REQUEST FOR EXPRESSIONS OF INTEREST

(CONSULTING SERVICES – NATIONAL FIRMS SELECTION)

**Armenia**

**READINESS SUPPORT FOR ACCREDITATION GAP ASSESSMENT, CAPACITY BUILDING AND PIPELINE DEVELOPMENT FOR POTENTIAL ACCREDITED ENTITY PROJECT, GCF**

Grant No.: **ARM-RS-004**

**Assignment Title: Engagement of Consultant for design/advancement of internal regulations aimed at ensuring compliance with GCF fiduciary standards**

**Reference No**.: **GCF-CS/3/2021**

The Armenia Renewable Resources and Energy Efficiency Fund (R2E2) has receivedfinancing from the GCF toward the cost of the “READINESS SUPPORT FOR ACCREDITATION GAP ASSESSMENT, CAPACITY BUILDING AND PIPELINE DEVELOPMENT FOR POTENTIAL ACCREDITED ENTITY” PROJECT, and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include advancing the R2E2’s procedures and institutional capacities and making them compliant with the GCF’s fiduciary standards in the manner that is concordant with GCF requirements and that will ensure further smooth review of the application by the GCF Secretariat and Independent Review Board.

The overall duration of the assignment is 3 months.

The detailed Terms of Reference (TOR) for the assignment is attachedto this request for expressions of interest.

The Armenia Renewable Resources and Energy Efficiency Fund (R2E2) now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are:

*General experience of the company in implementation of similar assignments (advancing procedures and institutional capacities to match the GCF’s fiduciary standards);*

*Specific experience of the company in implementation of assignments of similar scope and complexity (review of Operational Manual and adding sections (financial, investigations, AML and AT financing policies etc.) requested for passing the GCF accreditation).*

Key Experts will not be evaluated at the shortlisting stage.

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” July 2016, setting forth the World Bank’s policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment: *Refer to information on conflict of interest related to the assignment as per paragraph 3.17 of the Procurement Regulations*.

Consultants may associate with other firms to enhance their qualifications, but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

A Consultant will be selected in accordance with the Consultant’s Qualifications-Based Selection method set out in the Procurement Regulations.

Further information can be obtained at the address below during office hours 29/1 Sayat-Nova Ave., 0001 Yerevan, Armenia, +(374-10) 58 80 11, +(374-10) 54 51 21 from *09:00 to 18:00.*

Expressions of interest must be delivered in a written form to the address below in person, or by E-mail by **September 28, 2021.**

Armenia Renewable Resources and Energy Efficiency (R2E2) Fund Attn:

29/1 Sayat-Nova Ave., 0001 Yerevan, Armenia

Tel: +(374-10) 58 80 11, +(374-10) 54 51 21

E-mail: zaruhi.gharagyozyan@r2e2.am

Attention: Mrs. Zaruhi Gharagyozyan

ARMENIA RENEWABLE RESOURCES AND ENERGY EFFICIENCY FUND

TERMS OF REFERENCE

**Engagement of Consultant for design/advancement of internal regulations aimed at ensuring compliance with GCF fiduciary standards**

**Project Background**

Armenia Renewable Resources and Energy Efficiency Fund (R2E2) is a professional and experienced entity in the field of energy efficiency and renewable energy in the Republic of Armenia. Since establishment in 2006, it is implementing wide range of activities aimed at promoting investments in energy efficiency and renewable energy sectors, fostering market development in the sphere of Armenia’s energy efficiency and renewable resources, enhancing reduction of technological influence on environment and human health, developing mechanisms aimed at increasing the level of reliability of energy security and energy system. One of the key objectives of Fund’s operations is to promote “green energy” practices in the deprived regions of the country and make it affordable to the mostly vulnerable population, thus addressing “energy poverty” issues for the population. In doing so, R2E2 has partnered with number of international organizations and donor agencies to implement innovative and targeted support to the beneficiaries. Owing to outstanding achievements in delivering its mandate and with the purpose to scale up activities of the Fund (through channeling concessional resources), in 2017 NDA has issued nomination letter supporting R2E2 aspiration to become accredited under the national direct assess modality.

**Assignment Background**

In 2018, R2E2 has filled in accreditation application through OAS system and submitted to initial review by Secretariat. Comments received from GCF has made clear that R2E2 require professional support in order to address existing gaps in its institutional and procedural frameworks.

More specifically, R2E2 required support in assessment of compliance against GCF Fiduciary Standards. To address this, the consulting company has been contracted to carry out comprehensive gap assessment & design of action plan.

The scope of this engagement is designed based on the recommendations of the Action plan and targets design of new and redesign of existing internal regulations as specified in the sections below.

**Objective of the Assignment**

The objective of the assignment is to advance R2E2’s procedures and institutional capacities and making them compliant with the GCF’s fiduciary standards in the manner that is concordant with GCF requirements and that will ensure further smooth review of the application by the GCF Secretariat and Independent Review Board.

**Scope of Work**

More specifically, the Company will:

1. Design **3 following new sections** to be included in the Operational Manual of R2E2 and establishing the functions related to:
	* **Financial mismanagement:**
		+ articulate the various malpractices which may occur and draft planned prevention strategies;
		+ support top management to officially draft and communicate a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party associated directly or indirectly with the operations of the entity;
		+ establish process/ avenues for reporting fraud, financial mismanagement and other forms of misconduct (these should include placement of a provision for reporting violations on the entity’s website);
		+ establish policies and procedures for whistle blower protection.
	* **Investigations:**
		+ establish an internal yet independent investigations function able to report findings to the highest levels of the organization, and with publicly available terms of reference that outline the purpose, authority and accountability of the function;
		+ detail the investigations structure within R2E2 and ensure the independence/ authority of the investigation structure and process; procedures for investigating fraud and corruption with information on periodic reporting to management (Board on case trends) status of investigations.
	* **Anti-money laundering and anti-terrorism financing policies:**
		+ draft anti-money laundering (AML) and anti-terrorist (AT) financing policy;
		+ draft “Know your customer (KYC)” due diligence procedures to combat money laundering and financing of terrorism;

**Deliverable 1.** – Sections on financial mismanagement, investigations, anti-money laundering and anti-terrorism financing are designed and respective trainings of R2E2 staff are implemented (*1 training[[1]](#footnote-1)*)

1. Strengthen the following policies already contained in R2E2 Operational Manual to make them compliant with GCF requirements:
	* **Internal oversight:**
		+ draft Terms of Reference, composition of each committee and the rules regarding the appointment, termination, and remuneration of members of such committees;
	* **Internal audit:**
		+ draft Internal Audit policy (charter) ToRs, and assist R2E2 management in approving them officially;
		+ develop the structure of the internal audit function including qualifications and experience of the auditors. This must ensure that the auditors adhere to recognized internal auditing standards including principles of integrity, objectivity and confidentiality;
		+ establish processes to monitor and assess the overall effectiveness of the internal audit functions, including periodic internal and external quality assessments, and document such assessments in official reports;
	* **Financial control:**
		+ more clearly define control framework the roles of management, internal auditors, the board of directors or comparable body, and other personnel (including fiscal agents and fiduciary trustees, if any involved) with respect to Internal Control;
		+ establish risk- assessment processes at the institutional level, to identify, assess, analyze and provide a basis for proactive risk responses/mitigating actions in identified areas;
		+ establish a documented payment and disbursement system (policies, procedures and Delegation of Authority) with a flow chart;
		+ establish a systems and procedures for identifying and assessing the details and adequacy of the internal controls annually. This assessment should include a regular review by management to check that duties be appropriately segregated to ensure adequate internal control in all key/ risk areas;
	* **Procurement:**
		+ draft Procurement Policy/ Rules/ Regulations/ Guidelines (approved by management) which are transparent and fair and promote economy and efficiency in procurement, specify procurement requirements, accountability, and authority to take procurement decisions/actions;
		+ detail procurement procedures, which include details of composition and role of various committees, such as the Procurement Committee Tender Evaluation Committee, etc. and guidelines for different types of procurement managed by the entity, such as consultants/ service providers, goods/supplies and works;
		+ establish system/ procedures for oversight/ review/ audit of the procurement function;
	* **Ethics oversight:**
		+ design a system for oversight of the Ethics Function, including the role of an Ethics Committee or other relevant bodies/committees within R2E2 to whom such functions be allocated;
	* **Avoidance of conflict of interest:**
		+ draft a financial disclosure policy or other documented policy statement which defines possible, actual, perceived or apparent conflicts of interest including what constitutes conflict of interest or prohibited personal financial interests and also defines the sanction measures for parties which do not disclose such conflicts on a proactive basis;
		+ establish conflict of interest review and resolution procedures:

**Deliverable 2.** – Sections as mentioned under point 2 above are strengthened and compliant with GCF requirements, as well as necessary support documents are drafted and respective trainings of R2E2 staff are implemented (*2 trainings*).

1. Design the following missing policies:
	* **Environmental & Social Standards that includes:**
		+ Includes an overarching statement of the E&S objectives and principles which guide the institution;
		+ States the E&S standards the institution adheres to including laws implementing host country obligations under international law;
		+ Indicates whom within the institutions will ensure conformance with the policy and be responsible for its execution;
		+ Is consistent with the ESS policy of the GCF (in particular, PS1-8);
		+ Is endorsed by Senior Management at R2E2;
		+ Is communicated within the organization;
		+ Is executed in R2E2 projects;
		+ Identifies the E&S risks and impacts of projects/programmes;
		+ Is consistent with good international industry practice; o Is consistent with PS1-8.
		+ A documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process.
		+ Depending upon the nature and scale of the project/programme, the management program may consist of a documented combination of operational procedures, practices, plans and related supporting documents that are managed in a systematic way.
		+ An organizational structure that defines roles, responsibilities and authority to implement the ESMS, which includes Senior Management. Key E&S responsibilities should be defined and supported with human and financial resources.
		+ Technical staff with direct responsibility for the project/program performance have the knowledge, skills and experience necessary to understand and ensure implementation of PS1-8;
		+ Technical staff with knowledge of PS1- 8, who can properly categorize potential funding proposals;
		+ Track record and internal processes to support a monitoring/supervision program that tracks and ensures completion of mitigation and performance improvement measures;
		+ Periodic performance reviews reported to Senior Management, on the effectiveness of the ESMS. Senior Management takes the necessary steps to ensure the intent of the institutions policy is met and that procedures, practices and plans are implemented.
		+ External communication channels that allow the entity to: receive and register external communications from the public, screen and assess issues raised and determine how to address them, provide, track, and document responses;
	* **Gender policy;**

**Deliverable 3.** – Environmental and Social Standards & Gender policy documents are drafted and respective trainings of R2E2 staff are implemented (*2 trainings*).

1. From the analyses made for the above deliverables, propose actionable recommendations on the following:
	* Advancement of the structure of the R2E2 and management framework (including organigram/staffing and management board) to make it more compliant to carry out functions of accredited entity.
	* Enhancing communication and PR through the website of the organization and social media, with particular focus on stakeholders’ engagement for potential GCF-funded projects (feedback, reporting grievance mechanism).

**Deliverable 4.** – Recommendations on the management structure and communication campaign are drafted and submitted to the R2E2.

**Timeframe, deliverables and reporting**

The overall duration of the **“Readiness Support for accreditation gap assessment, capacity building and pipeline development for potential accredited entity”** Project is 24 months.

Required services will be delivered during October 01 – December 30, 2021 (12 weeks).

1. Cost related to the trainings’ organization such as rent of venue, refreshments, publication of respective materials will be directly financed by R2E2 and should not be included in the financial proposal of Consultant [↑](#footnote-ref-1)