TERMS OF REFERENCE FOR A CONSULTANCY ON BLENDING AND INVESTMENT

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1. BACKGROUND

1.1 INTRODUCTION

Pacific countries are in one of the regions of the world’s most vulnerable to the effects of climate change. There is a need in the region to invest in resilient infrastructure in order to be competitive in global markets, boost potential for economic growth and reduce poverty, while addressing climate change challenges.

This assignment aims at supporting investment projects in the Pacific through two mechanisms: - blending and co-financing.

Blending is defined as the strategic use of a limited amount of grant funds to mobilise financing from partner financial institutions and the private sector to enhance the development impact of investments. Blending operations can mix grants with loans.

Co-financing operations using European Union grants must also be accompanied by a commitment of at least another party to provide additional grants.

Support for regional investment projects is provided through the Pacific Regional Indicative Programme (PRIP) and it is complemented with Intra ACP and/or thematic cooperation resources as described in section 1.2 below.

1.2 PACIFIC REGIONAL INDICATIVE PROGRAMME (PRIP)

The European Union (EU) is one of the largest donors in the Pacific and therefore contributes significantly towards the development of Pacific Island Countries. In June 2015, the EU and the PACPS agreed a PRIP for 2014-2020 with an allocation totaling €166 million for a range of activities to be undertaken in Priority areas to be funded under the EU’s 11th European Development Fund (EDF11).

Overall implementation of the PRIP is overseen by the EU and the PIFS (the Duly Mandated Regional Organisation or DMRO) in close consultation with the Regional Steering Committee for the Pacific (RSCP). This committee is comprised of National Authorising Officers (NAOs) from all the PACPS, and CROP Agencies, together with the French Pacific Overseas Countries and Territories (OCTs), sub-regional organisations, development partners and relevant non-State actors.

The PRIP is consistent with the Framework for Pacific Regionalism (FPR) and the former’s implementation is to be aligned with FPR principles and identified regional initiatives. The PRIP targets among others the following priority areas:

1) Regional Economic Integration (REI), with an indicative allocation of €50 million to support
   1.1. Strengthening of the regional trade and business enabling environment; and
   1.2 Strengthening of the private sector’s involvement in economic integration

2) Sustainable Management of Natural Resources and the Environment and Management of Waste with an indicative allocation of €52 million to support:
   2.1. Sustainable management of oceanic and coastal resources; and
   2.2. Sustainable management of waste

3) Inclusive and Accountable Governance and the respect of human rights, at the national and regional levels, with an indicative allocation of €18 million.

An indicative allocation of €46 million is contained in the PRIP to support regional investment
projects for priority areas 1 and 2 above.

Working Groups (WG) for each priority areas are established and are led as follows: 1.1 and 1.2 are led by PIFS and the Pacific Community (SPC); 2.1 led by SPC/FFA; 2.2 led by Secretariat of the Pacific Environmental Programme (SPREP); 3.1 PIFS, 3.2 SPC, and 3.3 PIFS.

1.3 SUPPORT FOR INVESTMENT PROJECTS

Under the PRIP, the EU will provide support to regional investment projects for the purpose of implementing objectives and increasing sustainable impact in priority areas 1 and 2 of the PRIP through two parallel and complementary modalities: the Investment Facility for the Pacific (IFP) and the Investment Co-financing Programme for the Pacific (ICPP).

The IFP and the ICPP share the objective of leveraging investments that are meant to multiply the effect of the limited resources that are made available through the PRIP. In the case of the IFP, these investments will primarily take the form of loans, while in the case of the ICPP they will take the form of grants. The €46 million made available for investment projects will be provided as grants, to supplement loans (IFP) or other grants (ICPP). The indicative allocation to the IFP is €20 million. The indicative allocation of the ICPP is €26 million. Depending on the pipeline of operations proposed budget allocations could be transferred from IFP to ICPP and vice-versa.

PRIP support for investment projects will be complemented by intra-ACP and/or thematic cooperation resources for blending aimed at supporting private sector related investment projects in the Pacific Region. An additional n indicative allocation of €20 million, was announced by the EU Commissioner for International Development on 7 June 2016 in Auckland, at the NZ-EU Pacific Energy Conference, where he stated that: "The EU will mobilise an additional financial envelope of EUR 20 million in grants, specifically designed to leverage additional capital from the private sector, European and/or international finance institutions (IFI’s). This is expected to assist in the delivery of policy reforms, as well as the delivery of sustainable energy services, particularly in underserved rural areas and outer islands."

1.4 CONTRACTING AUTHORITY

The Contracting Authority is the Regional Authorising Officer (RAO). The project supervisor is the Senior Technical Adviser (EU) based in the PIFS. All decisions on implementation of the assignment will be taken in close consultation with the Senior Technical Adviser and in coordination with the EU Delegation for the Pacific.

2.0 DESCRIPTION OF THE ASSIGNMENT

2.1 OVERALL AND SPECIFIC OBJECTIVES

The overall objective is to support investment projects in the Pacific

The first specific objective of the assignment is to establish an indicative list of projects identified as priority projects for the Investment Facility for the Pacific (IFP), the Investment Co-financing Programme for the Pacific (ICPP) and the intra ACP and/or thematic blending facility.
The second specific objective of the assignment is the development of an Action Document (AD), with completion of the document at the level of identification, based on the indicative list of projects identified as priority projects for the Co-financing Programme for the Pacific (ICPP). Description of the action will include objectives/results and options for taking the programme forward.

2.2 CONTEXT

Supporting investment projects in the Pacific Region is challenging. The 15 PACP States are spread over an area more than twice the size of Europe, with a total population of less than 10 million inhabitants. About two thirds of the population reside in Papua New Guinea with the rest spread out over the Pacific Ocean amongst islands which have a combined Exclusive Economic Zone (EEZ) of some 20 million sq. km. Pacific countries are in one of the regions of the world most vulnerable to the effects of climate change. There is a need in the region to invest in resilient infrastructure in order to be competitive in global markets, boost potential for economic growth and reduce poverty while addressing climate change challenges.

The Pacific Island Forum Secretariat (PIFS), working closely with National Authorizing Officers, leads and coordinates the Steering Committee on the 11 EDF Pacific Regional Indicative Programme in partnership with the EU. PIFS does the overall coordination of the working groups established for each priority areas area of the PRIP.

Coordination with initiatives to promote investment plans from other development partners and financial institutions is being assured, notably with the Pacific Region Infrastructure Facility (PRIF), a multi-development partner coordination, research and technical assistance facility which supports infrastructural development in the Pacific. Members of the PRIF are Asian Development Bank (ADB), Australian Aid, Department of Foreign Affairs and Trade (DFAT), Japan International Cooperation Agency (JICA) New Zealand Ministry of Foreign Affairs and Trade (NZMFAT) and the EU/EIB.

2.2.1 Investment Facility for the Pacific

In order to implement the IFP it is foreseen to conclude a financing agreement with the Pacific Island Forum Secretariat in the first quarter of 2017.

Projects are intended to be to be selected approved and contracted not later than December 2018.

Project selection will take place according to a blending specific selection procedure under the blending governance structure. This procedure is applied in a similar way to all EU blending facilities in order to ensure coherence and transparency and to obtain the required financial expertise.

The selection procedure foresees a technical discussion on the project pipeline in the Technical Assessment Meeting (TAM) which is chaired by the European Commission and at which eligible finance institutions participate. The next TAM will presumably take place in March/April 2017.

A pipeline of projects that could be funded under the IFP needs to be developed in cooperation between the PIFS, the European Commission and the different IFIs.
Proposals for the pipeline should be: (i) regional or multi-country, (ii) aligned with PRIP objectives and (iii) should provide a high level of leverage. Partner Countries, as well as PRIP relevant working groups need to be involved in the identification of the project through direct discussion with the IFIs.

Eligible IFI’s include multilateral European finance institutions, development finance institutions or public national institutions from EU Member States. The European Investment Bank (EIB) will be invited to submit proposals to establish a pipeline of projects. The Asia Development Bank (ADB) and the Word Bank (WB) are also eligible and are invited to submit proposals to support establishment of a pipeline of projects.

The Regional Steering Committee for the Pacific (RSCP) should be kept informed of the operation of the IFP at all times, including deliberations of the IFP Board and conclusions of the TAM, while being regularly updated on the pipeline of proposed operations.

2.2.2 Investment Co-financing Programme for the Pacific

Proposed co-financing operations to be considered for funding under the ICPP must be accompanied by a commitment of at least another party to provide co-financing. Such co-financing may be conditional to the approval of the grant to be provided under the ICPP.

Co-financing may include any grants provided by any development partner, international Finance Institution or private sector actors, or the Pacific partner countries concerned.

In selecting proposed co-financing operations, priority must be given to those whose intended beneficiaries are partner countries that are unable to access loans, due to their debt stress and macro-economic situation (i.e. Kiribati, Tuvalu, Federal States of Micronesia, Marshal Islands) In fact, it is understood that the ICPP is mainly conceived as a way to grant fair and equitable access to the investment budget provided under the PRIP. Conversely, the preferred access to the investment budget for partner countries that have access to loans will remain the IFP.

A pipeline of projects that could be funded under the ICPP needs to be developed in cooperation between the PIFS, the European Commission, FIs, other donors and the partner countries. The pipeline will be compiled and maintained by the PIFS and the European Union. Proposals will need to be endorsed by the RSCP within the limits of the ICPP budget availability and prioritised based on a definite set of clearly identified criteria.

Criteria already identified include the following:

- Relevance to the priority areas of the Pacific RIP, in particular with reference to the demonstrated ability of the investment proposal to effectively contribute to fulfilling the relevant objectives set in the Pacific RIP;

- Regional consequence of the investment proposal, including its involvement of and impact in more than one partner country;

- Leverage factor, intended as the ratio of the overall investment budget to the envisaged 11th EDF contribution: larger proposals with a higher leverage factor will be preferred.
In line with the Pacific RIP, the indicative allocation to the ICPP is of the order of €26 million. This is on the understanding that an adequate pipeline of investment co-financing operations will be identified. Depending on the pipeline of operations that will be proposed, due consideration should be given to adapting the budget allocation to the ICPP to the identified pipeline, with the possibility to increase or decrease the allocation to the IFP, accordingly.

2.2.2 **Intra ACP / thematic blending**

The EU will mobilise Intra-ACP and/or thematic cooperation resources for blending aimed at supporting private sector related investment projects in the Pacific Region for an indicative allocation of €20 million, in grants, specifically designed to leverage additional capital from the private sector, European and/or international finance institutions. This is expected to assist in the delivery of policy reforms, as well as the delivery of sustainable energy services, particularly in underserved rural areas and outer islands.

The Intra ACP Action “Thematic investment facility in support of sustainable growth and private sector development: Increased access to finance for enterprises, in particular SMEs” has been submitted but is not yet approved. The Action could benefit ACP countries providing support to sustainable growth and private sector development, with focus on sustainable energy, agriculture, the green economy, water, and environment and climate change sectors. The current indicative pipeline does not include projects in the Pacific region. However, if an allocation of resources is earmarked for the Pacific ACP countries, then project proposals focused on private sector development and sustainable energy could be submitted for this action or for other Intra ACP/thematic facilities.

2.3 **PROPOSED METHODOLOGY**

(i) **Appraisal of Documents**

The consultant should review the existing documents relating to the programs IFP, ICPP and Intra ACP programs, relevant PIFS and PRIF documents/reports. Appraisal of documents will include the EU Blending guidelines, IFP ex-ante evaluation, pipeline template for EU blending facilities and the Action Document (AD) template and instructions for completion that need to use/fill for his assignment.

(ii) **Stakeholder consultations report**

Undertake a comprehensive stakeholder consultation for the identification of priority projects for the Investment Facility for the Pacific (IFP), the Investment Co-financing Programme for the Pacific (ICPP) and the intra ACP / thematic cooperation facilities.

This would be conducted through a combination of meetings with development partners and desk research consultations.

The consultant will organise meeting consultations with development partners in Suva...
and Sydney meeting the relevant representatives of (at least) the EU Delegation, PIFS, WB, ADB, EIB and the PRIF coordination office.

The consultant, in coordination with PIFS, will organise desk research consultations or electronic meetings with all leader and co-leaders of PRIP Working Groups for priority areas 1 and 2 that are led as follows: 1.1 and 1.2 are led by PIFS and SPC; 2.1 led by SPC/FFA; 2.2 led by SPREP.

The consultant, in coordination with the PRIF coordination office, will also organise desk research consultations or meetings with DFAT, JICA, NZMFAT (PRIF members).

Consultations will include the identification of needs, including those identified by the PRIP working groups for priorities 1.1, 1.2, 2.1, 2.2. Also the identification of potential implementation partners and priority projects for each of the facilities IFP, ICPP and intra-ACP/blending. Analysis of potential implementation partners will include all PRIF members.

Ownership of the assignment will be ensured through the involvement of the Pacific Island Forum Secretariat, the DMRO for the Pacific that is working closely with the National Authorizing Officers (NAOs) and with the EU Delegations in the Pacific to programme, manage, implement and coordinate the PRIP.

The consultant will provide a report reflecting main findings of the stakeholders’ consultations regarding identification of needs, identification of potential implementation partners and priority projects.

(iii) Identification of Pipeline Projects report

Following the stakeholder consultation for identification of priority projects for each of the facilities: IFP, ICPP and intra-ACP/thematic, the consultant will compile the following pipelines for projects in the Pacific Region: (i) indicative list of projects identified as a priority for the Investment Facility for the Pacific (IFP); (ii) indicative list of projects identified as a priority for the Investment Co-financing Programme for the Pacific (ICPP); (iii) indicative list of projects identified as a priority for the intra-ACP/thematic cooperation facilities.

For IFP and Intra ACP blending facilities the consultant will use the Template Pipeline for blending facilities and will fill all available information regarding the (potential) project proposals from the leading FIs, EIB, ADB and WB. Each project of the pipeline will include a short description of the project and main objectives, value added of the EU grant and compliance with the PRIP strategic objectives.

For the ICPP the consultant will produce a tentative list of projects proposed to be co-
financed under this facility. For each project the consultant will produce a description of the project and main objectives, value added of the EU grant and compliance with the strategic objectives. From the tentative list of projects the consultant will select the more relevant projects to be included in the AD.

The consultant will provide the pipelines as well as the rationale followed for the selection of the priority projects.

(iv) Development of Action Document

Following the identification of priority projects for the ICPP the consultant will produce an AD at the level of identification including several components, one for each selected project, in a single AD to be sent for appraisal and agreement by both the PIFS and the European Union Delegation (EUD).

The consultant will organize visits to at least three countries chosen among Samoa, Salomon Islands, Kiribati, Tuvalu, and Federal States of Micronesia, Marshal Islands or other Pacific countries eligible for the ICPP. The consultant will justify the list of countries proposed. Countries to be visited will have to be approved by the PIFS and the EU Delegation.

The consultant will conduct stakeholder consultations and/or design workshops in the approved countries in order to draft the AD at the level of identification.

The consultant will also hold discussions on implementation modalities with the EUD. He or She will integrate the comments/suggestions made by PIFS and the EUD in the identification AD.

(v) Final report

After stakeholder consultations, completion of the pipelines of projects for IFP, ICCP and Intra-ACP facilities and completion of the Action Document for ICPP, the consultant will draft a final report.

The report will contain an executive summary, the main finding of the stakeholder consultations; the rationale followed for the selection of priority projects; Indicative list of projects identified as a priority for the Investment Facility for the Pacific (IFP); Indicative list of projects identified as a priority for the Investment Co-financing Programme for the Pacific (ICPP); Indicative list of projects identified as a priority for the intra ACP/ thematic blending and conclusion and recommendations for further work.

The final report will contain Annexes with 2 pages project description for each project contained in the pipelines. The Annexes will include the most accurate and updated information provided by the leading financial institutions and/or development partners.
regarding the projects.

The final report including recommendations will be discussed with the PIFS and the EUD. The consultant will integrate in the final report comments made by PIFS and the EUD.

2.4 PHASES OF THE MISSION

The consultancy will involve four phases:

(i) Appraisal of existing documentation and stakeholders consultations and reporting 15 working days
(ii) Identification of Priority Projects 10 working days
(iii) Action Document and writing 25 working days
(iv) Final report writing 5 working days

TOTAL 55 working days

2.5 REQUIRED OUTPUTS

(i) Stakeholder consultations report.

(ii) Identification of Pipeline Projects report:

- Rationale followed for the selection of projects
- Indicative list of projects identified as a priority for the Investment Facility for the Pacific (IFP);
- Indicative list of projects identified as a priority for the Investment Co-financing Programme for the Pacific (ICPP);
- Indicative list of projects identified as a priority for the intra ACP/ thematic blending

(iii) An Initial Action Document (iAD) for the Co-financing Programme at the level of identification.

(iv) A brief final report on the assignment including the main finding of the stakeholder consultations, the rational followed for the selection of priority projects and recommendations for further work.

3.0 EXPERT REQUIREMENTS

(i) Should have an advanced degree (Masters Level) in Economics and/or Finance or similar
(ii) Should have at least 5 years of practical experience working in the field of Blending or similar leverage operations;
(iii) Should have at least 5 year of practical experience of working in the Pacific region;
(iv) Prior experience of working with International Financial Institutions (IFI’s) in the Pacific Region and key development partners;
(v) Prior Experience working with EU Development Programs, particularly drafting Action Document proposals would be an asset;
(vi) Should be an excellent communicator and proposal writer;
(vii) Completely fluent in both written and spoken English.

4.0 LOCATION AND DURATION

The Principal location for the assignment will be Suva.

Stakeholder consultations will be held in Sydney and Suva for the identification of priority projects.

For the development of the AD, stakeholders consultation and/or project design workshops will be held in at least three selected Pacific countries to be determined during the assignment. Countries will be proposed by the consultant and agreed with the PIFS and the EUD, among the following countries: Samoa (SPREP hosting country), Salomon Islands (FFA hosting country), Kiribati, Tuvalu, Federal States of Micronesia, Marshal Islands (potential beneficiary countries due to high stress public debt situation) or other Pacific countries eligible for the ICPP.

The consultant will be based for the assignment in Suva at the Secretariat of the Pacific Island Forum Secretariat or the Delegation of the European Union for the Pacific, dependent on availability of resources. The assignment should be launched in early January 2017 and the work completed within a 70 day time span.

5.0 IMPLEMENTATION SCHEDULE

(i) The consultant must make the following submissions:
- Stakeholders consultation report 15
- Identification of priority pipeline projects report 25
- Action Document and Appendix according to the instructions for AD completion in Annex 1 (attached) 50
- Final Report 55
6.0 PAYMENTS

The assignment will be a lump sum contract with payment at key stages of the assignment on Presentation of invoices, as follows:

(i) Approval of Initial report on stakeholders consultation 15%
(ii) Approval of the identification of priority projects report 35%
(iii) Approval of the Action Document for identification 40%
(iv) Approval of the Completion of Final report 10%

7.0 REPORTING

All reports must be submitted in 3 hard and soft copies;

(i) To PIFS -RAO 2 copies
(ii) EUD 1 copies

All reports must be in the English Language.

8.0 GENERAL TERMS AND CONDITIONS

Interested individual(s) are encouraged to provide written submissions including a copy of your curriculum vitae and a financial proposal in Fiji Dollars (FJD).

a) Bidder Ability:
By submitting a response to this “Request for Tender” (RFT) the bidder warrants that the bidder has the necessary skill, knowledge, experience and resources to comply with this RFT and capable of successfully completing the project.

In addition the bidder warrants that the bidder is not subject to any legal process that may result in the winding up or deregistration of the bidder.

b) Language:
The bidder response must be in English.

c) Amendments:
Should the bidder become aware of any discrepancy, error or omission in the document submitted, and the bidder wishes to lodge a correction or provide additional information, that material must be in writing and lodged prior to the evaluation of the RFT responses.
9.0 KEY DOCUMENTS AND REFERENCES

(i) Pipeline Template for EU Blending Facilities
(ii) AD Template and instructions for AD completion
(iii) EDF 11 Pacific Regional Programme
(iv) IFP ex-ante evaluation
(v) Template for IFIs project proposals submission to IFP
(vi) Any other relevant EU and Pacific Regional policy documents

HOW TO APPLY

Submissions should be entitled:

Expression of Interest – CONSULTANCY ON BLENDING AND INVESTMENT

Method of Submissions:

Submissions must be forwarded in PDF format following the instructions at:

www.tenders.net/forumsec

*All interested bidders will need to register at www.tenders.net/forumsec

Deadline for Submissions:
Submissions need to reach the Secretariat by 5pm (Fiji time) on Tuesday, 24 January 2017.

Late or incomplete tenders will not be considered.

All queries or request for information must be submitted via the Question and Answer Forum on www.tenders.net/forumsec before 5pm on Monday 16 January 2017.

All queries will be responded to via the Question and Answer Forum on www.tenders.net/forumsec before 5pm on Wednesday 18 January 2017.

Note: The Secretariat will not be responsible for non-receipt/non-delivery of the Bid documents due to any reason whatsoever.

Any complaints regarding the Secretariat’s tender must be directed to the following email:
Tender.Complaints@forumsec.org. This email address will forward your complaint to a person that is independent and removed from the tender process. Complaints must be well founded and should not be used as a mechanism for notifying displeasure with the outcome of a tender award. Further information on making a complaint can be found on the Policies & Information page at http://tenders.forumsec.org.

In the event that further information is required by the Secretariat in relation to the Request for tender, the Secretariat reserves the right to seek the required information without the need for calling for resubmission of proposals.