

*Note: The TOR is for consultancy work to develop two microhydro subprojects and assist the developers bring both to financial closure with credit institutions participating in an ongoing Bank project.*

## **TERMS OF REFERENCE OFF-GRID VILLAGE HYDRO SUBPROJECT PREPARATION**

### **Background**

<Brief overview describing the: potential beneficiaries of electrification using small decentralized microhydro systems; current status, objectives of the Bank project of which microhydro development is a component; organization and status of the component >

### **Objective**

1. The objective of this assignment is to bring two (2) village hydro projects to financial closure with one or more participating credit institutions (PCI). This objective is to be accomplished by providing assistance as required in all aspects of project development. This activity also should be viewed as a catalyst for other village hydro projects.

### **Scope of Work**

2. Identify two village hydro sites and promote the establishment of viable village hydro projects among the beneficiaries and other potential stakeholders as described above. (Notes: i) If the selected sites are found to be non-viable in the near-term, additional sites must be selected and developed in order to meet the objective of bringing two (2) projects to financial closure. ii) The projects should not be from loan applications already lodged with PCI(s) on or before the date of engagement of the consultant).

3. Provide business counseling services to the beneficiaries and stakeholders to establish the conceptual project design, taking into consideration available financial, human and other resources

4. Provide guidance, advice and assistance to beneficiaries and stakeholders on suitable forms of organization, on formation of such organization as a legal entity as required and on obtaining project finance.

5. Assist the beneficiaries and stakeholders of each project in forming a suitable entity that would function as the project developer/owner.

6. Assist the project developers in the preparation of a technical, financial and environmental feasibility study to demonstrate the viability of the project. This will be used in initial discussions with PCIs.

7. Assist in all phases of project preparation, including: i) written 5 year business plan, incorporating financing plan and cash flow projections; ii) final technical design, iii)

implementation schedule; iv) assignment of individual and group responsibilities; v) performance indicators and targets; vi) risk assessment and mitigation strategy; etc.

8. Provide guidance in obtaining necessary government clearances and approvals.

Provide guidance on establishing credit worthiness of the project and the developer, and assist in preparation and submission of the bank loan application. This is expected to include the project feasibility study, the business plan, environmental clearance, and other material required by the PCI.

13. Assist in obtaining equipment quotations and in selecting a suitable technical/construction consultant.

14. Assist the project developers in meetings with PCIs, in expediting the PCI appraisal procedures, and in reaching financial closure with the PCI. Since the two projects are to serve as catalysts for other village hydro projects, it is essential that they are implemented within a short period of financial closure. This requires that: i) both projects should have a plan to be operational by [Specify Date]; and ii) the terms and conditions of the PCI(s) approving the loan(s) shall not have restrictive clauses or pre-disbursement conditions which may, in the opinion of the Contract Monitors (see paragraphs 19 and 20 below), result in undue delays in project implementation. For instance, equipment selection, security/collateral arrangements etc should be finalized at the time of financial closure.

#### **Reporting Schedule and Deliverables**

15. This work is expected to be completed within 7 months of contract signing. During the contract period, the consultant will provide monthly letter reports on progress. The deliverables are: a) interim report on screening of potential subprojects, consultations with developers and other stakeholders, process of selection of final 2 pilot subprojects, b) two completed feasibility studies, and loan application packages, and c) loan approval documents from the PCIs for the two subprojects.

#### **Consultancy Fees**

16. The estimated fee for this effort is US\$XX,000 [This is highly dependent on rates of consultants and conditions in project areas and data availability] inclusive of consultant fees, travel and conduct of feasibility studies.

#### **Payment Schedule**

17. Payments will be made in accordance with the following schedule:

30%	upon the contract signing
40%	upon submission to PCI(s) of two loan applications and supporting material
15%	upon financial closure with PCI of the first village hydro project
15%	upon financial closure with PCI of the second village hydro project

