Terms of reference (TOR)

Consultancy Services for Support in financial mechanisms in the project
Decarbonizing the Textile Manufacturing Sector of Pakistan

Introduction

Textile industries in Pakistan rarely comply with environmental regulations unless linked to international supply chains, where compliance is mandated by international market requirements and regulations. Locally, weak enforcement of regulations and lack of incentives to comply with environmental laws, has led to widespread non-compliance. There is not only a lack of private-sector capital available for investment in energy efficient technologies, but a general lack of awareness of the financial benefits of shifting to green production practices which leads to an unwillingness on the part of textile SMEs to change production patterns.

The proposed NAMA Support Project (NSP) aims to promote investments in renewable energy and green technologies to mitigate GHG emissions by providing access to finance, establishing a local market for resource efficient technologies and through advocacy and policy interventions.

The following are the key outcomes for the proposed NSP:

1. Improved access to finance for Energy Efficient and Renewable Energy technologies
2. Enhanced GHG mitigation in the textile sector of Pakistan
3. Enable regulatory environment for enhanced carbon-neutral development in the textile sector
4. Developed market for EE and RE technologies

The project will support better enforcement of environmental regulation, to achieve reduction in GHG emissions in the textile sector. Through the adoption of renewable energy and energy efficient technology, Pakistan’s textiles sector could reduce energy consumption by 22 percent, and save over $60 million in costs. The proposed NSP aims for an overall GHG reduction of 4.3 million tons. Moreover, at the end of the NSP, a strong domestic market for energy and resource efficient technologies will be well established making it easier for SMEs to acquire technologies that can help save energy and reduce their GHG emissions.
Objectives

The objective of this consultancy is to assist WWF-Pakistan in sectoral assessment, grading of technologies, formulation of decision support tools for financial institutes, devising Monitoring and verification protocols. The provision of advice, support and technical guidance is a key part of the consultancy services.

Scope of Consultancy

The consultant will be responsible for the delivery of the tasks assigned by WWF-Pakistan. The consultant will be bound for executing the duties as mentioned in the TORs.

The Green Financing Advisor will work closely with the project team and financial institutions that are committed and competent to launch concessional green financing programs with a focus on creating more accessible and affordable clean energy financing solutions for the textile SMEs in Pakistan. The following are the key responsibilities;

1. Develop financial models/options to promote green technologies in the textile sector
2. Review the existing financial models of green technologies for SMEs in the country
3. Formulate a special purpose vehicle for access to finance for green technologies
4. Liaise with the financial institution in preparation of templates for bankable applications of green technologies including key performance indicators
5. Work closely with project team in the preparation of performance contracting mechanisms and templates
6. Support the project team in preparation of a specialized credit checklist to process the loan application
7. Explore possibility with Financial Institute implementing partner for compliance with improving social standards in textile mills through contracting and loan agreements
8. Revise log frame to include indicators and targets for: (i) the number of commercial banks that are lending, using their own funds, for EE investments in textiles SMEs; and (ii) the volume of commercial bank lending for such investments.
9. Identify and assess potential for existing funding schemes for renewable energy, energy efficiency & resource efficiency that can be tapped for technologies proposed in the NSP
10. Discuss prospects with the State Bank of Pakistan (SBP) for a conducive regulatory regime pertaining to energy efficiency financing for the textile sector
11. Conduct dissemination workshops for the financial institutions on financing the mitigation interventions
12. Discuss with financial institutes and finalize the options of collateral
13. Work with financial institutes to devise the terms and conditions for award of load
14. Assist project team in performing detailed bankable assessment of green technologies including development of technology packages for textile SMEs
15. Provide regular input to the project team for the development of project risk matrix
16. Provide input to the draft of detailed project proposal and coordinate with the Program Development Team (including but not limited to log frames, work plans, and budgets)
with WWF-Pakistan’s various teams, global WWF Network, and other partners and stakeholders

17. Any other responsibility assigned by the Project Director / Manager

**REQUIREMENTS**

- The consultant should have a Masters in finance, economics, accounting, business administration or related discipline from a reputable international or Pakistani institution. Experience of working with textile sector will be a plus.
- At least 7-8 years of experience in corporate finance, banking, management consulting, principal investing in alternative energy projects or non-banking financial institutions.
- Consultants should have experience with:
  - solar/renewable project financing; energy/environmental projects
  - Funding of alternative energy projects at a bank or a private equity fund.
- Professional exposure of working in Pakistan