Terms of Reference
Support for setting up an Investment Promotion Desk in the MEW

Project: Support for setting up a Private Sector Investment Promotion Desk in MEW.
PN: 2015.2000-6-001.04

1. Background

The Government of Afghanistan is increasingly laying emphasis on utilizing Afghanistan's domestic energy resources to increase its power generation capacity. The objective is to become self-reliant in electricity supply and reduce dependence on imported power, which currently constitutes about 70% of the total electricity consumption in the country.

The Ministry of Energy and Water (MEW) governs the power sector in the country. It is responsible for formulating policies, strategies and plans for the development of power sector and implementation of these. It thus plays a vital role for the sustainable development of the country's power sector.

The installed generation capacity in Afghanistan is only about 500 MW, which is largely based on hydro and diesel generation. The present power demand is met largely by importing power from the neighboring countries i.e. Uzbekistan, Tajikistan, Turkmenistan and Iran.

The country has about 1.2 million consumers with a per capita consumption of electricity of about 195 kWh, which is low when compared to the South Asian average of 667 kWh and a global average of 3,100 kWh in 2012. The level of electrification in Afghanistan is presently about 35%. The Government aims to increase this to 65% over the next 5 years.

GIZ, the German international development agency is supporting the Government of Afghanistan in a number of areas. An Afghan-German Cooperation Programme "Institutional Development for Energy in Afghanistan" (IDEA) has been designed, which is supporting the MEW in institutional capacity development for public institutions and private sector companies and organizations. The key areas of support include institutional development, capacity building, creation of an appropriate legal and policy framework and good governance.

2. Brief Description of the Assignment

The Government of Afghanistan is increasingly promoting private sector participation for setting up both conventional and renewable power projects to significantly enhance the country's generating capacity.

Afghanistan has huge power generation potential. The salient details of the power potential are as follows:

- 23,000 MW of hydro power potential across various sites in the country – 125 sites have been identified for Mini Hydro Projects (MHPs), with potential of over 600 MW.
- 3,000 – 4,000 MW of gas-based power generation potential – Pre-feasibility studies and Site Identification made for 100 MW.
- 66,000 MW of wind power generation potential – 31,600 km2 windy land area i.e. 5% of the total land area of Afghanistan.
- 222,000 MW of solar power generation potential – 300 sunny days a year and annual average insolation of about 5.5 kWh/m2/day.

- 4,000 MW of bio-mass power generation potential – more than 85% of Afghanistan's energy needs are met today by traditional biomass, mainly wood and dung.
- 3,500 MW of geo-thermal power generation potential – power plants could range from 5 to 20 MW.

A number of power projects have been identified for development and it is proposed to invite the private sector to develop these projects. The projects would be allotted to the private power companies through both the nomination route and the competitive bidding route. Both solicited and unsolicited projects can be awarded after evaluation of the proposals and tariff negotiations.

To facilitate and coordinate the MEW's large-scale private power capacity development programme , there must be a single window approach for assisting the prospective private power companies. It is thus proposed to set up an Investment Promotion Desk (IPD) in the MEW that would facilitate private sector investments for setting up the power projects. An indicative list of work components to be assigned to the IPD would include:

- All matters relating to private power policy issues.
- All matters relating to private sector power projects.
- Preparation and maintenance of status reports of private projects and the regular updating of these .
- Preparation of various intra- and inter-ministerial approval notes.
- Preparation of brochures and related information material for private power development.
- Provision of clarifications to private power companies on policy and other related matters.
- Interaction with financial institutions to facilitate financial closures.
- Tariff analysis and negotiations for private power projects.
- Bid process management for awarding private power projects.
- Coordinating issues related to allotment/acquisition of land for private power projects.

3. Objectives

The key objectives of the Investment Promotion Desk would be:

- To provide relevant information to the private power companies regarding policy framework and approval processes.
- To assist the Deputy Minister, MEW in bid process management of private power projects.
- To guide the investors in the assessment of their project proposals and follow up for timely approvals for setting up the power projects.
- The Investment Promotion Desk would focus on speeding up the investments on the ground through a "one stop" facilitation process.

4. Scope of Work

The consultancy firm will be responsible for the following tasks/activities for setting up and operationalizing the Investment Promotion cell:

Design and Establishment of IPD:

(i) Study broad policy framework for setting up power projects in Afghanistan.
(ii) Identify and finalize key tasks/activities of the Investment Promotion Desk in consultation with the Deputy Minister, MEW.

(iii) Design an appropriate organization structure for the Investment Promotion Desk.
(iv) Prepare job descriptions for each position of the Investment Promotion Desk and assist the Deputy Minister in (to) filling these positions with appropriate staff.
(v) Prepare a various information material in the form of brochures/flyers/pamphlets and other related information documents for the private power companies.
(vi) Prepare comprehensive (G)guidelines for (P)private (I)investments in the Afghanistan (P)power (S)sector.
(vii) Coordinate with related Ministries/Agencies to identify approval processes and document the same.

Operationalization and Hand Holding of the IPD:
(i) Operationalize the Investment Promotion Desk.
(ii) Oversee the functioning of the Desk and assist in resolving all promising issues which may arise.
(iii) Advise MEW in preparing all relevant analysis/notes/proposals for project negotiations and approvals.
(iv) Bid Process Management for the award of power projects to private power companies.
(v) Assist MEW in drafting/negotiating various project agreements, such as (the) Land Lease Agreements, Power Purchase Agreements etc.

Capacity Building of IPD Staff:
Capacity building of the IPD staff in the following areas:

(i) Public policy formulation, particularly for the private sector.
(ii) Project appraisal.
(iii) Preparation of information brochures/documents.
(iv) Bid process management.
(v) Tariff analysis.
(vi) PPA negotiations.

5. Deliverables/Outputs/Timelines

The consultancy firm would be expected to submit the following key deliverables:

Sl. No.	Deliverables	Time Lines (Weeks after commencement of Project)
1	An Inception Report that would include: (i) Approach and Methodology, (ii) Tasks/Activity Plan for completion of the assignment.	2
2	Report on broad policy framework for setting up power projects in Afghanistan.	4
3	Report on key tasks/activities of the Investment Promotion Desk, Appropriate organization structure of the Investment Promotion Desk and job descriptions for each position of the Investment Promotion Desk.	6
4	Information material in the form of brochures/flyers/pamphlets and other related information documents for the private power companies.	6
5	Comprehensive Guidelines for Private Investments in the	6

Sl. No.	Deliverables	Time Lines (Weeks after commencement of Project)
	Afghanistan Power Sector.	
6	Report on approval processes for setting up power projects in Afghanistan.	6
7	Report on Standard Project Agreements.	14
8	Report on capacity building carried out for the IPD staff	26

6. Coordination and Reporting

The consultancy firm will report to the assigned team of GIZ-IDEA and the Deputy Minister, MEW.

7. Contract Duration

The assignment will have duration of 26 weeks, starting from July, 2017 and ends on 31 Dec 2017.

Experts	Total *Working* days	Total Onsite days
Team Leader	130	91
Private Policy Implementation Expert	130	56
Financial Analyst	130	84
Bid Process Management and Contract Agreement Specialist	130	84

For further information please refer to section 9

8. Location/Duty Station

Ministry of Energy & Water (MEW), Kabul, Afghanistan.

9. Experience and Qualifications

The assignment requires deep knowledge and understanding of attracting private sector investments and experience covering private policy formulation and implementation, organization development, project appraisal, financial analysis, tariff analysis, formulation and negotiations of project agreements, institutional capacity development etc.

As a single individual may not be able to perform all of the above, it is proposed that the assignment is carried out by a firm which can bring on board a group of professionals with (the) experience of private sector promotion in the energy sector.

The assignment is to be carried out by a team of 4 professionals with the following qualifications and experience:

Sl. No.	Position	Academic Qualifications	Experience
1	Team Leader	Engineering Degree or Post Graduate Diploma in Business Management (MBA)	A minimum of 15 years of experience in power policy development and implementation of which at least 5 years are relevant to private power development. Experience in Institutional Capacity Development is mandatory. The Team Leader will be expected to work on-site for at least 13 weeks of the total project duration of 26 weeks.
2	Private Policy Implementation Expert	Engineering Degree or Post Graduate Diploma in Business Management (MBA)	A minimum of (At least) 10 years of relevant experience in project appraisal, private power policy formulation and implementation. Must have experience in promoting and financing private power projects. Experience in Institutional Capacity Development is mandatory. The Private Policy Implementation Expert will work on-site for at least 8 weeks during the total project duration of 26 weeks.
3	Financial Analyst	Engineering Degree or Post Graduate Diploma in Business Management (MBA)	A minimum of (At least) 10 years of relevant experience in private power development of which at least 5 years of experience in tariff designing and analysis is necessary. Should have adequate knowledge about financing of private power projects. The Financial Analyst will work on-site for at least 12 weeks during the total project duration of 26 weeks.
4	Bid Process Management and Contract Agreement Specialist	Engineer/MBA with specialization in Contracts Management	A minimum of (At least) 10 years of relevant experience in procurement and bid process management. Should have at least 5 years of experience in formulation and negotiations of project agreements and capacity building. The Bid Process Management and Contract Agreement Specialist will work on-site for at least 12 weeks during the total project duration of 26 weeks.

The team members must be fluent in English with knowledge of Dari or Pashto an added advantage. They must have good and standardized report writing skills complemented with excellent coordination, communication, moderation and reporting skills. Previous work with MEW will be considered an extra asset. Time is of the essence and the Consultant will be expected to meet the project deadlines.

10. Other provisions

(i) Joint venture with an Afghan company would be encouraged for Technical and Logistic support.
(ii) The Consultant would be required to be flexible to accommodate changes asked by Energy DM and GIZ-IDEA.
(iii) Copy-pasting of the systems, policies, guideline from the documents of other countries is strictly prohibited and may lead to serious consequences including cancellation of the contract.
(iv) Consultant is expected to coordinate directly with GIZ-RMO for risk management.
(v) The Evaluation will be based on Technical and Experience background.