

Terms of Reference (ToR): Senior Financial Assessment Expert (Intermittent) for Nepal: Private Sector Led Mini Grid Energy Access Project (MGEAP)
--

1. Introduction:

Alternative Energy Promotion Centre (AEPC) is an apex government body under the Ministry of Energy, Water Resources and Irrigation (MoEWRI), established to promote the use of alternative/renewable energy technology to meet the energy needs in Nepal. The Business Model for Private Sector-Led Mini-Grid Energy Access Project, supported by the World Bank (WB), is implemented by AEPC from June 2019 (tentative). The objective of the project is to increase electricity access and delivery from renewable energy mini-grids (solar, wind, micro hydro, mini hydro and hybrid) by mobilizing private Energy Service Companies (ESCOs). The project is designed to support RE mini-grids market by introducing conditions to gradually shift from heavily subsidized to commercial model. The project will support mobilization of credit from participating Banks (PBs) to ESCOs for the development of mini grid subprojects.

Nepal is one of the six countries identified for assistance under the Scaling up Renewable Energy Program (SREP) in Low Income Countries. As one of the three programs under the Strategic Climate Fund, SREP aims to demonstrate the social, economic and environmental viability of low carbon development pathways in the energy sector. In particular, the objectives of SREP in Nepal are to: (i) leverage complementary credit and grant co-financing, (ii) bring about transformational impacts through scaling up energy access using renewable energy technologies (RETs), poverty reduction, gender and social inclusiveness and climate change mitigation, and (iii) ensure sustainable operations through technical assistance and capacity building. MoEWRI has designated the Alternative Energy Promotion Centre (AEPC) as the lead agency for SREP-related mini grids renewable energy initiatives and activities. SREP will support this project to fulfill its objectives and target.

2. Background:

The **Senior Financial Assessment Expert** will aid the program implementation unit team of AEPC to help mainly with the Nepal Mini Grid Project related activities. The Expert is responsible for assessing each project on its merit for viability of financial plans and business plans. The projects are expected to accelerate the renewable energy service delivery with better quality, comprising various technologies, to remote rural households, enterprises and communities, to benefit men and women from all social groups, leading to more equitable economic growth. Therefore, assessment of the proposals submitted by ESCOs for a given financial mix, i.e. subsidy, equity and loan should be properly done by the expert to arrive at the best financial mix.

3. Objective:

To support in conducting financial assessment of sub-projects to conclude on the financial management risk rating and identifying and confirming measures for addressing identified deficiencies.

4. Scope of Services (Activities):

The Senior Financial Assessment Expert be a part of PIU team and will be responsible for day-to-

Terms of Reference (ToR):
Senior Financial Assessment Expert (Intermittent) for Nepal: Private Sector
Led Mini Grid Energy Access Project (MGEAP)

day activities related to the project. S/he should be responsible and take full ownership for the following scope of work;

- Supporting to evaluate the individual sub-projects in terms of their financial viability in order for AEPC to mobilize the subsidy & loan and also to support PBs in their assessment of the sub-projects;
- Conducting assessment of individual sub-projects on their merit and providing clear opinion/recommendation on whether the sub-project is financially viable or not, given the financial mix;
- Performing cost estimates and financing plan, which are based on verifiable data and are sufficient to support project implementation for each sub-project submitted by ESCOs;
- Determining sustainability based on the assessment of financial projections of each sub-project after conducting financial analyses of the ESCOs, if it is deemed that any incremental/over-run costs are justified;
- Conducting financial evaluations (financial cost-benefit analyses) including sensitivity analyses of project components and advise both AEPC and partner banks on the overall viability of each sub-project;
- Based on the assessment, the risks associated with each sub-project is to be identified along with measures for addressing such identified deficiencies and where significant risks are identified to project financial sustainability or viability, then, the expert is expected to either recommend for rejection of the subject sub-project or propose appropriate remedy. However, such remedies will be implemented only after approval from WB's appropriate authorities and are treated as covenants of the agreement between WB and AEPC;
- Ensuring availability of financial information for examination, assessment and review by donor partners;
- Conducting field visits as and when necessary for assessment of each sub-project;
- Any other tasks assigned by Project Manager to support in MGEAP implementation.

5. Performance and Reporting Requirement (Deliverables):

The Senior Financial Assessment Expert shall prepare monthly, quarterly, semiannual and annual report that should incorporate the Specific Financial Assessment and capacity building activities.

6. Duration of Service:

The Expert will be assigned for first three years of project period with a provision of renew of contract each year and possibilities of further extension, in case of satisfactory performance. The expert is expected to work in intermittent basis with required travels outside Kathmandu valley within Nepal on project related matters. Estimated input of the expert will be 15 days per month.

7. Expert's required Qualification and Experience:

Candidate should have Master's Degree in Energy Economics, Finance, Planning or Policy or in any other relevant discipline and should have minimum 7 years of experience in energy

Terms of Reference (ToR):
**Senior Financial Assessment Expert (Intermittent) for Nepal: Private Sector
Led Mini Grid Energy Access Project (MGEAP)**

development sector or financial institutions and minimum 4 years professional experience in financial assessment of projects.

The candidate should also have:

- Working experience as financial assessment in projects funded by the World Bank, ADB or other similar multilateral institutions will be an added advantage.
- Knowledge of specific gender issues in renewable energy and sensitivity to local culture and traditions in Nepal;
- Excellent knowledge of the English language (both spoken and written) and excellent communication skills;
- Ability to build capacity and train various stakeholders
- Knowledge and/or familiarity with the country's geography and willing to travel/trek to the project sites located in remote part of the country;
- Ability to work well with Government officials and community personnel;
- Strong and demonstrated capacity for organization, management with excellent reporting and coordination skills;
- Strong leadership, technical competence and professional skills for timely implementation, coordination and management of activities;
- Ability to work in a team, develop synergies and establish effective working relations with various stakeholders;
- Strong interpersonal and communications skills, resourcefulness, initiative, tact and ability to cope with any situation;
- Openness to change and ability to receive/integrate feedback;
- The candidate should be able to legally work in Nepal.

8. Facilities and logistics to the expert by the Client:

The Expert shall be provided with the office space, internet facilities and office furniture. Necessary stationery, printing and copying facilities shall also be provided by the Client.