PROJECT
Energy for Sustainable Development in the Caribbean (ESD)

TERMS OF REFERENCE


June 2020
1. INTRODUCTION

In April 2013, the Caribbean Community (CARCOM) Climate Change Centre (CCCCC) launched the Global Environmental Facility-United Nations Environment Programme (GEF-UNEP) Energy for Sustainable Development in Caribbean Buildings (ESD) Project, aimed at reducing fossil fuel-based per capita electricity consumption in buildings in five Caribbean pilot countries by an average of 20 percent by 2020, and 50 percent by 2050, through the application and use of energy efficient technologies in buildings (including appliances, products, and services) as well the increased use of renewable energy sources in buildings (solar water heaters, photovoltaic systems, etc.). The sustainable development goals are linked to environmental and climate change mitigation and knowledge transfer activities.

The Clean Development Mechanism (CDM), developed to meet the targets under the Kyoto Protocol, stimulates emissions reductions and sustainable development by allowing projects in developing countries to earn emission reduction credits\(^1\). The certified emissions reduction credits can then be traded with industrialized countries to meet their limitation targets\(^2\). The Paris Agreement re-envisioned the implementation of the CDM within Article 6 which emphasized the development of the National Determined Contributions (NDCs) to strategically address greenhouse gas emissions. NDCs require countries to strategic plan their emission reduction targets that are then monitored by the UNFCCC Secretariat.

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\(^1\) United Nations Framework Convention on Climate Change (2020). *Clean Development Mechanism -The CDM.* [https://cdm.unfccc.int/](https://cdm.unfccc.int/)

\(^2\) Ibid
Within this global context, the ESD project is the region’s first attempt to develop a regional project to address the inefficient use of energy in buildings and engage Caribbean Small Island Developing States (SIDS) and support the member states in achieving their NDCs targets. The ESD Project is costing USD 12,484,500, of which the GEF is financing USD 4,859,000, and the balance is co-financing, with UNEP as the implementing agency, and executed by the CCCCC.

**Goals and Objectives of the Project**

The overarching goal is to develop and implement measure for promoting green building practices and to reduce greenhouse gas (GHG) emissions; make the energy sector more efficient and increase the use of renewable energy in five (5) pilot countries: Antigua and Barbuda, Belize, Grenada, Saint Lucia and St. Vincent and the Grenadines. Trinidad and Tobago, was one of the five original pilot countries, but withdrew in April 2014, assigning their GEF funding, allowing for the participation of St. Vincent and the Grenadines. It is projected that an emissions intensity reduction of 20 percent of GHG emissions will be achieved in the buildings under the project. Indirect impact following the project completion is expected to scale up to the use of green building practices in these countries as a result of the standards, codes, policy and legislature, and capacity built that will result from successful implementation.

The overall regional project consists of five (5) national components whose outputs are expected to make a significant contribution to improved use of electrical energy in the participating countries and provide examples of best practices across the region. It consists of various interventions whose outputs will contribute to increasing the markets, addressing financing barriers, and increasing awareness and building capacity.

The project is expected to bring about in the five Caribbean countries: (1) Increased number of successful commercial applications of energy efficiency and conservation in buildings; (2) Expanded market for renewable energy technology (RET) applications for power generation and productive uses; (3) Enhanced institutional capacity to design, implement and monitor energy projects for sustainable development; (4) Availability and accessibility of financing energy efficiency and conservation and renewable energy (RE) projects, and; (5) Increased awareness and knowledge on sustainable energy among key stakeholders.

In order to maximize the capacity building impact of the project, each participating country will take the lead in one topic area: (1) Antigua & Barbuda: Public Relations; (2) Belize: Energy Service Company (ESCO) guidelines; (3) Grenada: Monitoring Health, Well-being – surveys, guidelines on improvements; (4) St. Lucia: energy efficient lighting; (5) St. Vincent and the Grenadines: energy efficient equipment standards and building codes. The project has seven components as listed in Table 1.

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**Table 1: Project Components and Description**

<table>
<thead>
<tr>
<th>Component</th>
<th>Description</th>
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<tbody>
<tr>
<td>Component 1</td>
<td>Establish an Assessment and Monitoring System for Energy Efficiency and Renewable Energy in Buildings</td>
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<tr>
<td>Component 2</td>
<td>Strengthening of National Capacity for Energy Efficiency and Renewable Energy</td>
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<tr>
<td>Component 3</td>
<td>Appropriate Financial and Market-based Mechanisms that Support Energy Efficiency</td>
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Component 3 emphasizes the development of financial and market-based mechanisms that support sustainable energy use in buildings within the Caribbean. The expected outcomes under this component are the development of a fiscal incentives program to increase market uptake and penetration of sustainable energy measures (such as income tax, environmental levy, etc.); collection of baseline data on the progress towards achieving the NDCs, household Demand Side Management (DSM) and solar cooling for public buildings; the development of blended grant/loan mechanism to be offered to development finance corporations to facilitate their participation in building sustainable energy use in multiple sectors. In the region the implementation of Component 3 must be completed against the backdrop of the existing models in the energy sector such as the Integrated Utility Service (IUS) Model. To build on the work in the region, the development of this fiscal incentives program is contingent on an understanding of policy instruments in the region, the fiscal space of countries, documents and programs. These include and are not limited to CARICOM Regional Energy Efficiency Building Code (CREEBC); the Minimum Energy Performance Standards (MEPS) for appliances and equipment; the Regional Energy Efficiency Strategy (REES) and Renewable Energy and Energy Efficiency Technical Assistance (REETA) Program.

2. BACKGROUND

Given the status of the energy matrix of Caribbean countries, the promotion of energy efficiency policies, supported with fiscal incentives of the kind that encourage, rather than hinder, further growth and development of sustainable energy must be an economic priority.

It is important to understand the experience of the sub region to date in the implementation of these policies. According to Guerra (2016), on average each Caribbean country (or territory) has one of the following energy policies in place: (a) energy efficiency standards for building construction; (b) tax credits for the adoption of energy efficiency policies; (c) tax reductions/ exemptions; (d) public demonstration (mostly education and awareness); (e) restrictions on incandescent bulbs; and (f) appliance labelling standards. Among these, tax reduction is the most likely, with one energy policy in the planning phase (usually promoting standards for building construction).

That is, the typical Caribbean country (or territory) has only considered one out of six possible alternatives to promote energy efficiency within its boundaries. Moreover, out of 17 Caribbean countries and territories, four do not have a single policy related to sustainable energy efficiency fiscal incentives or are in a planning phase, while another four have only considered one policy.

Other factors currently at play within the region, affecting sustainable energy and related fiscal policies are:
Ownership Structure of Utilities: most electrical utilities in the region are monopolies in electricity generation, transmission and distribution and have not implemented net metering or feed-in-tariffs, which would encourage independent power producers (IPP). Even where net metering is available and IPPs permitted, there are significant restrictions on their operations, such as onerous, long and unclear application procedures.

Lack of Institutional Capacity: Both the Regional EE Building Code and MEPS have been developed in countries are preparing implementation. Lack of capacity and expertise in the fields of energy efficiency and use of renewable energy has been identified as an important obstacle. Moreover, there are important data gaps that affect informed decision-making processes, as well as establishment of realistic improvement targets.

Price Distortions: fossil fuel subsidies can significantly reduce the price of energy thereby limiting the incentives to switch to cleaner energy sources, Caribbean countries provided direct or indirect fuel subsidies that ranged from 0.1 per cent of GDP for St. Kitts to 2 per cent of GDP for Trinidad and Tobago. Such distortions can restrict the development of RE even if financial incentives exist.

Transaction Costs: excessive bureaucracy is also a major impediment to the development of RE, as interested stakeholders are faced with burdensome requirements and unclear procedures. In addition, consideration must be given to the REES in light of the lack of integration of RE initiatives in the region increase investment and operation costs, hindering further penetration.

Inconsistent and Short-term Policy: several studies have identified inconsistencies in government policy that can generate uncertainty with respect to the objectives of the government thereby limiting long-term private sector investment in RE and EE. In order to mainstream RE, countries should improve grid efficiency and storage capacity; although EE measures are not costly and provide quick wins, it still faces serious challenges. Furthermore, national policies are not always aligned with regional targets or do not establish clear goals or expected accomplishments.

3. PURPOSE

The purpose of this consultancy is to develop Fiscal Incentive Program that increase market uptake and penetration of sustainable energy measures in buildings using energy efficiency and renewable energy interventions. Fiscal incentives must include but is not limited to income tax and environmental levy benefits. The consultant is to develop a strategic plan of appropriate incentives and a process for continuous assessment of its effectiveness.

4. TASKS

The CCCCC seeks consultancy services to:
   a) **Conduct desk review of current Fiscal Incentives Programs:** Review the application of global fiscal incentive programs for the adoption for purchase and acquisition for RE and EE for the application of buildings in the Caribbean. For example, existing fiscal incentive programmes, ESCO models and IUS model types with a view to their applicability within the fiscal, legal and
regulatory regimes of selected Member States. The review will include but not be limited to existing fiscal energy policies deployed by governments previously or currently (e.g. past incentives used for the acceleration of solar panels for heating water, solar PV for electricity) and future considerations. The review must be considered within the backdrop of, but not limited to: the Sustainable Development Goals (in particular Goal 7), the CARICOM Energy Policy, national energy policies, the CARICOM Regional Framework for Achieving Development Resilient to Climate Change (the Regional Framework); other programmes being initiated by regional energy programmes and agencies.

b) **Formulate Fiscal Incentives Program for the Caribbean Energy Sector:** The development of a fiscal incentives program to support an increase in market uptake and penetration of sustainable energy measures. The program must include inter alia the formulation of a blended grant/loan to be offered to IUS funding to facilitate participation in building sustainable energy use activities. In addition to all other fiscal incentives to be encouraged such as tax credit, tax rebates, tax abatement, environmental levies, net billing and others, it should also integrate the existing development finance corporations/development banks, within each of the five (5) pilot countries as the conduit for the program.

The program must accommodate for the various nuisances in the pilot Member States including and not limited to the monitoring and verifications mechanisms. Moreover, the fiscal incentives programme should be easily replicable in the remaining Member States of CARICOM and must be applied to all aspects of RE and EE. The programme must also consider sustainability options such as policy, legal and institutional reforms necessary to embed incentives within the broader framework of national development goals and aspirations.

c) **Compile of Fiscal Incentives for Energy Program action plan:** The FIPE action plan shall chart a road map, delineate quick wins, outline long term approaches and contain recommendations for improvements of financial policies in coordination with development finance/banking corporations with each of the five (5) pilot countries.

5. **METHODOLOGY**

The Consultant will develop a method that requires the conduct of adequate research on prevailing procurement standards and guidelines adopted by other private and public entities and consultations when completing the deliverables. Consideration needs to be given to the following in the order and manner specified:

a) Government policies that related to EE and RE including the existing CARICOM documents on renewable energy and energy efficiency include the CARICOM Regional Energy Efficiency Building Code (CREEBC); the Minimum Energy Performance Standards (MEPS) for appliances and equipment; Renewable Energy and Energy Efficiency Technical Assistance (REETA) Program Minimum Energy Performance Standards for Appliances and Equipment, Regional EE Strategy and Action Plan; Regional ESCO studies and the IUS Model.

b) The Integrated Utility Service Model Syntheses Report and its pilot implementation in Member States. Despite the well-recognized potential for, and steps to promote, energy efficiency – such as tax and other incentives for energy efficient equipment, as well as energy standards and labelling – progress in deployment has been slow. This is mainly due to an over-reliance on a risk
averse private sector to carry out EE projects in the absence of a suitable market framework, which lack such options as ESCOs, to support them. Frequently, the private sector lacks access to financing and the institutional and technical capacity to carry out these projects. The utility on the other hand is facing a future where they will see revenues decline due to loss of load from the penetration of both renewables and efficiency. There is an opportunity for the utility to become a player within the emerging energy service paradigm within the region. An Integrated Utility Service (IUS) Model could be a “delivery or implementation mechanism” for demand side renewable and energy efficiency projects as well as new and additional business model for utilities in a rapidly changing environment.

c) IFC Energy Service Company Market Analysis Report

Consultations with the Core Project Team and other major stakeholders including:

a) National Coordinators from five (5) pilot countries
b) National development corporations or equivalent in each affected state
c) Consultations with representatives from a Caribbean ESCO Community volunteer
d) Consultations with the Council of Caribbean Engineering Organizations
e) Caribbean Centre for Renewable Energy and Energy Efficiency
f) CDB Energy Department
g) CARICOM Energy Unit

6. QUALIFICATIONS AND EXPERIENCE

The Caribbean Community Climate Change Centre is seeking an individual that demonstrates experience in the field of finance. The required qualifications and experience are:

i. Academic Qualifications
   • The consultant should possess at least an advance degree (Master’s Degree or equivalent) in the banking and finance, economics, management or a related field

ii. Professional Experience
   • Be a reputable firm with at least (five) 5 years working experience in the development of financial structures and models working experience in the Caribbean
   • Demonstrated experience in developing financial benchmarks and forecasting
   • Demonstrated track record of preparing national documents and reports on financial management.
   • Experience in developing training workshops within the public sector, and local, regional or international funding agencies.
   • Experience in the development of Procedures in Finance and financial incentives in the energy industry preferred

Skills:

• Proficient computer skills, including Microsoft Office Suite (Word, PowerPoint, Outlook, and Excel).
• Ability to analyse problems and strategize for better solutions.
• Excellent verbal and written communication skills.
• Ability to multitask, prioritize, and manage time efficiently.
• Accurate and precise attention to detail.

This project activity is part of the regional responsibility of Antigua and Barbuda; therefore, the consultant must provide regular reports to the CCCCC’s and the Chair of the Antigua & Barbuda National Project Steering Committee, on the progress made, constraints encountered, and support required.

7. DELIVERABLES AND PAYMENT SCHEDULE

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<thead>
<tr>
<th>Deliverable</th>
<th>Dates</th>
<th>Payment schedule</th>
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<tbody>
<tr>
<td>Submission and approval of Inception Report</td>
<td></td>
<td>10%</td>
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<tr>
<td>Submission and approval of Desk Review of current Fiscal Incentives Program</td>
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<td>15%</td>
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<tr>
<td>Submission and approval of Fiscal Incentives Program document</td>
<td></td>
<td>30%</td>
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<tr>
<td>Submission and approval of Fiscal Incentives Program action plan</td>
<td></td>
<td>25%</td>
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<tr>
<td>Submission and approval of Final Report</td>
<td></td>
<td>20%</td>
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8. REPORTING

The individual will be contracted by the Caribbean Community Climate Change Centre. The Consultant will meet with the Chairs of the National Steering Committees and National Coordinators in the five Pilot Countries to execute the project and to ensure there is a close working relationship with the Ministry of Finance and the development finance corporations.

9. DURATION AND COST

This project is expected to commence in June 2020 and end in September 2020. This is a fixed contract amount of USD $28,000.
10. EVALUATION CRITERIA

Responsive candidates will be evaluated as per the evaluation scale below:

Technical Qualifications Evaluation Criteria

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<tr>
<th>#</th>
<th>Description</th>
<th>Weighting</th>
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<tbody>
<tr>
<td>A</td>
<td>The lead consultant of the selected firm should possess at least an advance degree (Master’s Degree or equivalent) in the banking and finance, economics, management or a related field</td>
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Professional Experience

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<th>#</th>
<th>Description</th>
<th>Weighting</th>
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<tr>
<td>C</td>
<td>Be a reputable firm with at least (five) 5 years working experience in the development of financial structures and models working experience in the Caribbean</td>
<td>20</td>
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<tr>
<td>D</td>
<td>Demonstrated experience in developing financial benchmarks and forecasting</td>
<td>15</td>
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<tr>
<td>E</td>
<td>Demonstrated rack record of preparing national documents and reports on financial management</td>
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<tr>
<td>F</td>
<td>Experience in developing training workshops within the public sector, and local, regional or international funding agencies</td>
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<tr>
<td>G</td>
<td>Experience in the development of Procedures to Finance and financial incentives in the energy industry preferred</td>
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<td><strong>Total</strong></td>
<td><strong>100</strong></td>
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*Required Minimum Technical Score 80 points*

11. APPLICATION PROCESS AND DEADLINE

Interested Consultants are asked to submit the documents listed below:

1. An Expressions of Interest outlining motivation and how your experience, skills, qualifications and professional networks fit with the required job description.
2. Work plan and methodology
3. An updated Curriculum vitae or Résumé
4. Three (3) References who can verify works with similar Fiscal Policies and Procedures and developing training workshops within the public sector, and local, regional or international funding agencies
EOI’s should be addressed to the Executive Director, Caribbean Community Climate Change Centre and be clearly identified as – “Consultancy for the Development of Fiscal Incentives to Increase Market Uptake and Penetration of Energy Efficiency and Renewable Energy in Caribbean Buildings” and submitted as PDF files via email to the following email address: procurement@caribbeancclimate.bz

The deadline for the submission of EOI’s is on or before 2:00pm (GMT-6), Friday 19 June 2020

For queries regarding the Procurement documents and submission process, email:

awilliams@caribbeancclimate.bz

Attention: Ms. Allison Williams
Procurement Officer
Caribbean Community Climate Change Centre