

## INTERNAL

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**Project Title:** Enabling the Implementation of Georgia's Forest Sector Reform (ECO.Georgia)

**Project/Activity Number:** 20.2275.4-002.00/C2A2

**Title of the assignment:** Study on Financing Solutions for Scaling Access to Energy-Efficient (EE) Stoves in Rural Areas

### 1. Brief information on the project

Climate change impacts and the demand for fuelwood from rural population put significant pressure on Georgia's forests: up to 90% of rural households (1.43 million people) rely on fuelwood for their energy needs. The problem is exacerbated by the fact that households use obsolete technologies, such as traditional stoves with a lifetime of two years and an efficiency of 35% or less. Fuelwood demand exceeds sustainable harvesting levels, considering reduced productivity of many forests in the country because of extensive forest degradation. This forest degradation leads to a loss of carbon absorption capacity which is projected to decrease by five times between 1990 and 2030.

In order to address this negative development, the project "Enabling the Implementation of Georgia's Forest Sector Reform - ECO.Georgia" supports the Government of Georgia to implement its transformational forest sector reform agenda to put the entire nation's forests under the framework for sustainable forest management (SFM). It will do so by supporting the establishment of a nation-wide SFM system (Component 1) and in parallel promoting market development for energy efficient appliances and alternative fuels (Component 2) to address the main driver of forest degradation. The project will safeguard the reform implementation by diversifying livelihood opportunities and strengthening local self-governance in forest adjoining rural communities (Component 3).

The project is funded by the Green Climate Fund (GCF), the German Federal Ministry for Economic Cooperation and Development (BMZ), and the Swiss Development Cooperation (SDC) with GIZ being the project's accredited entity. The German contribution is part of the wider German support in the priority area "Environmental policy, conservation and sustainable use of natural resources in the South Caucasus", which aims at the sustainable use of natural resources, biodiversity conservation and climate protection, particularly for the benefit of the rural population. Similarly, both the share of renewables in the energy composition as well as the energy efficiency levels will increase.

Especially rural households using firewood as their source of heating energy will benefit from improved air quality and reduced fuelwood demand through eased access to energy efficient stoves. Forest-related small and medium-sized enterprises and their employees will receive support to improve economic efficiency and environmental sustainability of their business activities. Additionally, staff members of relevant public institutions (National Forestry Agency NFA, Department of Environmental Supervision DES, Environmental Information and Education Center EIEC, Rural Development Agency RDA, municipalities) will receive direct support through human capacity development measures and grant finance.

ECO.Georgia primarily contributes to achieving the SDG 15 (Protect, restore and promote sustainable use of terrestrial ecosystems) of the 2030 Agenda of the UN, but also to achieving SDG 7 (Ensure access to affordable, reliable, sustainable and modern energy for all), SDG 13 (Take urgent action to combat climate change and its impacts), SDG 1 (End

poverty in all its forms everywhere), and SDG 5 (Achieve gender equality and empower all women and girls).

The duration of ECO.Georgia is from April 2021 until March 2029.

The Project's Component 2 envisages contributing to the project's objectives by promoting the accelerated deployment of EE stoves and AF in the target regions to ensure up to 30% market penetration by the project end and up to 75% in the long run. This will significantly diminish pressure on forest resources and demand for fuelwood, around 50% compared to the baseline scenario. Moreover, the project will contribute to significant social, environmental, and health benefits. It will directly benefit rural residents and fuelwood users by enabling investment in energy efficiency and alternative fuels. As a result, it will lower energy poverty and improve thermal comfort and the quality of the indoor and outdoor environment by reducing NOx and particle emissions from fuelwood combustion by inefficient heat stoves.

Under Component 2, RDA implements a co-financing program for energy-efficient (EE) stoves, also known as the "voucher scheme." The primary goal of this program is to stimulate consumer demand for EE stoves by partially subsidizing their cost. This initiative aims to protect the rural environment, promote the sustainable use of natural resources, and support climate change mitigation efforts by facilitating access to cleaner household energy technologies.

In addition to co-financing, the component also includes a consumer financing mechanism that enables households to pay the remaining balance through instalment plans. The microbank institution "Crystal" has pledged €10 million to support financing for EE solutions. However, only a small portion of these funds have been utilized to date.

This research seeks to identify the barriers limiting the uptake of these financial products and propose actionable solutions to increase the adoption of financing options for energy-efficient technologies.

## 2. Description of the Assignment

### 2.1. Context

Access to clean and energy-efficient (EE) cooking solutions remains a challenge in rural areas of Georgia. In response, Rural Development Agency is implementing a program to promote the adoption of EE stoves by providing a 50% (max. 300 GEL) subsidy. The remaining 50% is to be paid by households. To bridge the affordability gap, a partner microbank institution has committed to offering up to EUR 10 million in 0% or low interest financing to rural households and local businesses involved in stove distribution and production.

Despite this strong financial commitment, the uptake of the microfinance loan product has been extremely limited. The main bottlenecks identified include:

- Lack of awareness among households of the loan product and its terms.
- Legal barriers, including national regulations prohibiting lending to individuals without formal, verifiable income — a requirement that many rural households cannot meet.

This situation risks excluding the most vulnerable households from accessing EE stoves and prevents the full utilization of the microbank's financial commitment.

## 2.2. Objective(s) of the assignment and work packages/tasks

The main objectives of this assignment are to:

1. Analyse the limitations of the current financing model and propose concrete strategies to improve uptake.
2. Assess how the EUR 10 million committed by the microbank can be better utilized, including new areas of potential financing support beyond direct household loans (e.g. financing value chain actors, inventory, etc.).
3. Review international and review international and local best practices for enabling access to energy-efficient (EE) technologies, including but not limited to instalment-based financing models, as well as other innovative product delivery mechanisms for low-income populations, and recommend the most suitable approach based on the local and project-specific context.
4. Identify alternative, legally compliant financing mechanisms and potential partners to support EE stove affordability.

In particular, the consultant shall fulfil the following tasks:

### Work Package 1: Financing Barrier Assessment

- Review the current financing structure (EE stove Co-financing program, loan product for EE stoves) for EE stove purchases.
- Conduct interviews and/or focus groups with:
  - Rural households (end users)
  - Local producers and distributors of EE stoves
  - Microbank representatives and loan officers
  - Project partners
- Assess awareness levels of the loan product and understand end user and producer perspectives on the instalment product.
- Identify and analyse the legal, operational, and institutional barriers to the uptake of microfinance loans by rural households.

### Work Package 2: Alternative Financing Solutions

- Identify feasible, **non-financial institution-based financing mechanisms**, some examples may include but are not limited to:
  - Pay-as-you-go models
  - Supplier-led instalment sales
  - Community savings groups (e.g., VSLAs)
  - Cooperative financing or revolving funds
  - Results-based financing structures

- Provide examples of how these have worked in comparable development settings and adapt viable options to Georgian and the project context.

### **Work Package 3: Expanded Role for the Microbank and the Banking Sector**

- Propose additional financing roles that the microbank and other banks could play beyond providing household loans for energy-efficient (EE) stoves under Component 2 of the project.
- Review and analyze how these expanded roles align with the mandates, business models, and regulatory environments of the microbank and broader banking sector.
- Assess the feasibility and potential impact of these contributions, considering both institutional capacity and market dynamics.

### **Work Package 4: Recommendations and Implementation Pathway**

- Provide practical, scalable, and legally compliant recommendations to:
  - Increase the utilization of the loan product
  - Implement alternative financing models
  - Enhance the microbank's strategic contribution to the program

### **Work Package 5: Assist in the Implementation of up to two recommendations (Optional Work Package)**

- Evaluate and select the most viable alternative financing options or improvement recommendations, considering the project context
- Support the implementation of the selected financing options or improvement recommendation

## **2.3. Outputs/deliverables**

Expected outputs are:

### **Output 1: Financing Barrier Assessment**

- Stakeholder Mapping and Questionnaire development and interviews
  - A detailed plan for conducting interviews or focus group meetings outlining the methodology, timelines, questionnaires and stakeholders. Draft survey tools, interview questionnaires, tailored to collect relevant data on the financing mechanism and uptake barriers, microbank role expansion possibility.
  - Interviews with the relevant stakeholders and focus groups are conducted
- Summary report
  - A comprehensive report with the analysis of the current financing structure for EE (Energy Efficient) stove purchases, including an overview of financial product, process, and stakeholders involved, the findings from the interviews and focus groups with stakeholders, including analysis of awareness levels and perspectives on the financing and installation

products. The document should outline the most critical insights and recommendations based on stakeholder input.

- A comprehensive identification and analysis of the legal, operational, and institutional barriers hindering the uptake of microfinance loans by rural households. Recommendations for overcoming these barriers.
- A summary of key findings from the data collection phase, highlighting the critical barriers to financing uptake.

## **Output 2: Alternative Financing Model Evaluation**

- Document with a detailed list and description of feasible, non-financial institution based financing mechanisms, adapting the identified financing models to the Georgian and the project context, including an assessment of their viability within the current socio-economic and regulatory environment. Document should lay out the list of the stakeholders that are needed for the successful implementation of the mechanisms.

## **Output 3: Role Expansion Report**

- A comprehensive analysis outlining potential additional roles the microbank could play beyond household loans, such as financing for local EE producers, or strategic support to EE stove supply chain development, etc.
- An analysis of the alignment of these potential roles with the microbank's mandate, regulatory environment, and operational capacity. This includes an assessment of feasibility and recommendations for implementation.

## **Output 4: Recommendations and Implementation Pathway**

- Final Report including:
  - A practical, legally compliant report providing scalable recommendations to:
    - Increase the utilization of the loan product.
    - Implement alternative financing models.
    - Enhance the MFI's strategic contribution to the program.
    - Implementation Pathway
  - A clear, actionable roadmap detailing the steps required to implement the recommendations, including timelines, responsible parties, and required resources.
  - Risk and Mitigation Analysis, outlining potential risks in implementing the recommendations and corresponding mitigation strategies.
- Presentation of the final report to the GIZ team and respective stakeholders

## **Output 5: Assist in the Implementation of up to Two Recommendations (Optional)**

- Up to two recommendations are implemented and are operational
  - Final Implementation report documenting the full implementation process, lessons learned, and risks and challenges considerations.

## 2.4. Schedule and timeframe

Outputs and experts	Deadline	Number of experts	Number of days per expert
<ul style="list-style-type: none"> <li>○ Output 1/Deliverable 1</li> </ul> <b>Financing Barrier Assessment</b> <ul style="list-style-type: none"> <li>• Stakeholder Mapping and Questionnaire development and interviews</li> <li>• Summary report</li> </ul>	1 week after signing the contract	1	4 3
<ul style="list-style-type: none"> <li>○ Output 2/Deliverable 2</li> </ul> <b>Alternative Financing Model Evaluation</b>	2 weeks after signing the contract	1	4
<ul style="list-style-type: none"> <li>○ Output 3/Deliverable 3</li> </ul> <b>Role Expansion Report</b>	3 weeks after signing the contract	1	4
<ul style="list-style-type: none"> <li>○ Output 4/Deliverable 4</li> </ul> <b>Recommendations and Implementation Pathway</b>	4 weeks after signing the contract	1	5
<ul style="list-style-type: none"> <li>○ Output 5/Deliverable 5 (optional)</li> </ul> <b>Assist in the Implementation of up to Two Recommendations</b> <i>Following the review of the report, if it includes feasible recommendations, GIZ will assess whether contractor assistance is necessary for their implementation. If no feasible recommendations are identified, contractor support will not be required for output 5.</i>	2 months after signing the contract	1	10
Other costs		Number of experts	Amount per experts
Flexible remuneration item <sup>1</sup> <i>The use of the flexible remuneration item must be approved in text form by GIZ before the costs in question are incurred.</i>		1	

## 3. Company and Experts' profiles

Expert 1:

- (5.1.1) General qualification: Master's degree in economics, business administration, banking or relative fields.
- (5.1.1) professional experience: At least 5 years of experience in financial sector, inclusive financial systems, or energy access Experience working in rural development contexts or with donor-funded energy access programs.
- (5.1.2) Specific qualification: Demonstrated understanding of microfinance institutions, value chain financing, and legal/regulatory compliance.
- (5.1.3) A strong understanding of the local context and substantial in-country experience.
- (5.1.4) Linguistic skills: business fluency in Georgian and English language
- (5.1.5) Proven experience in writing clear, structured technical reports and proposals, with several completed in previous roles.

<sup>1</sup> See detailed: The General Terms and Conditions 3.1.3.2 Flexible remuneration item.

#### 4. Timing and duration

From 09.2025 to 12.2025

#### 5. Place of assignment

Tbilisi, Georgia

#### 6. Reporting

- Reports are to be prepared according to the GIZ template to be provided by the project.
- All documents must be submitted electronically in both Word and PDF formats, in English and in Georgian.
- The consultant shall report to the Advisor - GIZ/ECO.Georgia.
- The consultant is expected to coordinate very closely with microbank “Crystal” as well as with the Advisor on micro-finance in GIZ
- The consultants shall keep a time sheet (8 hours = 1 working day).

#### 7. Other provisions

##### 7.1 Budgeting and payment

Final payment will be affected after provision of timesheet for accomplished working days and provision of the outputs/deliverables given above.

##### 7.2 Tender Procedure

###### Concept

In the tender, the tenderer is required to submit a technical proposal showing how the objectives defined in Chapter 2 are to be achieved and if applicable under consideration of further method-related requirements (technical-methodological concept).

The technical proposal will be evaluated in accordance with the assessment grid which consists of followings:

###### (2.1) Concept

- a. interpretation of the objective /assignment (2.1)
- b. strategy for the implementation reflecting other alternatives (2.1)
- c. cooperation during the implementation (stakeholders in the implementation, reference projects etc.) (2.1)
- d. a work plan in a visual form (2.1)

###### Personnel concept

The tenderer is required to provide personnel who are suited to filling the positions described, based on their CVs, the range of tasks involved and the required qualifications.

The CVs of the personnel proposed meeting the requirements below must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long.