

TERMS OF REFERENCE

(CONSULTANCY TO SUPPORT AN ANALYSIS ON PRIVATE INVESTMENT IN TRANSMISSION)

Country: Regional

Operation number: RG-T4593

Operation name: Transmission for the energy transition in LAC

1. Background and Justification

- 1.1.** The energy sector in Latin America and the Caribbean (LAC) is undergoing a technological and digital revolution driven by the need to adopt clean and sustainable technologies. The energy transition is crucial for reducing dependence on fossil fuels and mitigating the effects of climate change. However, one of the main challenges facing the region is the insufficient capacity of the electricity transmission system, which limits the integration of renewable energy and the efficiency of the electrical system.
- 1.2.** The expansion and modernization of transmission infrastructure are essential to ensure a continuous and reliable electricity supply and facilitate the connection of new renewable energy projects. According to an analysis by the IEA, to meet the Nationally Determined Contributions (NDCs) under the Paris Agreement, investment in transmission networks must increase 6.5 times compared to 2022 levels, exceeding \$20 billion per year by 2050. In this context, it is vital to evaluate mechanisms that encourage private investment in the electricity transmission sector, as public resources are limited, and private sector participation can accelerate the energy transition process.
- 1.3.** To support the energy transition process in the LAC region, the IDB is looking for a consultant to carry out an analysis to: (i) identify the factors affecting the private investments in transmission across the region; (ii) evaluate the region in terms of investment needs and capacities, identifying a set of at least two countries where private investment can be encouraged; and (iii) propose specific regulatory and sectoral measures that can be implemented to attract private investment.

2. Objectives

- 2.1.** The consultant is expected to: (i) assess the factors affecting private investments in transmission across the region; (ii) develop a roadmap for attracting private investment; and (iii) provide policy recommendations to promote private investments in transmission.

3. Scope of services

- 3.1.** The consultant is expected to carry out the activities described below, by and not limited to: (i) identifying primary and secondary data sources, including government reports, industry publications, and market studies; (ii) employ qualitative and quantitative methods for data collection, including surveys, interviews, and focus groups with stakeholder; (iii) develop a stakeholder engagement strategy to ensure comprehensive input from various actors (government, investors, industry experts); and (iv) summarize findings from stakeholder consultations to inform the overall assessment.

4. Key Activities

- 4.1.** The consultant is expected to deliver a comprehensive analysis, and recommendations aimed at enhancing private investment in transmission. This will involve the following key activities:
- 4.2. Workplan (deliverable 1):** Prepare a workplan for the consultancy that: (i) clearly define the overall objectives of the consultancy; (ii) lists the activities to be carried out, including data collection, and stakeholder consultations; (iii) provides a detailed timeline for each activity, indicating start and end dates, milestones, and deadlines for deliverables; and (iv) specifies team roles and responsibilities for each activity.
- 4.3. Assessment of factors affecting private investment in transmission (deliverable 2):** The consultant will prepare an analysis of the main barriers and enabling factors impacting private investment in electrical transmission. The scope of this analysis will include: (i) identification and analysis of key barriers, including regulations, and financial constraints; (ii) enabling factors that facilitate investment, such as government incentives, existing infrastructure, etc.; (iii) conducting a comparative analysis of regional and international best practices in attracting private investments in transmission; and (iv) provide case studies of successful private investments initiatives in the transmission sector.
- 4.4. Policy recommendations for attracting private investment (deliverable 3):** The consultant, based on activity 4.3 will prepare a document to present recommendations for: (i) policy measures, suggesting specific policy changes to improve the investment framework (e.g., tax incentives, streamlined permitting processes, etc.); (ii) regulatory framework, proposing updates to specific regulations that support private sector involvement; and (iii) sector measures, recommending sector-specific measures that could enhance viability of transmission projects (e.g., public-private partnerships, risk mitigation strategies, etc.).
- 4.5. Workshops (deliverable 4):** The consultant will present findings and share results of this consultancy with key stakeholders in each of the two prioritized country¹. The workshop preparation will include at least: (i) an agenda outlining session topics, speakers, and time

¹ The IDB energy team, in collaboration with the consultant, will select two prioritized countries, based on criteria derived from the findings of earlier activities of this consultancy.

allocations; (ii) presentation materials and any other resources needed for effective participation; and (iii) a mechanism for collecting feedback from participants to refine recommendations.

4.6. Roadmap design for two countries (deliverable 5): The consultant, based on activities 4.3, 4.4, and 4.5 will design a tailored set of strategies and action plans for boosting private sector participation for two prioritized countries. The roadmap structure is expected to include at least: (i) clear goals for increasing private investment in transmission in each country; (ii) specific actions to be taken, responsible entities, and timelines for implementation; and (iii) a framework for monitoring process towards the defined goals.

5. Reporting Requirements

5.1. All the draft reports should be submitted in Spanish as Word documents for review and comments from the IDB energy team, accompanied by any supporting Excel files.

5.2. All PowerPoint materials used in presentations should be prepared and submitted in Spanish.

5.3. All final reports should be sent to the IDB energy team in both English and Spanish, provided as Word and PDF documents, along with any supporting Excel files.

6. Acceptance Criteria

6.1. Deliverables will be accepted based on agreements on the scope of services herein and the approach reached with consultants at inception. Additionally, deliverables will be reviewed and approved by Mr. Arturo Alarcón, Sector Senior Energy Specialist (INE/ENE).

7. Requirements

7.1. Academic experience: Master's Degree or equivalent in areas related to economics, engineering, energy, or a related field.

7.2. Professional experience: Minimum of 10 years of relevant professional experience in energy, infrastructure, or investment analysis, particularly in transmission projects.

7.3. Sector knowledge: In-depth understanding of the energy transmission sector, including market trends, technology developments, regulatory frameworks, and investment landscape.

7.4. Proven track record in managing or analyzing large-scale infrastructure or energy projects.

7.5. Experience in assessing private investments, including financial modeling and risk assessment.

7.6. Excellent written and verbal communication skills for preparing reports and presenting findings to stakeholders.

7.7. Language skills: Fluency in spoken and written Spanish and English.

8. Supervision and Reporting

8.1. The activities and deliverables included within these Terms of Reference will be supervised by Mr. Arturo Alarcón, Sector Senior Energy Specialist (INE/ENE).

9. Schedule of Payments

9.1. Payment terms will be based on project deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required.

Payment Schedule		
Deliverable	Contract percentage	Estimated delivery time from the start of the contract
1. Workplan	10%	1 month
2. Assessment of factors affecting private investment in transmission	20%	6 months
3. Policy recommendations for attracting private investment	20%	8 months
4. Workshops	25%	12 months
5. Roadmap design for two countries	25%	18 months