

Terms of Reference

Practitioner's Guide for Financing The Development & Transfer of Environmentally Sound Technologies

I Background

In response to a request by the Subsidiary Body for Scientific and Technological Advice, at its nineteenth session, the secretariat, in consultation with the Expert Group on Technology Transfer, organized a workshop on innovative options for financing the development and transfer of technologies from 27 to 29 September 2004 in Montreal, Canada.

Participants at the workshop exchanged views on definitions and scope of innovative financing, and discussed various existing mechanisms for financing the development and transfer of technologies within and outside the UNFCCC process, and how those might be relevant to Article 4.5 of the Convention. Taking into consideration the discussions during the workshop and in the final round-table discussion, participants concluded *inter alia* that there was a need to provide project proponents with enhanced toolkits and handbooks on innovative/non-innovative financing of technology transfer to improve project preparation and assessment to international standards. Participants also recommended to develop a list of existing tools, software and models appropriate to financing technology transfer projects and to identify gaps. (See FCCC/SBSTA/2004/11, 3 November 2004).

As requested by the SBSTA at its twentieth session, the EGTT considered the outcomes of the workshop. It considered the workshop useful in broadening the understanding of the role and interest of governments and the private sector, including local project developers, entrepreneurs and the financial community, and on conventional as well as innovative financing approaches currently applied and/or under development with regard to the transfer of technologies within and outside the Convention process.

The EGTT agreed to continue its work on this area as proposed in the work programme for 2005, including the preparation of a practitioners' guide to assist the project developers in Developing Countries and relevant stakeholders in preparing financing proposals that will meet the standards of international finance providers, as called for at the Montreal workshop (and by organizing a workshop to advance the issue).

II Objectives and Scope

The objective of this project is to compile a practitioner's guide for public and private project developers and project finance parties that will enable a smoother and increased funding of projects and businesses that contribute to the transfer and development of environmentally sound technologies in support of the objectives of the UNFCCC.

(Final Draft including comments by EGTT Members)

The practitioners' guide must contribute to closing the existing gap between (1) non-commercial and commercial project developers and (2) between project developers and mainstream public and private (international) financial intermediaries, investors and donors. It should particularly allow and attract an increased engagement of international mainstream investors and business and project developers in the technology transfer process related to the UNFCCC. The project is to build on existing material wherever possible to avoid duplicating efforts.

The guide is to be structured such that it assists in the development of a generally accepted business plan that meets the standards of international financial intermediaries and investors. Particular attention should be given to issues related to risks associated with technology development, transfer and diffusion and those relating to financial structuring that will satisfy the needs of public and/or private investors (or donors) in the domestic and international capital markets. The scope is to also cover financing issues that are relevant for SMEs (and international joint ventures).

Where sectoral differentiation is required, priority should be given to the energy sector, particularly distributed generation servicing remote areas, and the agriculture sector. Attention should also be given to the transfer of technologies enabling the adaptation to the impacts of climate change.

III Description of the tasks

The project will contain key tasks described below in three main categories. A number of tasks may have to be developed in parallel. Most tasks will have to be developed in close co-operation with the EGTT and the UNFCCC Secretariat.

Task 1. Needs Assessment and Survey of Existing Guides

Task 1.1.: Review particular needs based on previous reports from the EGTT (in particular related to the Montreal Workshop), available Technology Needs Assessment Reports and equivalent information from relevant private and/or public sector organizations. Existing tools offered by other international organizations, such as UNEP, UNDP, WBCSD and WRI may also be assessed.

Task 1.2.: Identify key components of business plans and/or project information that are commonly used in the area of public and/or private financing (technology transfer) projects.

Task 1.3.: Review lessons learned from failed financial transactions in the area of technology transfer, including failure by project developers to develop proposals that meet international standards.

Task 2: Development of Practitioner's Guide

Task 2.1.: Develop an annotated outline of the practitioner's guide with particular attention to the areas highlighted in section II above.

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Task 2.2.: Develop draft worksheets to accompany the practitioner's guide so as to offer practical tools to users for the development of viable business proposals and funding requests to potential public/and or private investors. Appropriate software tools, or the need for such should be identified.

Task 3: Presentation and Publication of Practitioner's Guide

Task 3.1.: Test draft material with a representative sample of practitioners and take account of proposals for improvements.

Task 3.2.: Prepare Practitioner's guide for publication in hard copy and on TT/Clear.

IV. Reports and Documents/Deliverables

The work will be carried out by a contractor or a contracting consortium. The deliverables are specified below based on the tasks outlined in section III. All draft reports will be delivered and discussed in English, unless otherwise specified or agreed.

Deliverable 1: A First Interim Report will be due not later than 3 month following contract signature. This report should include a needs assessment (as outlined in task 1) and a survey of existing practitioner's guides that are publicly available.

Deliverable 2: A Second Interim Report will be due not later than 6 months following contract signature. This report will contain an annotated outline of the Practitioner's guide in English as well as a first set of practical work sheets.

Deliverable 3: A Third Interim Report will be due not later than 9 months following contract signature. This report will contain a fully developed draft Practitioner's guide in English as well as a first set of practical work sheets.

Deliverable 4: A Draft Final Report will be due not later than 12 months following contract signature. This report will contain a fully developed draft Practitioner's guide in English as well as an agreed set of practical work sheets. The report should be made available in hard copy and html to facilitate consultations and comments via TT:Clear.

Deliverable 5: A Final Report will be due not later than 14 months following contract signature. This report will take account of the comments made on the draft final report. The report should be made available in hard copy (pdf), and html, in English, French and Spanish.

V Experience required of the Contractor

The contractor and his team will be required to show an excellent level of expertise and track record in the following areas (demonstrable global experience would be preferable):

- Financial and legal structuring and funding of international technology development and transfer projects (including equity and debt) involving public sector stakeholders;

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- Advising public and/or private stakeholders in the area of technology development and transfer, preferably in the context of the UNFCCC;
- Developing small and medium sized businesses and projects world-wide, in particular related to sectors that are particularly relevant in the context of climate change policies (e.g. renewable energy and other alternative energy services, sustainable agriculture, etc);
- Public-private financing partnerships with a global scope focussing on investments in medium and small scale clean sustainable energy and agriculture, particular in emerging markets;
- The international agreements, processes, and negotiations relevant for the development of renewable energy use, including the processes and outcomes related to the WSSD and CSD and similar processes.
- International negotiations involving high-level officials as well as public and/or private multi-stakeholder representatives.

In addition, the contractor and his team will be required to show a proper understanding and working knowledge in the following areas:

- International agreements, processes, and negotiations relevant for the development and transfer of environmentally sound technologies, including the processes and outcomes related to the UNFCCC, WSSD and CSD, MDG, WTO, etc.
- Rules and regulations of funds and funding agencies, particularly those that operate within the context of the UNFCCC and through which technology transfer is or could potentially be financed.
- The Kyoto Protocol's flexible mechanisms and similar tradable certificate systems.
- International and bi-lateral development policies and official development assistance.
- Global investment regulations and international trade rules, including rules and regulations related to public procurement.
- Identification and quantification of risk management concepts, including technical, financial, credit and business risk assessment and mitigation.

V. Selection Criteria

The potential contractor or consortium leader must prove demonstrable expertise and experience in all areas that are part of this terms of reference as evidenced by the composition of the proposed team (curriculum vitae of team members including a reference list of relevant previous projects and/or jobs held over the past 3 years).

VI. Award Criteria.

1. Understanding

This criterion serves to assess whether the tenderer has understood all of the issues involved, as well as the nature of the work to be undertaken and the content of the final products, in particular related to the commercial proposition included in the proposal.

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2. Methodology

This criterion serves to assess whether the tenderer has proposed a clear and practical method for developing the tasks described in section III and for delivering timely qualitative services and reports described in section IV.

3. Project management/availability:

This criterion serves to assess the quality of the project planning and the composition of the team including the time allocation to each of the team members which should clearly be outlined in the tender along with contingency provisions where deemed necessary.
