ANNEX I: TERMS OF REFERENCE NATIONAL WATER INVESTMENT EXPERT

Background:

Fundación Chile will implement the project " Building a Climate" Resilient Water Investment Pipeline Program to "Maximize Water Preservation and Mobilize Private Finance in Chile" (CHL-RS-014), funded by the Green Climate Fund (GCF). The project aims to develop climate-resilient investment strategies for the water sector, mobilize private financing, strengthen national capacities, and prepare a Funding Proposal for the GCF. This consultancy will contribute to achieving the project's objectives, results, and deliverables.

Scope of work:

Lead the identification, prioritization, origination and structuring of climate-resilient water investment opportunities in Chile, considering the main water-use sectors and different types of investments in urban and rural areas, financeable with public, private, or combined resources. The consultancy will characterize the national water investment ecosystem; identify stakeholders, promoters, beneficiaries, instruments, incentives, barriers, and market failures; assess maturity, additionality, scalability, bankability, and co-financing potential; and develop an indicative portfolio and origination strategy. Feasibility studies, selection, and technological structuring will be provided by the National Engineering Expert, whose analyses will constitute inputs for the evaluation and structuring of investments.

The consultant shall work closely with the Economic and Financial Analysis Expert to ensure that prioritization, portfolio sizing and the origination strategy are informed by relevant economic and financial viability metrics, including, where applicable, ENPV, EIRR, FIRR, levelised cost of water, cost per tonne of CO_2e avoided and viability gap, rather than relying solely on qualitative maturity or bankability assessments.

All relevant portfolio, market and investment data shall be provided in a structured, editable Excel format agreed with the Economic and Financial Analysis Expert, with the source and base year identified for each quantitative assumption.

The consultant shall participate in joint working sessions with the Economic and Financial Analysis Expert and provide the required market and portfolio data sufficiently in advance of the corresponding cost-benefit analysis and Funding Proposal milestones to allow for modelling, validation and integration.

Deliverables under your direct responsibility:

- Diagnosis and national map of water investments: sectors, typologies, actors, promoters, beneficiaries, instruments, sources of financing, incentives, existing portfolio, barriers and market failures.

  The diagnosis shall include, where relevant and available, the quantitative market parameters required for benefit valuation and revenue projections, including water and sanitation tariffs by region and customer category, irrigation and rural water charges, observed water-rights transaction prices by basin, indicative agricultural gross margins or crop budgets for relevant irrigated systems, industrial and mining willingness to pay or cost of water shortage, and the economic cost of unserved or interrupted water supply.

  Barriers and market failures shall also be quantified where feasible, including financing gaps, viability gaps, tenor mismatches and risk premiums, in order to provide evidence for the additionality and minimum-concessionality rationale of the GCF Funding Proposal. All quantitative parameters shall be documented with their source, geographic coverage and base year.

- Multi-criteria matrix and documented recommendation of one or two priority investment areas, considering climate relevance, water impact, maturity, scalability, additionality, co-financing, risks and institutional feasibility, using the National technical assessment Engineering Expert.
- Indicative portfolio and investment opportunity sheets with location, promoter, beneficiaries, maturity, order of magnitude of investment, income or repayment mechanism, co-financing, barriers, risks and preparation route.The opportunity sheets shall follow a standard template agreed with the Economic and Financial Analysis Expert and shall include, where applicable: (i) the indicative financial structure, including capital structure, sources and terms of co-financing, instrument, tenor, grace period, interest rate or expected return, required GCF instrument and grant-equivalent element; (ii) the revenue or repayment mechanism expressed quantitatively, including relevant tariff, offtake or service price, availability payment, subsidy or savings-sharing mechanism, together with the identity and creditworthiness of the payer or offtaker; (iii) relevant sponsor hurdle rates or required returns by investor type and available WACC

benchmarks for the Chilean water and infrastructure sector; (iv) beneficiary numbers disaggregated by sex and vulnerability, where applicable; and (v) preparation and transaction costs.Technical cost estimates and physical performance parameters shall be sourced from and reconciled with the National Engineering Expert to ensure a single consistent technical and cost dataset across the project.

- Origination and development strategy, including eligibility criteria, classification by level of readiness, study needs, portfolio governance and update mechanism.
- Inputs for the investment strategy, mobilization of co-financing, implementation structure and Funding Proposal; final report and transfer of methodology, bases and investment evaluation tools.

  These inputs shall include the information required for the economic and financial analysis annex of the Funding Proposal and for the co-financing and budget tables, including the private-capital mobilisation ratio and its supporting evidence, the counterfactual investment scenario without GCF support, the justification of concessionality, and available letters or expressions of interest from potential co-financiers.

  The transfer of methodology and tools shall include the pipeline financial screening model in editable form, together with the underlying assumptions and data sources required for its future use and updating.

Deliverables for which it will provide support:

- D6.1. Prioritization and selection of one or two areas with potential to become lines of investment.
- D6.2. Structuring realistic and bankable project portfolios, based on the specifications provided by the National Engineering Expert.
- D10.1–D10.3. Design of the investment line and its implementation strategy, including origination, instruments, co-financing and portfolio management.
- D10.4. Preparation of the Funding Proposal to the GCF and its annexes.

Minimum requirements

- Professional degree in economics, finance, administration, public policy, business engineering, natural resources, environmental sciences or another discipline related to investment structuring.
- Demonstrable hands-on experience in financial modelling and investment appraisal, including discounted cash-flow analysis, FIRR/NPV, debt sizing and sensitivity analysis.

- At least 10 years of specific experience in water-related investments, financing, evaluation or structuring of projects or programs related to water infrastructure, natural resources or climate adaptation leading to water savings.
- Demonstrable experience in the Chilean water sector and knowledge of its actors, sectors of use, institutional framework and dynamics of public and private investment.
- Experience in identifying, prioritizing, originating or developing water projects portfolios, including maturity analysis, bankability, risks, barriers and readiness needs.

Language:

Professional Spanish and English, spoken and written.

Desirable requirements

- Postgraduate degree or specialization in finance, investment evaluation or structuring, environmental economics, infrastructure, water resources, climate adaptation or related areas.
- Experience in water resources finance, climate finance, blended finance, project finance, public-private partnerships, funds or risk mitigation mechanisms.
- Experience designing investment lines, vehicles or programs and mobilizing private capital towards water resources solutions, adaptation or resilient infrastructure.
- Experience with GCF, multilateral development banks or other climate funds, including familiarity with the GCF investment criteria, impact potential, paradigm shift, sustainable development, needs of the recipient, country ownership, and efficiency and effectiveness, and with the economic and financial annex requirements of GCF Funding Proposals; advanced handling of portfolio analysis and management tools.l
- Experience in cost-benefit analysis or economic appraisal of public, concessional or climate-related investments.
- Experience in coordinating with the public sector, companies, financial institutions and territorial actors

Background information for applying

- Updated curriculum vitae, indicating months/years, functions and relevant experiences.
- Brief letter of motivation and suitability to the profile (maximum 2 pages).
- Availability and price proposal (indicate currency, taxes and format).
- Verifiable references and declaration of conflicts of interest.

Duration, level of effort and financial proposal

- The consultancy is expected to be carried out over approximately 18 months. The level of effort will be intermittent and will vary according to the project workplan, technical activities, deliverable schedule and review milestones.
- The consultant must ensure adequate availability during critical periods of analysis, preparation and integration of deliverables, coordination with the project team, preparation of the GCF Funding Proposal and related review iterations. The consultant shall remain available throughout the contractual period to respond to comments, clarification requests and reasonable revisions arising from the integration of deliverables and the preparation and review of the Funding Proposal.
- The consultancy will be contracted under a professional services arrangement. Payments will be linked to the delivery and acceptance of agreed outputs and milestones.
- Applicants must submit a financial proposal indicating the estimated total cost of the consultancy, considering the scope of work, deliverables and expected level of effort described in these Terms of Reference. The proposal must indicate the currency and applicable taxes.
- The proposed amount must include all costs necessary to perform the consultancy. No additional travel, accommodation or per diem expenses will be reimbursed for consultants residing outside Santiago in connection with meetings or in-person activities required under the assignment. These costs must be covered by the consultant and considered in the financial proposal.