

Section 3: Terms of Reference (TOR)

Moldova Energy and Biomass Project

“Feasibility study on establishing a Public-Private Partnership for pelletizing biomass”

Duty station:	Chisinau, Moldova
Contract type:	Contract for professional services
Starting date:	01 August 2013

A. BACKGROUND:

The Moldova Energy and Biomass Project, a 4 year 14.56 million EUR project, funded by the European Union and UNDP and implemented by UNDP aims to contribute to a more secure, competitive and sustainable energy production in the Republic of Moldova through targeted support to the most viable and readily available local source of renewable energy, namely biomass from agricultural wastes.

The purpose of the project is to increase the use of renewable energy technology significantly through fuel switching and energy efficiency. It also focuses on piloting activities that would increase the sustainability of the overall investments made by the Moldova Energy and Biomass Project. The goal of this specific activity is to demonstrate the feasibility of establishing a Public Private Partnership (PPP) that will produce pellets from local biomass to be supplied on the local market.

The prerequisites for piloting a pellets production in Moldova are the developments of the local biomass market that for the last years registered a very dynamic growth, with more than 100 biomass boilers installed under MEBP and with more than 70 local producers operating this business. Although this tendency is developing dynamically, the issue of quality and price for locally produced pellets remains to be very sensitive to matters like, technology price, equipment efficiency, raw material quality/weather, etc. Only 17 companies of 74 are standalone businesses producing pellets and most of them are using refurbished/remodeled equipment put into operation during the '70s of the past century. Consequently, this fact directly influences the quality and price of pellets supplied to the local market. The lack of financial resources to procure modern equipment together with the absence of real quality benchmarks in producing this fuel makes the local entrepreneurs incapable to respond to the increasing demand for quality biomass pellets.

Partnering public and private sectors in Moldova is a relatively new domain with few implemented examples, most of them being related to public services such as solid waste management, water supply and/or sanitation, etc. Though there is no experience in establishing and running a PPP in the energy field, the Local Public Administration regards it as a real opportunity for ensuring good quality, sufficient quantity and reasonable price for locally produced fuel to be used at heating public sector buildings. This opinion is supported by the high number of applications submitted by the Local Public Administrations to the respective call for proposals launched by MEBP.

The Public Private Partnership model will allow the development and control functions work together. The private sector will have a chance to establish a business from scratch with new and efficient pelletizing equipment capable to produce sufficient fuel quantity at required quality level. It is expected that this company will serve as a model/benchmark for local producers willing to start a business in this field. The Local Public Administration will have a price leverage tool, allowing biomass heating to be more attractive in the public sector. Consequently, by piloting this activity, the Local Public administration will play an important role of attracting investments into the local infrastructure.

According to the local legislation¹, the first real argument for establishing a Public Private Partnership is the feasibility study - a mandatory activity conducted under the supervision of the Local Public Administration and endorsed by the Public Property Agency² (PPA).

In this context, the Moldova Energy and Biomass Project is seeking to hire a contractor to elaborate the feasibility study and provide all necessary assistance to Leova rayon administration in making required adjustments according to PPA comments and suggestions. The contractor is also expected to assist the beneficiary in developing the tender documentation for private partner identification.

B. OBJECTIVE:

The general objective of the requested consultancy services is to conduct within the framework of the Moldova Energy and Biomass Project a feasibility study that will provide sufficient ground for the Public Property Agency, the Energy Efficiency Agency, the MEBP team and the beneficiary to identify the most sustainable model for a Public-Private Partnership implementation.

The assignment will imply adjusting the feasibility study according to the recommendations of the PPA, prepare the tender documentation for the private partner selection. The feasibility study will evaluate the economic potential of the partnership and will present all required financial indicators to demonstrate its successfulness. It will include, but will not be limited to aspects like technologies applied, recommended equipment, pellets selling prices, competition in the region, investment required to set up the production site, depreciation, operating costs and overheads. The minimum requirements to the structure of the feasibility study are indicated in the Law nr.179, as of 10.07.2008 and the Government Decision nr.476 as of 04.07.2012.

C. KEY ACTIVITIES AND EXPECTED OUTPUTS:

In particular the contractor will carry out the following activities:

- ✓ Develop and get the approval for the feasibility study table of contents. The approval will be granted by the working group created within Leova Rayon Council.
- ✓ Conduct the feasibility study according to the approved content.
- ✓ Adjust the content according the recommendations of the PPA.
- ✓ Contribute to the preparation by the Leova Rayon Administration of efficient selection criteria and the whole tender documentation pack for identifying the private partner.

D. OUTPUTS:

The output of the assignment should be a report that shall include, among other details, the following:

- ✓ A first draft of the feasibility study on PPP that will produce pellets from agricultural residues;
- ✓ A final version of the study endorsed by PPA;
- ✓ Selection criteria and tender documentation package for identification of the private partner developed.

¹ Law nr.179, as of 10.07.2008 and Government Decision nr.476 as of 04.07.2012

² The Agency implements the policy of the Government on management and denationalization of public property, post-privatization activities and exercises ownership functions for state owned patrimony as stipulated and within its competence.

E. DELIVERABLES:

The first draft of the feasibility study, in Romanian, shall be presented to the working group for comments and recommendations within 20 days from the commencement of the consultancy assignment.

The final version of the feasibility study will be presented after PPA endorsement and translated into English.

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

Deliverables / milestones	Due date
Approved content of the feasibility study	01.08 – 02.08.2013
First draft of the feasibility study	02.08 – 23.08.2013
Final version incorporating the PPA comments and recommendations	23.08 – 26.08.2013
Selection criteria and tender documentation	26.08 – 02.09.2013

F. INSTITUTIONAL ARRANGEMENTS:

The contractor will work under the direct supervision of the Business Development Project Officer. 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 Business Development Project Officer 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.

G. QUALIFICATIONS REQUIREMENTS:

Applicants must be legal entities (firms or NGOs) with proficiency in financial researches and proven experiences in conducting similar activities in Moldova and/or abroad.

In particular applicants must meet the following qualification criteria:

- ✓ At least 5 years of experience in developing business plans, feasibility studies, producing audit/analytical reports and conducting surveys/market researches; applicants with fewer years of experience but possessing consultants with proven relevant experience of minimum 5 years may also be considered;
- ✓ Good knowledge and understanding of the energy sector. Experience in providing services to energy market and good understanding of the pelletizing technologies are strong advantages;
- ✓ A good understanding of the legal framework for developing a Public-Private Partnership in Moldova;
- ✓ Excellent report writing and communications skills in Romanian and English;
- ✓ Proven abilities to manage contracts with international organizations and experience in working with and reporting to international/donor organization, including by respecting strictly the set up deadlines;
- ✓ Ability to gather, analyze information and provide practical recommendations based on results.