TERMS OF REFERENCE (TOR)
CALL FOR EXPRESSIONS OF INTEREST FOR InSPIRE CHALLENGE FUND: WINDOW 2

We are a leading organisation for the implementation of international development projects. We promote inclusive economic, social and ecological development to make an effective contribution towards sustainable and widespread prosperity in developing and emerging economies.

Swisscontact - Swiss Foundation for Technical Cooperation, is headquartered in Zurich and was founded in 1959 by leading figures from the Swiss private sector and Swiss universities. It is exclusively involved in international cooperation and since 1961 has carried out its own and mandated projects in 41 countries worldwide.

Swisscontact is registered as an International Non-Governmental Organisation (INGO) in Bangladesh under NGO Affairs Bureau, Government of the People's Republic of Bangladesh.

BACKGROUND AND TARGETS OF INSPIRE

Initiative to Stimulate Private Investment for Resource Efficiency (InSPIRE) is a challenge fund project that aims to support sustainable energy adoption in Bangladesh's RMG sector by enhancing technical and financial capacity. InSPIRE is a four-year project (January 2025–December 2028) in Bangladesh, funded by the Embassy of Sweden and implemented by Swisscontact.

Despite Bangladesh's RMG sector driving over 10% of the GDP and employing nearly four million workers, its future growth and competitiveness are at risk due to high energy consumption from unsustainable sources such as fossil fuels. Against that background, InSPIRE mobilises a blended finance instrument, where private investment is matched with a Challenge fund, to support the RMG sector for investing in energy efficiency and renewable energy initiatives. In addition to Challenge Fund support, the Challenge Fund will provide pre-investment readiness support and post-award technical assistance to strengthen the technical, social, and organizational capacity of selected enterprises.

Pre-investment support will include information sessions, application guidelines, energy audits, feasibility assessments, technical validation, and guidance on environmental, social, and gender-responsive requirements. Post-award support will focus on implementation planning, procurement and technical guidance, development of energy transition roadmaps and Monitoring, Reporting, and Verification (MRV) systems, commissioning support, performance verification, and strategic assistance to ensure effective use of the Challenge Fund.

InSPIRE launched its Window 1 in 2025 and received a strong response from the industry. The proposals selected under Window 1 through a competitive process are currently under implementation.

BACKGROUND AND OBJECTIVE OF THE TOR

Following the implementation of Window 1, the InSPIRE Fund Management Team identified that many small and medium-sized enterprises, including subcontracting and supplier factories, continue to face significant barriers to green transition opportunities. These challenges include limited access to finance, inadequate technical capacity, robust sustainability targets, and low investment readiness. Window 2 has therefore been designed to address these constraints through a phased and tailored support mechanism.

InSPIRE invites eligible applicants to submit Expressions of Interest (EOIs), either individually or in consortium with relevant partners. Applicants are encouraged to propose impactful and scalable solutions for implementing energy efficiency and renewable energy projects within their facilities. The EOI constitutes the first stage of InSPIRE's two-stage Challenge Fund selection process. Shortlisted applicants will be invited to co-design a comprehensive full proposal, including both technical and financial components, in the second stage.

Location of the Project
Project implementation may be undertaken anywhere in Bangladesh, excluding Export Processing Zones (EPZs), as this Challenge Fund Window is designed to support factories and enterprises outside EPZs that often face greater barriers in accessing financing, technical support, and green transition opportunities.

SCOPE AND ELIGIBILITY FOR THE FUND

A. Eligible Applicants:

- Small and medium-sized RMG subcontracting and supplier factories that
  - Primarily support export-oriented manufacturers.
  - Have 1000 or fewer workers currently employed,
  - Are not located inside EPZs, and
  - Interested in demonstrating a commitment to adopting energy-efficiency measures and/or renewable-energy solutions to improve their environmental and social performance and competitiveness.
- National or international Energy Service Companies (ESCOs) with experience in designing, implementing, and financing energy efficiency or renewable energy solutions for RMG factories.
- Consortiums involving RMG & supplier factories, ESCOs, international brands, financial institutions, consultancy firms, and any energy solution providers.

Applicants must:

- Be a legally registered entity and comply with all applicable laws and regulations of Bangladesh, including labor laws and minimum wage requirements.
- Not be included in any of the Fund's exclusion categories. Details of the exclusion criteria are available at **the link**
- Demonstrate a commitment to the proposed project by providing a minimum co-financing contribution of 51% of total project cost.
- Not have received any other donor funding for the same project.

B. Eligible Projects Must:

- Propose innovative and sustainable energy solutions that contribute to improving energy efficiency and/or increasing the adoption of renewable energy within Bangladesh's RMG sector.
- Address key systemic barriers to green transition, including technical, financial, operational, or market-related constraints.
- Demonstrate strong technical feasibility, financial viability, and potential for replication and scale-up across the sector.
- Incorporate Gender Equality and Social Inclusion (GESI) considerations, where relevant and appropriate, to ensure equitable participation and benefits.
- Have an implementation period of at least 6 months and no more than 18 months from the date of project commencement.

C. Eligible Costs Include:

- Development, testing, and implementation of technologies in energy efficiency and renewable energy at applicant factories.
- Cost of acquisition and installation of the technology essential to energy solutions.
- Energy audit, carbon accounting, feasibility study, climate action roadmap, technical assessment or validation.
- Staff orientation and training on new technology operation, GESI assessment.

D. InSPIRE Challenge Fund Support:
The InSPIRE Challenge Fund will provide co-financing support for the implementation of eligible projects through a cost-sharing arrangement between InSPIRE and the selected applicant.

- **InSPIRE's Contribution:** Up to 49% of the total project cost, subject to a maximum contribution of BDT 6,000,000.00. InSPIRE's contribution is inclusive of all applicable VAT and taxes on its contribution.
- **Contribution by applicant:** Applicants must provide a minimum co-financing contribution of 51% of the total project cost.

E. Non-eligible Cost: Utility bills, non-essential fixed assets, general operational costs, maintenance of existing systems, costs unjustified to the proposed project scale and duration, or any other cost indirect to the innovation. Non-cash or in-kind contributions will not be considered eligible.

F. Selection Process

The screening, evaluation, and selection of submitted EOIs will be managed by the Swisscontact InSPIRE Fund Management Team (FMT). To ensure a transparent and objective selection process, Swisscontact has established an independent Investment Committee (IC) to evaluate and shortlist proposals. The evaluation process will be conducted on a rolling basis within the deadline. Applicants are therefore encouraged to submit their EOIs as early as possible. EOIs will be assessed on a first-come, first-served basis, but early submission will not result in higher evaluation scores or preferential access to funding. The selection process will consist of the following stages:

- Submitted EOIs will be reviewed by the Swisscontact InSPIRE FMT against the eligibility and assessment criteria. Shortlisted applicants will be invited to prepare and submit a full proposal.
- The InSPIRE FMT, with support from external technical experts, will conduct due diligence and risk assessments.
- Full proposals will be assessed by the IC. Following the assessment, a number of proposals will be selected for Challenge Fund support, subject to their technical and financial merit, value for money, and alignment with the objectives of InSPIRE. The final number of selected projects will depend on the quality of proposals received and the overall funding requirements relative to the available Challenge Fund resources.

G. Indicative Timeline

The timeline below is provided for planning purposes only and may be adjusted by InSPIRE depending on the volume and quality of applications received.

Activity	Indicative Deadline
EOI Submission Deadline	September 10, 2026
EOI Review and Shortlisting	25 September 2026
Technical Readiness support & due diligence and risk assessment	15 November 2026
Submission of Full Proposals	10 December 2026
Full Proposal Evaluation and Selection	31 December 2026

MONITORING AND REPORTING

Selected awardees must participate in conducting the baseline energy audits, GESI risk assessments, energy transition roadmaps, and final impact assessments. Awardees must also actively cooperate with Swisscontact's Monitoring and Results Measurement (MRM) team to submit progress reports aligned with defined deliverables and indicators. The frequency of MRM data collection and reporting will be proposed and agreed in contribution contracts. The final disbursement of funds will be contingent upon successful verification of milestone completion, maintaining compliance and reporting requirements.

Indicative Financial Budget

As part of the EOIs, applicants are required to provide an indicative project budget outlining the estimated total cost of the proposed intervention. The budget must clearly distinguish between:

- The Challenge Fund support requested from the InSPIRE; and
- The applicant's own contribution (co-financing) towards the project.

All financial information must be presented in Bangladeshi Taka (BDT).

CONFIDENTIALITY

All verbal and written communications, documents, and materials related to the Challenge Fund application and subsequent project activities, whether in full or in part, between the applicants and the InSPIRE FMT shall be treated as confidential. These materials must not be disclosed to any third party not directly involved in the InSPIRE programme, nor used for any purpose without InSPIRE's and applicant's prior approval.

EOI EVALUATION AND SCORING CRITERIA

The following criteria will be used to evaluate the EOIs and proposals. Applicants are strongly encouraged to address all areas thoroughly in their submissions.

- **Innovation and Feasibility:** (weight 20%)**-** This criterion assesses the novelty of the proposed project, its potential to bring about positive change, and the practicality of its implementation within the given context, including the significance of the change in terms of solving energy constraints.
- **Technical and Financial Viability:** (weight 20%)**-** This criterion evaluates the technical soundness of the proposed project design, methodology, and the applicant's plan for financial management, including the justification of the requested budget and the capacity to secure necessary resources.
- **Value for Money (Return on Investment-ROI):** (weight 10%)- This criterion assesses the extent to which the project will efficiently utilize resources to achieve its intended outcomes and deliver positive return on investment.
- **Impact and Sustainability:** (weight 20%)- This criterion evaluates the potential of the proposed project to achieve significant and lasting impact, including its contribution to relevant development goals, scalability, and the strategies for long-term sustainability of the impact.
- **Applicant's Capacity:** (weight 20%)- This criterion assesses the applicant's technical, resource, and financial capacity to successfully implement the proposed project, including external technical support.
- **Gender Equality and Social Inclusion (GESI):** (weight 10%)- This criterion evaluates the extent to which the proposed project integrates gender equality and social inclusion considerations into its design and implementation.

PROCUREMENT, ASSET OWNERSHIP, AND PRE-CONTRACT EXPENDITURES

- All procurement financed under the InSPIRE Challenge Fund must be conducted in a transparent, competitive, and value-for-money manner. Recipients shall maintain adequate procurement records and supporting documentation, which may be reviewed by InSPIRE or its designated representatives.
- Unless otherwise specified in the InSPIRE Challenge Fund contribution agreement, equipment and assets procured through the project shall remain in the property of the recipient upon completion of the project. Such assets must be used for the intended project purposes and remain available for monitoring, verification, and audit activities during the implementation period.
- Costs incurred by applicants prior to the signing of contribution agreements are generally NOT eligible for Challenge Fund support unless explicitly approved in writing by InSPIRE. Applicants should therefore not assume reimbursement of expenditures or make procurement commitments on the expectation of receiving Challenge Fund support before contribution agreements have been executed.

COMPLIANCE, INTEGRITY AND RECOVERY OF FUNDS

- Applicants and recipients must maintain the highest standards of integrity, transparency, and accountability throughout the application and project implementation process.
- Any form of fraud, corruption, collusion, coercion, falsification of documents, misrepresentation of information, misuse of funds, or diversion of project assets is strictly prohibited and may result in disqualification, suspension, termination of support, or other appropriate actions.
- Applicants and recipients must disclose any actual, potential, or perceived conflict of interest that could influence, or appear to influence, the fair implementation of the project or the use of Challenge Fund support.
- Swisscontact reserves the right to investigate allegations of fraud, misuse of funds, conflict of interest, or non-compliance with the Terms of Reference, contribution agreement, or applicable laws and regulations.
- Any expenditure found to be ineligible, unsupported, fraudulent, or incurred in violation of the contribution agreement may be declared ineligible for financing and may be subject to recovery by Swisscontact.
- Swisscontact reserves the right to suspend disbursements, terminate the contribution agreement, and recover all or part of the Challenge Fund support where fraud, misuse of funds, material breach of agreement, or other serious non-compliance is identified.

APPLICATION PROCEDURE AND DEADLINES

Interested bidders should submit EOIs with forwarding letters for the InSPIRE Challenge Fund Support in the prescribed format [Annex 1] to bgd.inspire@swisscontact.org no later than **September 10, 2026**. The subject line should be: **“EOI for the InSPIRE Challenge Fund Support”**.

The application package will include the documents categorized as follows:

a) Mandatory Documents (Must be submitted with the EOI)**:**

- Company's legal registration documents (Certificate of Incorporation, Updated Trade License, BIN, TIN, and latest Proof of Submission of Return (PSR)).
- Proof of operational status (e.g., recent utility bill and bank solvency certificate).
- Letters of support from the partners (applicable for a consortium only).

b) Additional Supporting Documents (not mandatory but will add value to the EOI)**:**

- Recent energy audit report of the applicant's facilities.
- Energy transition roadmap or sustainability plan of the company.
- Certifications or documents demonstrating socially responsible production practices (e.g., SA8000, Fair Trade certification, environmental certifications).
- Proof (e.g., reports) of any previous projects implemented on renewable energy or energy efficiency.

FAQ CLARIFICATION SESSION

Applicants are requested to notify their interest in applying and submit any procedural queries via https://shorturl.at/VPsME by **August 20, 2026**. InSPIRE will host a virtual FAQ session on **August 23, 2026**; the meeting schedule and link will be shared only with interested parties.

ATTACHMENTS:

- Annex 1: EOI submission form (Annex 1)
- Annex 2: Frequently Asked Questions (FAQs)

** Only shortlisted applicants shall be contacted for the next procedure.*
** No late submission will be accepted.*
** Swisscontact reserves the right to reject any proposal that does not meet the required criteria or lacks sufficient documentation.*