

Terms of references

Job Title: International ESCO expert to prepare and finalize the package of documentation for the ESCO Moldova Project

Project Reference: Transforming the market for urban energy efficiency in Moldova by introducing Energy Service Companies (ESCO Moldova Project)

Duration of Employment: June – December 2013

Contract type: Individual Contract

Expected workload: 30 working days (out of which 10 days allocated to 2 missions in the country)

I. Background

In accordance with UNDP and GEF procedures, a team of four consultants is being hired to develop the ESCO Moldova full project. The project is intended to support the development of the first commercial ESCO (Energy Service Company) in Moldova, a public-private partnership between the City of Chisinau and selected investor(s). The ESCO is intended to be launched as a tool to help promote additional investments in the field of energy-efficiency in the municipal sector in Moldova. The purpose of the project preparation grant is to fully design the activities, outputs, and outcomes of ESCO Moldova Project in close cooperation with a team of 3 other consultants (1 international, 2 national), UNDP Moldova office and the UNDP Bratislava Regional Centre.

An international ESCO expert is being hired to prepare and finalize the package of documentation to the GEF Secretariat before the end of the year. The documents to be prepared include (i) a UNDP Project Document (ii) a Request for CEO Endorsement and (iii) a GEF Tracking Tool. Copies of the GEF documents can be found: http://www.thegef.org/gef/guidelines_templates

UNDP will provide the consultant with the latest version of the UNDP project document standard template.

Project description

The ESCO Moldova project is being developed by UNDP and the Global Environment Facility (GEF). The project aims to promote green urban development in Moldova using the ESCO (Energy Service Company) modality as the means of promoting sustainability. The focus of the ESCO investments will be in areas where the potential for emission savings is largest such as the housing, municipal heating, and industrial sectors that are concentrated in urban centers. In Moldova, there are no cities that can currently be described as green cities, only cities that aspire to become green as for example Chisinau. Urban development is primarily driven by economic considerations and 'greening' considerations are for the most part not taken into account. Most Moldovan cities are increasingly in decay and have outmoded urban infrastructure, deteriorated communal housing, poor planning, lack of municipal budget to meet the needs of growing urban populations and urban poverty. All these problems are present in the capital city of Chisinau. Specifically, ensuring maintenance and communal services for multifamily housing remains a key priority for all cities. Multi-family apartment blocks account for 157.2 million m² or 60% of the housing stock; one out of three (or 50 million m²) is in need of capital renovation, while 3.8 million m² is in emergency state and has to

be demolished. Regardless of technical conditions, over 70% of multifamily apartment buildings have very low thermal performance (especially buildings constructed in 1950 -1980s): thermal losses account for up to 50% of heat consumption.

ESCOs, a concept widely proven in the United States and Europe, and has proven a useful tool to promote energy savings through energy performance contracting and shared savings agreements. In the baseline situation, no municipal ESCOs are likely to be successfully launched in Moldova in the next four years. In Moldova, as of early 2013, not a single ESCO exists in the country and there is almost no experience with working with ESCOs. In the absence of this project, and in the absence of GEF funding it is highly unlikely that a properly capitalized ESCO with the proper expertise will exist in Moldova in the next four years. The reason is simple. The ESCO concept is new to Moldova and there is no prior successful experience with energy performance contracting and there is no advantage in being a first mover. The first mover in the ESCO business in Moldova will have additional costs associated with legal and regulatory issues and related to the fact that energy performance contracts are new instruments which have not yet been tested in the market place. However, the regulatory basis for ESCOs in Moldova is moving in the right direction with a new law energy-efficiency, Law 142, which was adopted in 2010.

Energy-Efficiency Law 142 has as its main purpose to harmonize Moldovan law related to energy-efficiency with the relevant EU directives. The Energy-efficiency Law 142 a) establishes main directions for energy efficiency national policy; b) Approves national energy efficiency programs and action plans; c) Elaborate and apply energy efficiency mechanisms and financial instruments for and d) Establish organizational order, structure and activity procedures for the state energy efficiency authority. In particular, it sets minimum standards for energy-efficiency, requires energy audits, and promotes the establishment of a regulatory framework which would encourage the creation of ESCOs. The law defines ESCOs¹ and the concept of Energy Performance Contracts (EPC).

Despite the existence of Energy-Efficiency Law 142, there are no sub-laws or regulations which would define how ESCOs would operate in Moldova. There are several other baseline activities that Moldova is participating in including the Economic Stabilization and Recovery Plan 2009-2011 (2009); National Development Strategy 2008-2011 (2008); Energy Strategy 2020 (2007); Copenhagen Accord to the Kyoto Protocol (2010); National Energy Efficiency Program for 2011-2020 (2010); Low Emission Development Strategy (LEDS) to year 2010 (pending adoption 2012);- Government's Activity Program 2011-2014 (2011); National Strategy for Development Moldova 2020 (2012). However, none of these activities specifically promotes the concept of ESCOs for green urban development. Therefore, in the baseline situation and without this project it can be concluded that it would be unlikely for a municipal ESCO to successfully be launched under the business-as-usual scenario.

II. Scope of work and responsibilities

The responsibility of the international ESCO expert is to work with the team of consultants (international corporate finance expert, national energy sector expert and national stakeholders consultation expert) to develop project documentation that will be acceptable to the GEF in order that the ESCO Moldova project can be fully approved and can start in 2014. It is envisaged that the international consultant will need to make two missions to Moldova, one in the summer of 2013 (which includes participation in a stakeholder workshop) and one at the end of the year.

Expected deliverable and timeframe

The key products to be delivered are as follows:

¹ Energy service company (ESCO) - natural or legal person that delivers energy services and / or other energy efficiency improvement measures in an user's facilities or premises, and accepts some degree of financial risk in doing so. The payment for the services delivered is based (in whole or in part) on achievement of energy efficiency improvements and on the meeting of the other agreed performance criteria

- 1) A detailed project workplan detailing all the project outputs and when they will be delivered (at the start of the assignment)
- 2) A Project Baseline Report which defines in detail the baseline of the project (following mission 1)
- 3) A draft GEF Request for CEO endorsement, UNDP project document, and GEF tracking tool (following mission 1)
- 4) A finalized GEF Request for CEO endorsement, UNDP project document, GEF tracking tool which incorporates the comments of all key stakeholders and the GEF Secretariat following their first review of the project (following mission 2)

In addition, the international consultant is expected to provide detailed comments and inputs and suggestions for improvement to the business development report of the corporate finance experts and the draft business plan and the draft term sheet/MoU between the investor and the City of Chisinau. The assignment is viewed as a team assignment and the international consultant should support the work of the other consultants.

The timeframe and duration of activities are estimated to be broken down as follows:

Activity	Duration (estimated) / days	Estimated Timing and deadline
Preparation of Workplan	1	June 2013
Mission 1 – Mission to Chisinau , Moldova (incl. stakeholder workshop)	5	July 2013
Preparation of Project Baseline Report	4	July 2013
Preparation of draft GEF Request for CEO Endorsement and draft Project Document	12	July/August 2013
Mission 2 – Mission to Chisinau, Moldova	5	September/October 2013
Finalization of GEF Request for CEO Endorsement and Project Document following inputs from UNDP Moldova, UNDP Regional Centre, and GEF Secretariat	3	November/December 2012
TOTAL working days	Approx.30	

Prior to approval of the Request for CEO Endorsement, UNDP Project Document, and GEF Tracking Tool, a draft version shall be submitted for comments to UNDP by **31 October 2013**.

UNDP and the stakeholders will submit comments and suggestions within 10 working days after receiving the draft. It is envisaged that the finalized package of documents shall be submitted by the end of **end of 2013 to GEF Secretariat**.

III. Management Arrangements:

Responsibility for Managing the Consultant

The principal responsibility for managing the consultant will lie with the Head of Environment Section of UNDP Moldova and with the Regional Technical Advisor on Climate Change Mitigation at the UNDP Bratislava Regional Centre.

Payment for Services

The Expert shall be paid in three installments as follows:

Milestone 1 – Submission of detailed workplan for the assignment and questionnaire for national consultants listing all the data and information which needs to be collected – 30% (prior to mission 1)

Milestone 2 and Milestone 3 – Submission of Baseline Section of draft GEF Request for CEO Endorsement and Project Document (milestone 2) and then Submission of the draft GEF Request for CEO Endorsement and UNDP Project Document (milestone 3) for submission to GEF Secretariat– 30% (following mission 1)

Milestone 3 – Finalization of GEF CEO endorsement request and UNDP Project document incorporating all comments received from GEF Secretariat on the first review – 40% (following mission 2)

All travel should be paid for by the expert as part of the lump sum for services.

Responsibility for Expenses and their Reimbursement

The Consultant will be responsible for all personal administrative and travel expenses associated with undertaking this assignment including office accommodation, printing, stationary, telephone and electronic communications, and report copies incurred in this assignment. The cost of travel to Chisinau and the cost of hotel accommodation and expenses should be included as part of the lump sum. In the unlikely event that a third mission is required to Chisinau then UNDP will cover this cost. At the current point in time, only two missions are envisaged as being required.

IV. Requirements for experience and qualification

Academic Qualification

- Graduate degree in economics, engineering, environmental science or equivalent experience.

Experience:

- Experience in developing projects related to energy-efficiency and energy savings
- Experience working with ESCOs (Energy Service Companies)
- Recent knowledge (in last 3 years) of successfully developing a new GEF energy and/or climate change related project document and GEF request for CEO endorsement which was approved by GEF Secretariat
- Experience working with UNDP on energy sector projects
- Experience working with other international organizations on projects in the energy sector
- Experience working in the Eastern Europe and CIS region

Competencies

- Experience working in the energy sector and in developing countries
- Experience working with international organizations
- Strong interpersonal skills, communication and diplomatic skills, ability to work in a team
- Ability to plan and organize his/her work, efficient in meeting commitments, observing deadlines and achieving results
- Openness to change and ability to receive/integrate feedback
- Ability to work under pressure and stressful situations
- Strong analytical, reporting and writing abilities

Language requirements:

- Fluent in written and oral communication in English
- Knowledge of Romanian or/and Russian will be a strong asset.