



Terms of Reference

UNIDO/GEF PROJECT –Sustainable Energy Initiative for Industries in Pakistan

Renewable Energy Investment projects support for SME's in industrial Sector

1. Organizational Context:

United Nations Industrial Development Organization (UNIDO) is the specialized agency of the United Nations with a mission to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. The Organization's programmatic focus is structured in four strategic priorities, each of which represents different aspects of ISID:

- Creating shared prosperity
- Advancing economic competitiveness
- Safeguarding the environment
- Strengthening knowledge and institutions

UNIDO is one of the implementing agencies of the Global Environment Facility (GEF). Through the continued cooperation between GEF and UNIDO, the latter is implementing various GEF-funded projects in Pakistan and across the globe.

2. Project Background

The United Nations Industrial Development Organization (UNIDO) is implementing a Global Environment Facility (GEF) funded project entitled; "Sustainable Energy Initiative for Industries in Pakistan". The ultimate goal of this UNIDO/GEF Project is to avoid greenhouse gas (GHG) emissions by developing and promoting a market environment that will stimulate investments in renewable energy and energy efficiency project in industry which, in turn, will support industrial development in Pakistan.

This UNIDO/GEF project seeks to promote the adoption of renewable energy and energy efficiency technologies and services in industries. This will be achieved through demonstrating the technical feasibility and commercial viability of the renewable energy and energy efficiency projects, strengthening the institutional capacity and establishing a conducive policy and legal

environment that enables and supports renewable energy and energy efficiency investment projects. <https://unidogefpakistan.org.pk/>

Component 2 of project provides support to Renewable Energy Investments projects in the industrial sector, especially Small and Medium Enterprises of Pakistan. The support includes technical assistance and grant support to realize demonstration projects that have high scalability and replication potential.

3. Project Objective

The objective of the demonstration projects is to promote renewable energy (RE) technologies that have high replication potential across industries in Pakistan. This will also help in contributing towards new Policy 2019 recently passed by Government of Pakistan through experiences and lessons learnt from the demonstration projects to design national strategy for implementing on policy guidelines to scale up such projects.

The UNIDO/GEF project grant is provided to support demonstration projects for industry in Pakistan so as to mitigate the high up-front costs required for renewable energy investment projects. Specially in the post COVID-19 scenario, where the SME's are struggling to overcome the economic fallout of Pandemic, these grants would catalyze the industries to invest in developing and implementing RE projects. Accordingly, the UNIDO/GEF project will provide up to a maximum of 15% of justified and verified incremental capital costs of implementing project(s) that would be selected while the beneficiaries would provide the balance of capital costs as counterpart funding.

4. Conditions for accessing the Grant support

This Request for Proposal (RFP) is issued to receive proposals from interested potential renewable energy investment projects in small to medium scale industries for accessing the grant support where the developer/investor will also provide or arrange counterpart funding to realize the project. Proposal to be submitted must comply with the following overall criteria:

1. The applicant for the UNIDO/GEF grant could be any small to medium industry from any industrial manufacturing value adding sector including but not limited to Textiles, Paper and Pulp, Foundry, Ceramics, Food etc.
2. The applicant must have fulfilled the required legal obligations regarding registration, taxation, and other legal charges in its home country. The applicant must not be sanctioned by the UN and considered ineligible based on the lists such as the Consolidated United Nations Security Council Sanctions List (CUNSCSL), World Bank's Listing of Ineligible Firms & Individuals, and lists of sanctioned/suspended vendors maintained by UN organizations.
3. The applicant must comply with the UN sanctions, UN Security Council Resolutions, and international conventions and treaties;
4. The applicant must not be involved in investments, sales or manufacturing of anti-personnel landmines, cluster bombs as well as other weapons and ammunitions, or in production or sales of tobacco;

5. The applicant must provide the following documents as annexure to its proposal for evidence that the requirements have been satisfied.
 - A copy of the registration certificate (Certificate of Incorporation) issued by the authorised government agency. The applicant must have been registered for a minimum of two (2) years.
 - A certificate showing that the applicant is registered for the payment of value added tax (VAT), withholding tax, employee contributions, or similar taxes or charges in accordance with the law of the country of the entity, and has no overdue debts regarding taxes and social security contributions. The applicant must provide the VAT registration number. If the entity is exempted from VAT, a certificate confirming this status must be submitted. If the authority in the applicant's home country does not release this information, and the reason for this is stated in the proposal, the certificate can instead be signed by the managing director, chairperson of the board or the auditor of the company. The above-mentioned certificates may not be older than six (6) months.
 - If a consortium submits a Proposal, each party must submit all required information and documentation individually.
6. Those industrial units that are already engaged with UNIDO under the Energy Management System Program are highly encouraged to apply as being the project partner of UNIDO REEE project, whereby they can link this RE project with their EnMS interventions to improve their energy performance through the utilization of clean and efficient source of energy. However, the final selection of beneficiary for grant allocation will be based on the evaluation as per rules and regulation of UNIDO.
7. The UNIDO/GEF grant support is directed to catalyse early implementation of the investment projects in RE. Therefore, those projects who have already completed the technical and financial feasibility studies, but are in need of financial support to advance further will be preferred.
8. Project to be supported could comprise of a single or bundle of smaller projects at same demographical location, as long as the projects are implemented in small-to-medium and large industries.
9. Incremental costs to be supported by the UNIDO/GEF project through investment grant could be a combination of services and equipment supply depending on the needs of the project. The potential beneficiary will have to provide a reasonable justification of the incremental costs and the utilization of UNIDO/GEF grant to add value to the project
10. The total investment/capital costs of the project would justify the proposed project technical description including capacity, type and any other value added item or innovation and adhere to prevailing market prices for such proposed project. The total capital costs is referred here as total upfront investment required for detailed engineering, procurement of desired RE equipment, balance of plant, transmission and distribution infrastructure and installation and commissioning.
11. UNIDO/GEF grant size will be up to maximum 15 % depending upon the RE technologies in terms of maturity and innovativeness. Newly developed and innovative technologies, which are not yet matured in Pakistan such as Biomass, Waste to Energy, Floating PV, PV coupled with Energy Storage System, industrial CSP, Solar single or double axis tracking system can be provided with the maximum grant. However, the total grant amount per project in any

case would not exceed maximum grant amount stated in section 5 of this document for each respective categories based on RE capacity.

12. The project(s) shall preferably be a captive power, with or without spill over power capacity to national grid. If the potential beneficiary intends to sell the surplus power to grid, it must comply with the applicable rules and regulations for the Net Metering regime determined by competent authorities (i.e. AEDB and NEPRA). In such particular cases, the potential beneficiary will make an undertaking to secure all the requisite agreement (s), permit (s) and approval (s) within 1 month of being awarded the grant and all relevant information regarding the application of Net Metering will be furnished to UNIDO.
13. The project should be linked to industrial uses of renewable energy in Pakistan and the renewable energy technology to be used must be appropriate for Pakistan. In addition, there should be a justification and documented proof of the availability of the renewable energy resource e.g such as in case of biomass.
14. The duration for RE project implementation should be not more than 6months from the date of signing the grant agreement with UNIDO.
15. The applicant has to prove that the proposed investment project is commercially viable and must have high replication potential in Pakistan. Rationale of the viability and replication potential of the project must be provided.
16. Economic payback period for the project should be between 5-7 years factoring in the grant component.
17. The plant design, the quality of equipment, construction or installation and the operation (maintenance) of the system must ensure a plant life time of at least 15 years.
18. In case the potential beneficiaries has applied for Loan from any commercial bank under the State Bank's RE refinancing scheme or any other financing arrangement, it shall provide the documented proof to UNIDO furnishing the details of the loan agreement/ contractual obligation with the financing facility/commercial bank.
19. The potential beneficiary should demonstrate the management and the technical capability to operate the project and should have a good economic basis to repay loans, providing the required security and the required counterpart funding.

5. Categories for proposed projects:

The applicant can provide the project proposals on any one or more of the categories:

Category (a): RE Project(s) for minimum 250 kW (maximum grant available USD 20,000)

Category (b): RE Project(s) for minimum 500 kW (maximum grant available USD38,000)

Category (c): RE Project(s) for minimum 1 MW (maximum grant available USD60,000)

The above mentioned maximum grant available is based on provision of any innovative and new technology option in proposed solution which may set it apart from most of the available current market solutions, hence justifying the use of maximum allocated grant. Only those proposal will be considered for maximum grant, which would provide clear value additions on GHG impact and improved efficiency of RE solutions.

In case the proponent is interested in more than one category of projects under the above scheme, separate proposals for each categories will be required. However, UNIDO encourages category (a) and (b) proposals in that order, for which it has allocated a multiple number of available slots accordingly, considering that more and more SME's could utilize the available grants. UNIDO

intend to provide grants to total 7-8 such projects, including around 4-5 selected projects under category (a) projects, 2 selected projects under category (b), and 1 selected project under category (c).

5. Submission of Proposals

Interested parties should submit a detail proposal in compliance with the provisions and scope of work mentioned in sections 4 and 5 of this TOR, **on the template as provided in the Annex 1.** The Proposal shall clearly mark the category under which the proposal is submitted.

6. Guarantee Requirements

The potential beneficiary shall guarantee that engineering design, specifications, technical documentation and other documents, which are the basis of the proposed renewable energy system, are in accordance with the project objective. The developer/investor must also guarantee that the machinery, equipment and all other technological components will be new, of recent conception, without any defect or malfunction, and that the time for the performance guarantee will be at least 12 months, starting from the date of the commissioning.

7. Delivery Period

Within Four (4) months period for categories (a) and (b) proposals and Six (6) months for category (c) projects, after signing of grant contract with UNIDO.

8. Deliverables and Payment Milestones:

Upon signing of the grant contract, the payments shall be released by UNIDO in tranches upon completion of each deliverable as listed below and upon submission of the progress reports by the potential beneficiary:

Deliverable	Deadline	Payments **
<p>First Progress Report:</p> <ul style="list-style-type: none"> • Shall include documented proof of all necessary construction permits for installation of RE project. • Copy of the contractual agreement with the Engineering-Procurement-Construction Contractor, • Approved net metering application (if applicable), • Technical designs/drawings, grid interconnection scheme, specifications of the equipment and other electrical equipment (including origin, make, manufacturers and capacity of the plant). • In case of bank financing, documental proof of 	<p>The First Progress report shall be submitted to UNIDO within 3 months (for category A & B) and 5 month (for Category C) after signing of the grant contract</p>	<p>70 %</p>

<p>contractual arrangement with the bank/lending institution should be provided.</p> <ul style="list-style-type: none"> The report shall also include detailed information, pictures and a video copy of all activities undertaken from site preparation, arrival of equipment at site, completion of all civil works, mechanical and electrical, including laying of foundations, erection of structures/frames, mounting of equipment, cable connections, installation of the plant at the Work Site. 		
<p>Final Report:</p> <p>Upon commissioning of the RE project, including</p> <ul style="list-style-type: none"> Details of trials and test runs performed, an energy Production data of RE project from the date of commissioning till the submission of the Final Report, Site inspection and the Certificate of Completion of Work duly signed by the Contractor, the Project Counterpart and UNIDO. The Final Report shall include technical documentation relating to the Work including the final “as built” drawings, performance guarantee and warranties of equipment installed at site, Lessons learned under the Contracted project. <p>** upon completion UNIDO team shall physically verify the project fully operational at site and may request for any additional information if deemed necessary</p>	<p>The First Progress report shall be submitted to UNIDO within 4 months (for category A & B) and 6 month (for Category C) after signing of the grant contract</p>	<p>30%</p>

** Percentage of the total grant amount

9. Submission of Proposal:

Interested parties should submit their proposal through the following dedicated e-mail address:

RFP7000004654@unido.org

Display name of tender: RFP 7000004654

Closing date for this tender is 22 March 2021.