

TC Document

I. BASIC INFORMATION

Country/Region:	Mexico
TC Name:	Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up
TC Number:	ME-X1025
Associated Loan/Guarantee Name:	ME-X1021 (Conditional Credit Line for Investment Projects), ME-L1145 (First Program for the Financing of Investment and Productive Reconversion Project)
Team Leader/Members:	Maria Netto, IFD/CMF, team leader; Juan José Gomes, IFD/CMF, co-team leader; Claudio Alatorre, INE/CCS; Asger Garnak, INE/CCS; Leticia Riquelme, CID/CMF; Margarita Cabrera, Isabelle Braly, Ana Salas, y Stephanie Suber IFD/CMF; Veronica Valencia, INE/CCS; y Juan Carlos Perez-Segnini, SGO/CME.
Indicate if: Operational Support, Client Support, or Research & Dissemination	Operational Support
Date of TC Abstract authorization:	
Beneficiary	Fideicomisos Instituidos en Relación con la Agricultura (FIRA)
Executing Agency and contact	IDB - IFD/CMF
Donors providing funding:	Ministry of Foreign Affairs of Denmark
IDB Funding Requested	500,000 US\$ equivalent ¹
Local counterpart funding, if any:	n.a.
Disbursement period:	36 months
Required start date:	15 December 2014
Types of consultants :	Individual and companies
Prepared by Unit:	IFD/CMF
Unit of Disbursement Responsibility:	IFD/CMF
TC Included in Country Strategy:	Yes
TC included in CPD:	Yes
GCI-9 Sector Priority:	The TC is closely related to two institutional priorities of the IDB under the GCI-9: (i) Institutions for growth/social welfare; and (ii) Protecting the Environment and Responding to Climate Change

II. DESCRIPTION OF THE ASSOCIATED LOAN: ME-L1145, ME-X1021

2.1 This TC is associated with the First Program for the Financing of Investment and Productive Reconversion Project (ME-L1145) of the Mexico Conditional Credit Line for Investment Projects

¹ These funds will be administered by the IDB through a non-reimbursable project-specific grant (PSG). The Ministry of Foreign Affairs of Denmark will contribute DKK 3,000,000.00 which is equivalent to US\$500,000.00 based on the exchange rate US\$1 = DKK 5.99633 found in XE (Universal Currency Converter), as of November 6, 2014. This PSG will be administered by the IDB pursuant to document SC-114. In accordance with that document, the commitment of the Government of Denmark for the PSG will be established through a separate Administration Agreement.

(ME-X1021). The purpose of the ME-L1145 will be to provide funding to FIRA so that this institution, through first-tier financial intermediates, provide medium and long term financing to eligible rural eligible rural producers interested in financing investment projects in rational use of water and energy.

- 2.2 In particular ME-L1145 intends to increase investments of agricultural enterprises and companies linked to the agroindustrial sector in projects that promote more efficient use of water and energy, respectively, through long-term financing to help increase the supply of credit for such investments under favorable terms. The program will be coordinated with two technical cooperation operations and an investment grant (ME-T1265; and ME-G1006) from the Clean Technology Fund, which will support FIRA in preparing and executing the energy-efficiency subcomponent of the program.

III. OBJECTIVES AND JUSTIFICATION OF THE TC

- 3.1 Energy efficiency is a priority due to the substantial cost-effective climate change mitigation potential. As highlighted by the International Energy Agency, energy efficiency (EE) can help keep the door open to the globally agreed 2 °C target through to 2020 at no net economic cost. Energy efficiency can potentially boost economic growth while supporting energy security, competitiveness and the environment. However, a significant share of the potential remains untapped, and concerted efforts are required to overcome barriers to investment in EE.
- 3.2 The overall objective of the present proposal is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico.
- 3.3 The Danish support will strategically complement and enhance a collaborative program between the Inter-American Development Bank (IDB) and the Mexican trust for agricultural development (FIRA) to promote EE investments in the food processing industry by providing confidence to investors and banks that energy savings will materialize and investment costs in more energy efficient and therefore climate friendly equipment will be recovered (ME-T1265; ME-T1266; ME-L1145; ME-X1021). The Government of Denmark has offered support to help expand the scope of the program with FIRA.
- 3.4 The objectives of the Danish support are to:
 - a. Support fast-track pilot investments and demonstrating the mechanism. This will help develop an early pipeline of demonstration projects and attract commercial banks and insurers.
 - b. Enable the program to serve as a “proof of concept” of the business model consisting of a financial risk mitigation instrument (insurance) accompanied by a package of other measures.
 - c. Extract early valuable lessons on the opportunities of the business model and any needs for adjustments.

- d. Pave the way for further enhancement, scaling up and replication in Mexico and other countries in the Latin America and Caribbean region.
- 3.5 The initiative and the collaboration between IDB and Denmark was highlighted in the context of the recent UN Climate Summit on September 23 2014 by the Danish prime minister, the Danish minister for trade and development cooperation, and the President of IDB. The collaboration was also the main subject of a telephone meeting on October 21 between the Danish minister for Climate, Energy and Building and the IDB President.
- a. There is increasing international focus on how the public sector, including multilateral financial institutions, can implement targeted measures that mobilize private investors and increase investments in EE. This international focus is evidenced by the shortlisting of the Danish-IDB initiative by the “Climate Innovation Lab for Climate Finance”. Increasing investments in EE will generate multiple benefits in developing countries including through assisting them with the transition to low carbon economies and support their preparations for a new global climate agreement. The International Energy Agency estimates the global market for energy efficiency to USD 4.700-8.100 billion in the period 2013-2035 (depending on mitigation scenario).
 - b. Against this background, the Ministry of Climate, Energy and Building (KEBMIN) has engaged in a partnership with the IDB (IFD-CMF) to support the piloting of a financial risk mitigation instrument targeting energy efficiency investments. A key aim from the Danish side is to contribute to closing the global “mitigation gap” and generate increased political momentum via support to innovative and scalable new initiatives. Specifically, the Danish support could strategically enhance the program which is currently in the early implementation stage by IDB and FIRA, the Agricultural Development Bank of Mexico for the food processing industry. The FIRA project has recently been approved for funding from the Clean Technology Fund².
- 3.6 The model being piloted seeks to mitigate barriers that companies (and energy service providers) encounter when seeking funding to finance energy efficiency measures through expected future energy savings. A business model has been developed in which an “insurance component” underwrites projected savings for specifically defined and verifiable energy efficiency measures; thereby assuring banks and hosts of dependable project financial flows and energy savings.
- 3.7 The model to be piloted combines a series of mechanisms addressing financial and technical risks relating to energy efficiency investments. This gives reassurance to both the end-user/investor and the bank that energy savings will be sufficient to pay the financing, while also building capacity and credibility of energy service providers. The initiative is established as a partnership between public and private stakeholders ranging from local financial institutions, insurance companies and energy service providers to national development banks and multilateral development banks.
- 3.8 As a result, banks should become familiar enough with energy efficiency to assume technology risk. In addition, the elements of standardization (of contracts, project validation and savings

² <https://www.climateinvestmentfunds.org>.

verification) may mobilize the interest of institutional investors in EE investments, e.g. through securitization and green bonds.

IV. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 4.1 The Danish support will comprise activities that complement and accelerate the FIRA project as well as activities that extract learning and prepare for scaling up and replication:
- 4.2 The 4 components comprise:
- a. **Support for EE project development and transaction costs for a first batch (10-15) EE investments:**
 - i. Co-funding the design of EE investment projects
 - ii. Independent validation of projects and energy service providers
 - iii. Verification of project installation and of savings.
 - iv. Partial coverage of insurance premiums for first projects (also enabling smaller ESPs to join the program).
 - b. **Accelerated outreach, awareness and capacity building to catalyze early demonstration investments.** This will target participants in the first batch of EE investments among:
 - i. Agricultural processing companies as investors in EE projects
 - ii. Commercial financial institutions
 - iii. Energy service and technology providers
 - c. **Fast track review and analysis of early learning from the piloting of the instrument,** including as regards:
 - i. The success of the program – including the risk mitigation instrument - in generating investor interest in EE investments and a pipeline of EE projects.
 - ii. The success of the program in mobilizing local financial institutions, energy service providers and EE equipment suppliers.
 - iii. Identify key lessons learnt and emerging good practice – including regarding the specific design elements and implementation of the program - for consideration when replicating and scaling up the mechanism in other sectors and countries.
 - iv. Analyze how energy savings and GHG reductions can be assessed and tracked, including how approaches can be streamlined once the approach is scaled up and replicated.
 - v. TOR for the study will be developed by IDB (IFD-CMF) together with the Danish Energy Agency and FIRA. The outputs of the study will comprise a “Key Lessons Interim Report” by April 2015 and an “In-depth Assessment and Lessons Learnt Report” by Q4-2015.
 - d. **Develop a concept for scaling up and replication of the initiative.** It is an explicit purpose of the Danish support to pave the way for a systematic replication and scaling up effort, which would depend on subsequent decisions on funding support. The initial concept for a scaled up initiative coordinated by the IDB will draw on: consultations with key national stakeholders and international experts; the analysis of the FIRA program carried out as part of this project; recommendations in the study “Energy Savings Insurance: A Design”; and analyses by the Global Innovation Lab for Climate Finance. Consultations will also be carried out with local and international institutional investors about using the model to mobilize institutional investment in energy efficiency. The Concept for scaling up will address:

- i. Scaling up in the Mexican context
- ii. Scaling up in the Latin America and Caribbean region.

Indicative Results Matrix

	Unit	Baseline		Year 1		Expected Completion Date	Data Source
		Value	Year	Planned	Actual		
Component 1: EE project development and transaction costs supported for a first batch EE investments: Investments identified and support committed.	#	0	2014	10		09/01/2015	IDB Systems
Component 2: Accelerated outreach, awareness and capacity building: Information, outreach and capacity building package for target groups. Awareness raising and capacity building events.	#	0	2014	1		06/1/2015	IDB Systems
	#	0		2			
Component 3: Fast track review and analysis: "Key Lessons Interim Report" "In-depth Assessment and Lessons Learnt Report".	#	0	2014	1		06/01/2015	IDB Systems
	#	0		1		12/01/2015	IDB Systems
Component 4: Concept for scaling up and replication of the initiative reflecting analysis and consultations with stakeholders.	#	0	2014	1		07/01/2015	IDB Systems

Indicative Budget

Activity/Component	Description	Cost category	IDB/PSG Funding
Component 1: Support for EE project development and transaction costs	Design of EE investment projects	Consultancy	141,000
	Partial coverage of insurance premiums for first projects	Cost subsidy	141,000
	Independent validation and verification of projects and energy service providers	Consultancy	40,000
Component 2: Accelerated outreach, awareness and capacity building	Information, outreach and capacity building package for target groups.	Consultancy	23,000
	Awareness raising and capacity building events	Logistics including travel	14,000
Component 3: Fast track review and analysis of early learning	<ul style="list-style-type: none"> • Comprehensive consultations with stakeholders and experts. • "Key Lessons Interim Report" and "In-depth Assessment and Lessons Learnt Report" 	Consultancy Logistics including travel	47,000 20,000

Component 4: Develop concept for scaling up and replication of the initiative	Engage stakeholders in the Mexican context with a view to expanding the concept to other sectors beyond the rural areas	Consultancy Logistics including travel	14,000 5,000
	Identify candidate countries for regional scale-up and identify key design elements of regional platform.	Consultancy Logistics including travel	10,000 20,000
	Fee 5%		\$25,000
Total:			\$500,000

- 4.3 The funding for this operation will be used to hire the services of experts to implement components 1-4 above; to pay for logistics and travel costs; and to partially offset the costs for the innovative insurance instrument incurred by participating pilot companies. Any contracting will be undertaken following Bank’s policies and procedures. The contracting of individual consultants will be done following the policies of the Human Resources Department of the Bank.
- 4.4 The Government of Denmark, through the Ministry of Foreign Affairs expects to commit DKK 3,000,000.00 to this project, which is equivalent to US\$500,000.00, based on the exchange rate US\$1=DKK5.99633 found in XE (Universal Currency Converter), as of November 6, 2014. Final resources in US\$ will depend on the exchange rate of the date when the resources are received by the Bank from the Government of Denmark in DKK and converted into U.S. dollars. If a significant adverse fluctuation in the exchange rate reduces the amount of U.S. dollars contemplated in this budget, the activities contemplated in the project will be decreased appropriately and the budget will be adjusted accordingly by the project team.
- 4.5 Resources of this project to be received from the Government of Denmark will be provided to the Bank through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the “Report on COFABS, Ad-Hocs and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)” (Document SC-114). As contemplated in these procedures, the commitment from the Government of Denmark will be established through a separate administration agreement. Under such agreement, the resources for this project will be administered by the Bank and the Bank will charge an administrative fee of 5% of the contribution, which is duly identified in the budget of this project. The 5% administrative fee will be charged after the contribution had been received and converted into U.S. dollars”.

V. EXECUTING AGENCY AND EXECUTION STRUCTURE (ESTIMATED LENGTH: 1 PAGE)

- 5.1 The execution of this TC will be done by IDB as it is the case for the existing TC ME-T1265, which this TC will supplement. FIRA formally requested the IDB to execute this TC, and the execution structure of this TC will be embedded in the existing structure established for that ME-T1265. As a reflection of the international focus on the approach piloted by the initiative from a climate finance perspective, the existing execution structure will be further strengthened with the participation of experts from INE/CCS.
- 5.2 The project team will be responsible for the preparation and submission to the Ministry of Foreign Affairs of Denmark of the project reporting in compliance with the stipulation of the Administration Agreement.
- 5.3 If at the end of project execution the project was closed with a positive uncommitted and unspent balance, the project team will be responsible for informing ORP/GCM to transfer the

unspent balance as agreed to by the donor and the Bank pursuant to the terms of the PSG Administration Agreement”.

VI. MAJOR ISSUES

- 6.1 Potential risks relate to the up-take of the instrument by Mexican energy end-users, energy service providers, financial institutions and insurance companies. This risk is perceived as very limited. Extensive consultations during the design and implementation phases of the IDB-FIRA project as well as consultations conducted as part of the preparatory study for the present initiative both indicate a strong interest in the instrument from key stakeholders.
- 6.2 Potential delays in the IDB-FIRA project - which this PSG is designed to complement – pose a risk of impacting the timely delivery of the outputs supported by Denmark within the short timeframe defined. The risk is perceived as low, as the project is already in its early implementation phase.

VII. EXCEPTIONS TO BANK POLICY

- 7.1 No exceptions to Bank policy are envisioned.

VIII. ENVIRONMENTAL AND SOCIAL STRATEGY

- 8.1 Based on the Environmental and Social Safeguard Filter, the proposed technical assistance has been classified as category C. No potential negative environmental and/or social impacts of the TC were identified and therefore no mitigation strategy is required to address any impact. See [Safeguard Policy Filter Report \(SPF\)](#) and [Safeguard Screening Form \(SSF\)](#).

Annexes:

- Letter of Request from the client
- Terms of Reference for activities/components to be procured
- Procurement Plan

APPROVAL

Approved:

Original Signed

Juan Antonio Ketterer
Division Chief
Capital Markets and Financial
Institutions Division IDF/CMF

December 15, 2014

Date

DFPC/70/2014

Morelia, Michoacán a 2 de diciembre de 2014

Ing. Juan Bosco Martí Ascencio
Jefe de la Unidad de Asuntos Internacionales de Hacienda
Secretaría de Hacienda y Crédito Público
Insurgentes Sur 1971 Torre 3, Piso 3
Col. Guadalupe Inn CP 01020
México D.F.

Se solicita a esa Secretaría proporcione su no objeción para que FIRA se beneficie de una cooperación técnica (CT) no reembolsable (ME-X1025) por US\$ 500,000 dólares del Banco Interamericano de Desarrollo (BID) fondeada con recursos del Gobierno de Dinamarca.

El objetivo de esta CT es apoyar el programa ME-L1145, en la implementación del modelo de negocios previsto para el componente de eficiencia energética, así como reforzar y ampliar el alcance de los apoyos que ya está recibiendo FIRA bajo la cooperación técnica para el diseño de una estrategia de financiamiento para proyectos de eficiencia energética en la industria procesadora de alimentos (ME-T1265), y así satisfacer algunos de los requerimientos del BID y del Clean Technology Fund (CTF) para la ejecución del referido programa.

El apoyo del Gobierno Danés en esta cooperación técnica está dirigido a fortalecer y complementar las actividades que se están desarrollando actualmente entre el BID y FIRA, con el objetivo de generar confianza en el mercado de que la inversión en proyectos de eficiencia energética genera ahorros que cubren los costos de instrumentarlos.

Esta cooperación técnica será ejecutada directamente por el BID y, en su caso, se someterá al Comité Técnico de FIRA.

Sin tener otro particular se envía un cordial saludo.

Atentamente,



Alberto Lara López
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C.c.p **Dr. Rafael Gamboa González.- Director General de FIRA.**
Lic. Luis Roberto Llanos Miranda.- Director General Adjunto de Promoción de Negocios, FIRA.
Ing. Ignacio M. Oliver Morales.- Director de Pesca y Recursos Renovables, FIRA.
Lic. María Isabel Lozano Santín.- Directora de Organismos Financieros Internacionales de la Unidad de Asuntos Internacionales de la Secretaría de Hacienda y Crédito Público.- Insurgentes Sur 1971 Torre III, Col. Guadalupe Inn, Álvaro Obregón, Distrito Federal, México, C.P. 01020.

TERMS OF REFERENCE – COMPONENT 1 – INDEPENDENT VALIDATION AND VERIFICATION OF PROJECTS AND ENERGY SERVICE PROVIDERS

TECHNICAL CONSULTANCY FOR VALIDATION AND VERIFICATION OF ENERGY EFFICIENCY PROJECTS FOR THE INTER-AMERICAN DEVELOPMENT BANK (IDB)

I. BACKGROUND

IDB is supporting FIRA's efforts to rationalize the use of natural resources in the rural areas, while reducing GHG emissions through the development of a financing line with FIRA, a national development bank, for energy efficiency (EE) projects in food-processing firms. In particular the effort aims at: (i) increasing investments in EE in food processing industries; and (ii) building up the capacities of FIRA and other market actors on the structuring, financing, monitoring and evaluation of competitiveness-enhancing, environmentally-friendly projects.

The overall objective of the project "Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up" is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico. On the basis of this experience, a concept will be developed for scaling up and replication of the initiative at the regional level.

The project will strategically complement and enhance the collaborative program between IDB and FIRA to promote EE investments in the food processing industry by providing confidence to investors and banks that energy savings will materialize and investment costs in more energy efficient and therefore climate friendly equipment will be recovered.

II. OBJECTIVE

A consultancy firm with particular expertise in monitoring and certification of energy efficiency, greenhouse gas emissions in Mexico is required to support the IFD/CMF team in supporting the following activities relating to a first batch of pilot projects under the EE financing line from FIRA: (i) validation of projects presented under the EE line; (ii) validation of energy service providers supporting projects presented; (iii) validation of monitoring plans; and (iv) verification of investments on the ground and energy saving results.

III. FUNCTIONS, ACTIVITIES AND PRODUCTS

Based on the validation and verification system for EE projects developed for the FIRA financing line, the consultancy firm will support FIRA in the following actions for a limited number of pilot projects, but will not be limited to:

1. Validation of technical feasibility of projects presented under the EE line, in accordance with pre-set templates and methodologies;
2. Validation of energy service providers supporting projects presented, , in accordance with pre-set templates and requirements;

3. Validation of monitoring plans and physical investments, in accordance with pre-set templates and methodologies; and
4. Verification of monitoring reports of energy savings and GHG emissions reductions achieved by each of the projects.

IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Duration:** 12 months from the date of signature of the contract.
2. **Place of work:** Offices of the selected consultancy firm as well as locations of client companies participating in the program.
3. **Travel costs:** Any travel expenses required for the execution of the work shall be remunerated with a Letter of Agreement in accordance with IDB policies.
4. **Monitoring and Evaluation:** The consultancy firm will be requested to prepare reports of its activities.
5. **Conflict of interest:** The selected consultancy firm that undertakes this contract will refrain from using the contract for promotion of its own services or products. The firm shall not benefit and / or provide any services to clients and potential clients of the EE financing line of FIRA.
6. **Qualifications:** The consultancy firm must have:
 - Personnel with graduate and post graduate degrees in energy efficiency within the technologies covered by the program, climate change and environment, economics, engineering or a related discipline.
 - At least five years of relevant working experience with validation of projects and service providers, certification of GHG emissions inventories, energy efficiency savings, and/or GHG emission reductions assessments in Mexico.
 - Excellent knowledge and relevant work experience in project development and management.
 - Excellent knowledge of energy efficiency projects and practices on energy in Mexico.
 - Excellent knowledge of national and international climate change policy and standards.
 - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
 - Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
 - Good written communication skills, with analytic capacity and ability to synthesize project outputs and relevant findings for the preparation of quality project reports.
 - Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.
 - Fluency in English and Spanish.

IV. PAYMENT SCHEDULE

The lump sum payment for this work will adhere to the following installments:

- 30% upon contract signature.
- 35% upon delivery and approval by the IDB team of an interim report.
- 35% upon delivery and approval by the IDB team of the final report.

V. COORDINATION

Coordination and technical responsibility for the project will be provided by Jose Juan Gomes Lorenzo and Maria Netto, Lead Specialists in Financial Markets in the Division of Capital Markets and Financial Institutions (ICF/CMF). In the implementation process of technical assistance, the IDB project team will ensure that beneficiaries are aware of and take responsibility for compliance with environmental and social policies of the entity. The consultant team is expected to work closely and in coordination with the energy efficiency specialist assigned by the IDB and the other stakeholders involved in the project.

TERMS OF REFERENCE – COMPONENT 2 – ACCELERATED OUTREACH, AWARENESS AND CAPACITY BUILDING**TECHNICAL CONSULTANCY FOR OUTREACH AND CAPACITY BUILDING ON ENERGY EFFICIENCY PROGRAM FOR THE INTER-AMERICAN DEVELOPMENT BANK (IDB)****I. BACKGROUND**

IDB is supporting FIRA’s efforts to rationalize the use of natural resources in the rural areas, while reducing GHG emissions through the development of a financing line with FIRA, a national development bank, for energy efficiency (EE) projects in food-processing firms. In particular the effort aims at: (i) increasing investments in EE in food processing industries; and (ii) building up the capacities of FIRA and other market actors on the structuring, financing, monitoring and evaluation of competitiveness-enhancing, environmentally-friendly projects.

The overall objective of the project “Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up” is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico. On the basis of this experience, a concept will be developed for scaling up and replication of the initiative at the regional level.

The project will strategically complement and enhance the collaborative program between IDB and FIRA to promote EE investments in the food processing industry by providing confidence to investors and banks that energy savings will materialize and investment costs in more energy efficient and therefore climate friendly equipment will be recovered.

II. OBJECTIVE

With a view to catalyzing early demonstration investments, a consultant with particular expertise in communication and capacity building shall be contracted to accelerate the outreach, awareness raising and capacity building of stakeholders in relation to FIRA’s energy efficiency financing program for the food processing industry.

III. FUNCTIONS, ACTIVITIES AND PRODUCTS

The consultant will work closely with FIRA and the EE expert placed within FIRA to:

1. Design and implement a program for awareness raising including meetings and promotional material.
2. Identify specific capacity building needs that must be addressed in the early stages of the program.

The work will target participants in the first batch of EE investments among:

- Agricultural processing companies as investors in EE projects
- Commercial financial institutions
- Energy service and technology providers

IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Duration:** 5 months from the date of signature of the contract.
2. **Place of work:** Offices of the consultant and of FIRA as well as meeting venues of outreach events.
3. **Travel costs:** Any travel expenses required for the execution of the work shall be remunerated with a Letter of Agreement in accordance with IDB policies.
4. **Monitoring and Evaluation:** The consultancy firm will be requested to prepare reports of its activities.
5. **Conflict of interest:** The selected consultancy firm that undertakes this contract will refrain from using the contract for promotion of its own services or products. The firm shall not benefit and / or provide any services to clients and potential clients of the EE financing line of FIRA.
6. **Qualifications:** The consultancy firm must have:
 - Personnel with graduate and post graduate degrees in communication, energy efficiency, climate change and environment, economics, engineering or a related discipline.
 - At least five years of relevant working experience with communication and training of private sector entities, preferably covering energy efficiency in Mexico.
 - Excellent knowledge of energy efficiency projects and practices on energy in Mexico.
 - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
 - Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
 - Good written communication skills, with analytic capacity and ability to synthesize project outputs and relevant findings for the preparation of quality project reports.
 - Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.
 - Fluency in English and Spanish.

IV. PAYMENT SCHEDULE

The lump sum payment for this work will adhere to the following installments:

- 30% upon contract signature.
- 35% upon delivery and approval by the IDB team of an interim report.
- 35% upon delivery and approval by the IDB team of the final report.

V. COORDINATION

Coordination and technical responsibility for the project will be provided by Jose Juan Gomes Lorenzo and Maria Netto, Lead Specialists in Financial Markets in the Division of Capital Markets and Financial Institutions (ICF/CMF). In the implementation process of technical assistance, the IDB project team will ensure that beneficiaries are aware of and take responsibility for compliance with environmental and social policies of the entity. The consultant team is expected to work closely and in coordination with the energy efficiency specialist assigned by the IDB and the other stakeholders involved in the project.

TERMS OF REFERENCE – COMPONENT 3 –REVIEW AND ANALYSIS OF EARLY LEARNING**TECHNICAL CONSULTANCY FOR REVIEW AND ANALYSIS OF EARLY LEARNING FROM EE FINANCING PROGRAM BY FIRA FOR THE INTER-AMERICAN DEVELOPMENT BANK (IDB)****I. BACKGROUND**

IDB is supporting FIRA’s efforts to rationalize the use of natural resources in the rural areas, while reducing GHG emissions through the development of a financing line with FIRA, a national development bank, for energy efficiency (EE) projects in food-processing firms. In particular the effort aims at: (i) increasing investments in EE in food processing industries; and (ii) building up the capacities of FIRA and other market actors on the structuring, financing, monitoring and evaluation of competitiveness-enhancing, environmentally-friendly projects.

The overall objective of the project “Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up” is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico. On the basis of this experience, a concept will be developed for scaling up and replication of the initiative at the regional level.

The project will strategically complement and enhance the collaborative program between IDB and FIRA to promote EE investments in the food processing industry by providing confidence to investors and banks that energy savings will materialize and investment costs in more energy efficient and therefore climate friendly equipment will be recovered.

II. OBJECTIVE

A consultant with international expertise in structuring of energy efficiency programs including financing will support the IFD/CMF team in analyzing early lessons from the pilot program in FIRA, focusing on:

- The success of the program in generating investor interest in EE investments
- The success of the program in mobilizing local financial institutions, energy service providers and EE equipment suppliers.
- Identify key lessons learnt and emerging good practice

III. FUNCTIONS, ACTIVITIES AND PRODUCTS

The consultant will work closely with the IDB project team as well as FIRA and will consult extensively the range of stakeholders engaged in the program – including energy service and equipment providers, end user companies in the agricultural processing industry, commercial banks, and insurers.

The consultant will analyze:

- The success of the program – including the risk mitigation instrument - in generating investor interest in EE investments and a pipeline of EE projects.
- The ability of the program to mobilize local financial institutions, energy service providers

and EE equipment suppliers.

- Key lessons learnt and emerging good practice – including regarding the specific design elements and implementation of the program - for consideration when replicating and scaling up the mechanism in other sectors and countries.
- How energy savings and GHG reductions can be assessed and tracked, including how approaches can be streamlined once the approach is scaled up and replicated.

The outputs of the assignment will comprise a “Key Lessons Interim Report” by April 2015 and an “In-depth Assessment and Lessons Learnt Report” by Q4-2015

IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Duration:** 6 months from the date of signature of the contract.
2. **Place of work:** Offices of the selected consultant firm as well as locations of FIRA and other stakeholders participating in the program.
3. **Travel costs:** Any travel expenses required for the execution of the work shall be remunerated with a Letter of Agreement in accordance with IDB policies.
4. **Monitoring and Evaluation:** The consultant will be requested to prepare reports of its activities.
5. **Conflict of interest:** The selected consultant that undertakes this contract will refrain from using the contract for promotion of its own services or products. The consultant shall not benefit and / or provide any services to clients and potential clients of the EE financing line of FIRA.
6. **Qualifications:** The consultant must have:
 - A graduate or post graduate degree in energy efficiency, economics, engineering or a related discipline.
 - At least five years of relevant working experience with energy efficiency projects, financing and service providers as well as programs to expand and accelerate energy efficiency markets.
 - Working experience in the Latin America and Caribbean region.
 - Excellent knowledge and relevant work experience in project development and management.
 - Excellent knowledge of energy efficiency projects and practices on energy in Mexico and internationally.
 - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.
 - Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
 - Good written communication skills, with analytic capacity and ability to synthesize project outputs and relevant findings for the preparation of quality project reports.

- Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.

IV. PAYMENT SCHEDULE

The lump sum payment for this work will adhere to the following installments:

- 30% upon contract signature.
- 35% upon delivery and approval by the IDB team of an interim report.
- 35% upon delivery and approval by the IDB team of the final report.

V. COORDINATION

Coordination and technical responsibility for the project will be provided by Jose Juan Gomes Lorenzo and Maria Netto, Lead Specialists in Financial Markets in the Division of Capital Markets and Financial Institutions (ICF/CMF). In the implementation process of technical assistance, the IDB project team will ensure that beneficiaries are aware of and take responsibility for compliance with environmental and social policies of the entity. The consultant team is expected to work closely and in coordination with the energy efficiency specialist assigned by the IDB and the other stakeholders involved in the project.

**TERMS OF REFERENCE – COMPONENT 4 – CONCEPT FOR SCALING UP AND REPLICATION OF ENERGY EFFICIENCY
FINANCING INITIATIVE**

**TECHNICAL CONSULTANCY TO ANALYZE A SCALED UP EE FINANCE INITIATIVE IN MEXICO AND IN THE LAC REGION
FOR THE INTER-AMERICAN DEVELOPMENT BANK (IDB)**

I. BACKGROUND

IDB is supporting FIRA’s efforts to rationalize the use of natural resources in the rural areas, while reducing GHG emissions through the development of a financing line with FIRA, a national development bank, for energy efficiency (EE) projects in food-processing firms. In particular the effort aims at: (i) increasing investments in EE in food processing industries; and (ii) building up the capacities of FIRA and other market actors on the structuring, financing, monitoring and evaluation of competitiveness-enhancing, environmentally-friendly projects.

The overall objective of the project “Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up” is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico. On the basis of this experience, a concept will be developed for scaling up and replication of the initiative at the regional level.

The project will strategically complement and enhance the collaborative program between IDB and FIRA to promote EE investments in the food processing industry by providing confidence to investors and banks that energy savings will materialize and investment costs in more energy efficient and therefore climate friendly equipment will be recovered.

II. OBJECTIVE

A key objective of the project is to pave the way for scaling up and replication in Mexico and other countries in the Latin America and Caribbean region.

The consultancy will contribute to the design of a concept for a scaled up initiative to be coordinated by the IDB. It will engage stakeholders in the Mexican context with a view to expanding the concept to other sectors beyond the rural areas. At the regional level, it will identify candidate countries for regional scale-up and identify key design elements of regional platform.

III. FUNCTIONS, ACTIVITIES AND PRODUCTS

The consultant will work closely with the IDB project team. The activities will include consultations with key national stakeholders and international experts in Mexico and selected countries in the region. Stakeholders will include National Development Banks; associations of ESCOs and energy service providers; insurers and reinsurers; businesses in the economic subsectors identified as particularly attractive in the respective countries.

The consultancy will draw on i.a.: The analysis of the FIRA program carried out as part of this project; recommendations in the study “Energy Savings Insurance: A Design”; and analyses by the Global Innovation Lab for Climate Finance; EE market studies for the LAC region.

Consultations will also be carried out with local and international institutional investors about using the model to mobilize institutional investment in energy efficiency.

The consultant will participate in outreach targeting stakeholders in a scaled up effort.

The main output of the assignment will consist in a concept document for a scaled up regional initiative that may be in the form of a project proposal document that can be used to propose the regional scale-up initiative for funding support.

IV. CONSULTANCY CHARACTERISTICS AND QUALIFICATIONS:

1. **Duration:** 6 months from the date of signature of the contract.
2. **Place of work:** Offices of the selected consultant firm as well as locations of stakeholders participating in the program. Venues in the LAC region where consultations and outreach take place.
3. **Travel costs:** Any travel expenses required for the execution of the work shall be remunerated with a Letter of Agreement in accordance with IDB policies.
4. **Monitoring and Evaluation:** The consultant will be requested to prepare reports of its activities.
5. **Conflict of interest:** The selected consultant that undertakes this contract will refrain from using the contract for promotion of its own services or products. The consultant shall not benefit and / or provide any services to clients and potential clients of the EE financing line of FIRA.
6. **Qualifications:** The consultant must have:
 - A graduate or post graduate degree in energy efficiency within the technologies covered by the program, climate change and environment, economics, engineering or a related discipline.
 - At least five years of relevant working experience with energy efficiency projects, financing and service providers as well as programs to expand and accelerate energy efficiency markets.
 - Working experience in the Latin America and Caribbean region.
 - Excellent knowledge and relevant work experience in project development and management.
 - Excellent knowledge of energy efficiency projects and practices on energy in Mexico and internationally.
 - Excellent drafting ability and communication skills, both written and oral; proven ability to communicate complex concepts and prepare reports that are clear, concise and meaningful.

- Ability to apply theory to the specific policy context to identify creative, practical approaches to overcome challenging situations.
- Good written communication skills, with analytic capacity and ability to synthesize project outputs and relevant findings for the preparation of quality project reports.
- Good team player, self-starter, has ability to work under minimum supervision and maintain good relationships.

IV. PAYMENT SCHEDULE

The lump sum payment for this work will adhere to the following installments:

- 30% upon contract signature.
- 35% upon delivery and approval by the IDB team of an interim report.
- 35% upon delivery and approval by the IDB team of the final report.

V. COORDINATION

Coordination and technical responsibility for the project will be provided by Jose Juan Gomes Lorenzo and Maria Netto, Lead Specialists in Financial Markets in the Division of Capital Markets and Financial Institutions (ICF/CMF). In the implementation process of technical assistance, the IDB project team will ensure that beneficiaries are aware of and take responsibility for compliance with environmental and social policies of the entity. The consultant team is expected to work closely and in coordination with the energy efficiency specialist assigned by the IDB and the other stakeholders involved in the project.

PROCUREMENT PLAN

Country:	Mexico
Executing agency:	IDB/CMF/Country Office Mexico
Project:	“Insurance/Risk Mitigation for Energy Savings – IDB pilot in Mexico and regional scale-up”
No. Of Project and contract:	ME-X1025

Brief description of the objectives and components of the Technical Cooperation:

The overall objective of the present proposal is to support and accelerate the pilot implementation of a promising and innovative public-private financing initiative to promote investment in energy efficiency projects by the private sector in Mexico. On the basis of this experience, a concept will be developed for scaling up and replication of the initiative at the regional level.

The project will strategically complement and enhance a collaborative program between the Inter-American Development Bank (IDB) and the Mexican agricultural development bank (FIRA) (ME-T1265; ME-T1266; ME-L1145; ME-X1021).

The 4 components comprise:

Component 1: Support for EE project development and transaction costs:

- Design of EE investment projects
- Support promotion of partial coverage of insurance premiums for first projects
- Independent validation and verification of projects and energy service providers

Component 2: Accelerated outreach, awareness and capacity building:

- Information, outreach and capacity building package for target groups.
- Awareness raising and capacity building events

Component 3: Fast track review and analysis of early learning:

- Comprehensive consultations with stakeholders and experts.
- ”Key Lessons Interim Report” and “In-depth Assessment and Lessons Learnt Report”

Component 4: Develop concept for scaling up and replication of the initiative:

- Engage stakeholders in the Mexican context with a view to expanding the concept to other sectors beyond the rural areas
- Identify candidate countries for regional scale-up and identify key design elements of regional platform.

To implement Component 1, the design of energy efficiency pilot projects will be provided through direct contracting with Energy Service Providers. Furthermore a consultancy firm will be hired to provide independent validation and verification of pilot

projects and energy service providers. One individual consultant will be hired to implement Component 2; a consultancy firm or one individual consultant will be hired to implement Component 3; and, finally, one individual consultant will be hired to implement Component 4.

Starting date for signing of contract:

January 2015

Date of last disbursement:

December 2015

Address of the division responsible for the execution of acquisition plan:

Inter-American development bank

Capital Markets and Financial Institutions Division (IFD/CMF)

1300 New York Ave, NW, Washington DC 20577, USA

Period covered by this Procurement Plan: January 2015 to December 2015

Description of the Contract and Estimated Cost of Acquisition	Estimated Cost (US\$)	Acquisition Methodology ¹	Source of Funding and Percentage		Prequalification (Yes/No)	Estimated Date		Status (Pending, in process, disbursed, canceled)	Comments
			BID	Local / other (in kind from Bancoldex)		Publication/ Announcement of Procurement	Termination of Contract		
Component I: Support for EE project development and transaction costs									
Project design by Energy Service Providers	141,000	DC	141,000	0	No	Q1 2015	Q4 2015	Pending	
Consultancy firm (independent validation and verification) (1)	40,000	SSS	40,000	0	No	Q1 2015	Q4 2015	Pending	
Support for partial coverage of insurance premiums for first projects	141,000	DC	141,000	0	No	Q1 2015	Q4 2015	Pending	
Component II: Accelerated outreach, awareness and capacity building									
Individual consultant (1)	23,000	NICQ	23,000	0	No	Q1 2015	Q4 2015	Pending	
Awareness raising and capacity building events (logistics incl. travel)	14,000	PC	14,000	0	No	Q1 2015	Q4 2015	Pending	
Component III: Fast track review and analysis of early learning									
Consultancy firm or individual consultant (1)	47,000	QBS/IICC	47,000	0	No	Q1 2015	Q4 2015	Pending	
Comprehensive consultations with stakeholders and experts (logistics incl. travel)	20,000	PC	20,000	0	No	Q1 2015	Q4 2015	Pending	
Component IV: Develop concept for scaling up and replication of the initiative									
Individual consultant (Scaling up in Mexico and regionally in LAC) (1)	24,000	IICC	24,000	0	No	Q1 2015	Q4 2015	Pending	
Engage stakeholders and candidate countries (logistics incl. travel)	25,000	PC	25,000	0	No	Q1 2015	Q4 2015	Pending	
TOTAL	500,000		500,000	0	---	---	---	---	

¹ **Goods and Works:** **ICB:** International competitive bidding; **LIB:** limited international bidding; **NCB:** national competitive bidding; **PC:** price comparison; **DC:** direct contracting; **FA:** force account; **PSA:** Procurement through Specialized Agencies; **PA:** Procurement Agents; **IA:** Inspection Agents; **PLFI:** Procurement in Loans to Financial Intermediaries; **BOO/BOT/BOOT:** Build, Own, Operate/Build, Operate, Transfer/Build, Own, Operate, Transfer; **PBP:** Performance-Based Procurement; **PLGB:** Procurement under Loans Guaranteed by the Bank; **PCP:** Community participation procurement. **Consulting Firms:** **QCBS:** Quality- and Cost-Based Selection **QBS:** Quality-Based Selection **FBS:** Selection under a Fixed Budget; **LCS:** Least-Cost Selection; **CQS:** Selection based on the Consultants' Qualifications; **SSS:** Single-Source Selection. **Individual Consultants:** **NICQ:** National Individual Consultant selection based on Qualifications; **IICC:** International Individual Consultant selection based on Qualifications; **CCIN:** National Individual Consultant selection based on Comparison of Qualifications.