESMS report, including all information described in sub-activity 2(d) of these TORs.

Activity 3: Develop a gender assessment and Gender Action Plan (GAP) for the programme.

3.07 Under this Activity, the selected firm will lead the process of defining how the programme will ensure that gender considerations are properly mainstreamed in all projects and sub-projects. The selected firm will: (i) conduct an assessment of gender dynamics and gender-specific challenges/barriers in the partner countries and the targeted sectors/areas; and (ii) develop a Gender Action Plan (GAP) through which the identified challenges/barriers will be addressed during programme implementation.

3.08 In implementing PPF Activity 3, the selected firm will produce one (1) deliverable: a consolidated ‘Gender assessment and Gender Action Plan (GAP)’ report, including records of all in-country consultations.

Activity 4: Develop an integrated financial model to help structure the programme and assess its benefits.

3.09 Under this Activity, the selected firm will lead the process of developing an integrated financial model for the programme, which will involve financially structuring the programme, estimating its impacts, and assessing its financial and economic benefits.

3.10 In implementing PPF Activity 4, the selected firm will produce four (4) deliverables: (i) the initial costing/budgeting for the programme; (ii) estimates of the impact potential of the programme; (iii) a financial analysis of the programme; and (iv) an economic analysis of the programme.

Activity 5: Formulate the programme funding proposal and operations manual, building on all deliverables produced under Activities 1-4.

3.11 Under this Activity, the selected firm will lead the process of developing a high quality and approvable funding proposal (and other supporting annexes) for the programme. When doing so, the selected firm will ensure the funding proposal is developed in a manner that is consistent with (and draws on) the deliverables from PPF Activities 1-4.

3.12 In implementing PPF Activity 5, the selected firm will produce six (6) deliverables: (i) a GCF funding proposal; (ii) a Programme Operations Manual; (iii) a detailed programme budget; (iv) a procurement plan; (v) a timetable of programme implementation; and (vi) a term sheet for the programme.

**4. DELIVERABLES**

4.01 The selected firm is required to produce one operational deliverable (an inception report and work plan[[1]](#footnote-1) for this consultancy assignment), as well as the following fourteen (14) deliverables that will collectively comprise the GCF funding proposal package (i.e. funding proposal and all annexes), by the end of the consultancy.

1. GCF Funding Proposal
2. Consolidated feasibility study, including country profiles and indicative lists of eligible technologies/practices
3. Programme eligibility criteria
4. Consolidated Environmental and Social Management System (ESMS) report
5. Consolidated gender assessment and Gender Action Plan (GAP) report
6. Initial programme costing/budget
7. Detailed project budget
8. Impact potential estimates
9. Financial analysis with sensitivity analysis
10. Economic analysis with sensitivity analysis
11. Programme Operations Manual
12. Procurement plan
13. Timetable of programme implementation
14. Term Sheet

4.02 The selected firm will be expected to produce the above-described deliverables in accordance with the following timeline.

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| **Deliverable** | **Drafts due** | **Final versions due** |
| **Operational deliverables** | | |
| **Inception report and work plan** | N/A | Within two weeks of signing the contract |
| **Deliverables for the GCF funding proposal package** | | |
| **1) GCF Funding Proposal** | By the end of Month 9 | By the end of Month 12 |
| **2) Consolidated feasibility study (incl. indicative list of eligible technologies/practices)** | By the end of Month 6 | By the end of Month 8 |
| **3) Eligibility criteria** | By the end of Month 6 | By the end of Month 8 |
| **4) Consolidated Environmental and Social Management System (ESMS) report** | By the end of Month 8 | By the end of Month 10 |
| **5) Consolidated gender assessment and Gender Action Plan (GAP) report** | By the end of Month 8 | By the end of Month 10 |
| **6) Initial programme costing/budget** | By the end of Month 8 | By the end of Month 9 |
| **7) Detailed project budget** | By the end of Month 10 | By the end of Month 11 |
| **8) Impact potential estimates** | By the end of Month 8 | By the end of Month 9 |
| **9) Financial analysis with sensitivity analysis** | By the end of Month 9 | By the end of Month 11 |
| **10) Economic analysis with sensitivity analysis** | By the end of Month 9 | By the end of Month 11 |
| **11) Programme Operations Manual** | By the end of Month 9 | By the end of Month 11 |
| **12) Procurement plan** | By the end of Month 10 | By the end of Month 12 |
| **13) Timetable of programme implementation** | By the end of Month 10 | By the end of Month 12 |
| **14) Term sheet** | By the end of Month 10 | By the end of Month 12 |

**5. IMPLEMENTATION AND SUPERVISION OF THE CONSULTANCY**

5.01 CDB will facilitate the work of the selected firm. CDB will have overall responsibility for coordinating the administrative arrangements for this consultancy, where the places of work will be Belize, Jamaica, St. Lucia and the home base(s) of the consultants. In addition to paying for the personnel costs of the selected firm, CDB will fund the cost of air travel from the consultants’ home base(s) to the partner countries, the related airport transfers, ground transportation, hotel accommodation and providing an allowance for meals and incidentals. Support for the administrative and logistical arrangements will be provided by both CDB and the partner DFIs (DFC Belize, DBJ and SLDB), and will include support to arrange meetings, site visits, liaising with public and private sector and non-governmental organizations in the partner countries, as well as assistance with arranging meetings with relevant government and non-government stakeholders. The partner DFIs will also arrange to provide working space in their respective countries for the consultants if/when needed. CDB (with support from the DFIs) will also assist with any operational issue(s) that may arise. CDB and the DFIs will further provide background information that is relevant to the completion of the assignment.

5.02 The selected firm will be required to carry out the duties listed in Section three (3) of these TORs. The selected firm will report to CDB. The selected firm is required to work collaboratively with the staff of CDB, the partner DFIs (DFC Belize, DBJ and SLDB) and other relevant stakeholders in each of the partner countries (Belize, Jamaica and St. Lucia).

5.03 In relation to computing and related equipment, software and supplies required for the implementation of this assignment, the selected firm will be responsible for providing and/or covering the cost for these items.

**6. QUALIFICATIONS AND EXPERIENCE**

6.01 The ideal firm will have considerable experience working on climate change adaptation and/or mitigation (preferably in the Caribbean) with a strong track record of designing and formulating quality investment programmes/projects. Experience working on other (approved) GCF programmes/projects is considered to be a particular asset. The ideal firm will also have a proven track record of producing high quality (clear, succinct) written outputs.

6.02 The firm (and its staff) are *required* to possess the following.

1. Key personnel must have Master’s degrees (or higher) and/or at least 10 years of work experience in fields directly relevant to this programme (e.g. renewable energy and energy efficiency; low-emissions transport; climate-resilient agriculture; resilient buildings/infrastructure).
2. The firm must be able to demonstrate that its staff have the expertise necessary to implement PPF Activities 1-5 and produce all required deliverables as outlined in these TORs (or be able to recruit such individuals through sub-contracting on a limited basis if needed), covering at least the following areas: financial services; small business development/management; climate change risk and vulnerability assessments; renewable energy and energy efficiency; low-emissions transport; climate-resilient agriculture; and resilient buildings/infrastructure; environmental and social safeguards; gender; financial and economic modelling; and project coordination/management).
3. The firm must have at least 8 years of experience working on investment programme/project development, with a particular focus on *at least* one of the targeted sectors/areas, and with a strong track record of producing high quality programmes/projects – particularly for Multilateral Development Bank (MDBs).
4. Key personnel must have knowledge of international climate finance funds/mechanisms, including the Green Climate Fund (GCF).
5. Key personnel must have knowledge of/familiarity with the areas/sectors targeted by this programme, ideally in Belize, Jamaica and St. Lucia and/or the broader Caribbean context.

6.03 The firm (and its staff) are also required to demonstrate the following.

1. Good communication skills in English (oral and written).
2. An ability to present information in a clear, concise and well-articulated manner.
3. An ability to solicit useful information from a broad range of stakeholders.

**7. DURATION**

7.01 The duration of the consultancy is 9 months (of a total of 12 months to implement the PPF Activities, which includes 3 months to procure a qualified firm).

1. The work plan should be developed at the sub-activity level to ensure the firm has a clear plan for delivering all of the sub-activities that are expected to be needed to complete the five (5) PPF activities and produce the required technical deliverables. [↑](#footnote-ref-1)