Terms of reference (ToRs) for the procurement of services above the EU threshold

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

CONFIDENTIAL

Project title: **Induz - Deep Decarbonisation Innovation for Steel and Cement Industries**	**Processing number/cost centre:** **G-012631-001**
Country: **Brazil**	**Internal order:** **12631990000**
Subject of the tender procedure: **Technical assistance for Steel and Cement Decarbonisation Investment Readiness in Brazil**	**Tender number:** **10046955**

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0. List of abbreviations

AACE	Association for the Advancement of Cost Engineering (cost estimation standards)
BFD	Block Flow Diagram (process engineering)
BNDES	Brazilian National Development Bank (Brazilian public bank)
CBAM	Carbon Border Adjustment Mechanism (EU carbon pricing mechanism)
CCUS	Carbon Capture, Utilization, and Storage (decarbonisation technology)
CIF	Climate Investment Funds (international climate finance)
DC	Development Cooperation (international aid)
DCF	Discounted Cash Flow (financial modelling)
DDM	Dividend Discount Model (financial valuation)
DFI	Development Finance Institution (financial institution)
DRI	Direct Reduced Iron (steel production technology)
E&S	Environmental and Social (risk assessment)
EIB	European Investment Bank (EU financial institution)
EMBRAPII	Empresa Brasileira de Pesquisa e Inovação Industrial (Brazilian Research and Innovation Company)
ENDI	National Industrial Decarbonisation Strategy (Brazilian policy)
EPC	Engineering, Procurement, and Construction (project delivery model)
EPCM	Engineering, Procurement, and Construction Management (project delivery model)
EP4	Equator Principles 4 (financial risk management framework)
ESMP	Environmental and Social Management Plan (compliance document)
FCFE	Free Cash Flow to Equity (financial metric)
FCFF	Free Cash Flow to the Firm (financial metric)
FID	Final Investment Decision (project approval)
FINEP	Financier of Studies and Projects (Brazilian innovation funding agency)
GCCA	Global Cement and Concrete Association (industry organization)

GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German development agency)
GHG	Greenhouse Gas (emissions)
GTC	General Terms and Conditions of Contract for supplying services and work on behalf of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
H_2-DRI	Hydrogen-Based Direct Reduced Iron (steel production technology)
HAZID	Hazard Identification Study (risk assessment)
HBI	Hot Briquetted Iron (steel intermediate product)
IFC	International Finance Corporation (World Bank Group)
KfW	Kreditanstalt für Wiederaufbau (German development bank)
KOMP	Cost per output monitoring and forecast
LC3	Limestone Calcined Clay Cement (low-carbon cement technology)
LCOX	Levelized Cost of X (economic metric for industrial products)
LEED	Leadership in Energy and Environmental Design (green building certification)
LLCR	Loan Life Coverage Ratio (financial metric)
MCTI	Brazilian Ministry of Science, Technology, and Innovation
MDIC	Brazilian Ministry of Development, Industry, Trade, and Services
NIB	Nova Indústria Brasil (Brazilian industrial policy)
NPV	Net Present Value (financial metric)
OEM	Original Equipment Manufacturer
P&ID	Piping and Instrumentation Diagram
PASA	BNDES Socio-Environmental Policy
PFD	Process Flow Diagram (engineering document)
PPE	Personal Protective Equipment (safety gear)
RDF	Refuse-Derived Fuel (waste-based fuel)
RFI	Request for Information (procurement document)

RFP	Request for Proposal (procurement document)
SBCE	Sistema Brasileiro de Comércio de Emissões (Brazilian Emissions Trading System)
SCM	Supplementary Cementitious Material (cement alternative)
SEEG	Greenhouse Gas Emissions and Removals Estimation System (Brazilian emissions tracking system)
SENAI	Serviço Nacional de Aprendizagem Industrial (National Service for Industrial Training)
SPV	Special Purpose Vehicle (legal entity for projects)
ToRs	Terms of reference
TRL	Technology Readiness Level (maturity scale)
WACC	Weighted Average Cost of Capital (financial metric)

1. Context

The Greenhouse Gas Emissions and Removals Estimation System (SEEG) in Brazil reported that emissions associated with the country's industrial activity— including emissions from energy consumption and industrial processes — totalled approximately 511 million tonnes of CO_2 equivalent in 2023. In line with its international commitments, Brazil has updated its Nationally Determined Contribution (NDC), committing to reduce its emissions by 48% by 2025 and 53% by 2030, with the goal of achieving climate neutrality by 2050. In this context, the country is well positioned to assume a leading role in the global green transformation of industry, given its high renewable energy potential, availability of natural resources, and diversified industrial base. To advance this agenda, the Brazilian government has adopted important measures, including the approval in 2024 of the legislation establishing the Brazilian Emissions Trading System (SBCE) for carbon pricing. In parallel, the industrial policy Nova Indústria Brasil (NIB) has set a target of reducing industrial carbon emissions per product by 30% by 2033. The Ministry of Development, Industry, Trade and Services (MDIC) has also published the National Industrial Decarbonisation Strategy (ENDI), aimed at guiding the transition of Brazilian industry towards a low-carbon economy through technological innovation, energy efficiency and the expanded use of clean energy. At the international level, the European Union's Carbon Border Adjustment Mechanism (CBAM) is also of particular relevance, as it seeks to level the playing field in relation to carbon pricing and is likely to affect industrial sectors exporting to the European Union.

In 2022, the steel, metals and cement industries accounted for 75% of Brazil's industrial GHG emissions, due to the consumption of fossil fuels (mainly coal) and process emissions. Brazil is the world's 9th largest steel producer, heavily reliant on emissions-intensive blast furnace technology, and currently shows domestic underutilisation of capacity. The metallurgical sector is currently responsible for 52.1% of industrial GHG emissions in Brazil. Yet the decarbonisation potential is significant: Brazil possesses some of the world's largest high-grade iron ore reserves, ranks among the most competitive countries for green hydrogen production, and has abundant biomass resources, including agricultural residues - key prerequisites for producing carbon-free (intermediate) steel products. At the same time, it is estimated that only 1.5% of end-of-life vehicles are recycled, and many decommissioned ships are left abandoned, underscoring an untapped opportunity to expand steel recycling. The cement industry is responsible for 23% of Brazil's industrial GHG emissions. It produces 63.5 million tonnes of cement each year for domestic use, and the sector is expected to keep expanding. Brazil possesses substantial reserves of natural pozzolans and has broad availability of limestone and kaolinitic clays, which are well suited for the production of supplementary cementitious materials (SCMs). Furthermore, 88.2% of the national electricity supply is generated from renewable energy sources, creating favourable conditions for the electrification of industrial processes (2024). The Brazilian steel and cement industries already operate with a CO_2 emission intensity slightly below the global average, driven by the use of biomass charcoal as a partial substitute for coal in steelmaking and the reduction of clinker content through alternative materials in cement production. Although companies in both sectors are dedicated to advancing decarbonisation, large-scale transformation investments face three major supply-side challenges: 1) lack of sufficient public policy support, 2) limited access to technology and innovation, and 3) inadequate financing conditions for ambitious decarbonisation projects. On the demand side, a significant obstacle is that, despite Brazil´s access to green lead markets like Germany, its current steel production does not meet the low-carbon standards required by international buyers, preventing them from paying green premiums. For low-carbon cement, there is only a small but growing domestic niche market, mainly in LEED (Leadership in Energy and Environmental Design) and other sustainability-

certified construction. Decarbonisation investments are characterised by high technical complexity and substantial CAPEX and OPEX requirements and are therefore unlikely to materialise unless these barriers are effectively addressed. The project can contribute to overcome these barriers and advance the decarbonisation of Brazil's steel and cement sectors. While gender and diversity considerations currently receive limited attention in these sectors, key stakeholders have expressed commitment to integrating them in the decarbonisation agenda.

The Deep Decarbonisation Innovation for Steel and Cement Industries in Brazil ("Induz") project aims to create the enabling conditions for Brazil's steel and cement industries to invest in decarbonisation solutions. It will support the government in driving industrial transformation by strengthening its capacity to develop public policies, foster breakthrough technology development, and build the technical expertise companies need to implement low-carbon production methods. It will prove the viability of decarbonisation demonstration plants and unlock significant public and private investments by structuring targeted financial instruments and activating demand for green steel and cement among key offtakers. The project will also promote green lead market development in both sectors and embed diversity and gender equality across all decarbonisation activities. The project is implemented by GIZ in close cooperation with a consortium of strategic partners, including the United Nations Industrial Development Organization (UNIDO), National Service for Industrial Training (SENAI), Fraunhofer institute, Brazilian Research and Innovation Company (EMBRAPII) and its network of local applied research and innovation institutes.

UNIDO primarily contributes to public policy capacity development, scale-up finance mobilization, and gender and diversity mainstreaming. SENAI supports the establishment of a Competence Development Centre for Industrial Decarbonisation in the steel and cement sectors and leads the development of technology roadmaps for industrial facilities. Additionally, SENAI will implement 25 decarbonisation roadmaps and pre-feasibility studies to assess the technical and economic viability of decarbonisation technologies, each with a minimum GHG mitigation potential of 960,000 tCO_2e over the lifetime of the proposed technologies. These studies will be conducted at 25 steel and cement production sites and will include Block Flow Diagrams (BFD), mass/energy balances (Level 0/1), and Class 5 CAPEX estimates (±50%) as deliverables. Fraunhofer provides specialized technical expertise to strengthen the Competence Development Centre and supports SENAI from a methodological perspective in developing technology roadmaps, among other activities.

EMBRAPII and its local network of local applied research and innovation institutes (so called EMBRAPII units) lead the innovation and technology component by mobilizing and channelling funding for feasibility studies and R&D projects that prepare decarbonisation demonstration plants. As part of this initiative, EMBRAPII units will deliver 15 pre-FEED (Preliminary Front End Engineering and Design) studies for steel and cement production units based on a public call, aligning with industry demand for decarbonisation technologies. These efforts will support both greenfield and brownfield projects. GIZ, in collaboration with EMBRAPII's headquarters, will jointly select 15 projects for the pre-FEED studies and the respective production units through a competitive process, prioritizing technologies with higher GHG mitigation potential. Project applications of the EMBRAPII presented in partnership with steel or cement production units may result from SENAI's previous work on technology decarbonisation roadmaps or from applications motivated by steel and cement companies' own studies on specific decarbonisation solutions. The subsidy funding per project and respective pre-FEED study will range between € 1 million and € 2.5 million, with 50% co-funded by EMBRAPII and 50% by

GIZ. These funds will be deployed by EMBRAPII units, primarily as work hours provided to steel and cement production units, though up to 30% of the funds (up to € 750,000 per project) may be used to procure specialized technical tasks of engineering companies or technology suppliers, if necessary. Considering EMBRAPII's mandate and institutional mission, the pre-FEED studies must focus on overcoming technological risks and/or adapting decarbonisation technologies to Brazilian operational conditions (a process referred to as "tropicalization"). These studies will target technologies at Technology Readiness Levels (TRL) between 6 and 8, ensuring they are sufficiently mature for pilot-scale demonstration.

EMBRAPII is a public enterprise linked to the Brazilian Federal Government through the Ministry of Science, Technology, and Innovation (MCTI). It operates by providing non-refundable grants to support public and private partnerships in research projects, driving industrial innovation and technological advancement. The EMBRAPII network comprises innovation institutes affiliated with SENAI (a major industrial training and innovation organization under the National Industry Federation), subnational government-linked research institutes such as IPT (Institute for Technological Research of the State of São Paulo), and public universities, including UFRJ (Federal University of Rio de Janeiro) and UFMG (Federal University of Minas Gerais). These EMBRAPII units undergo a maturity process to ensure they meet industry standards and can effectively support pilot projects and technology scaling. They operate in close collaboration with industrial partners to co-develop solutions, test prototypes, and adapt technologies to local conditions, ensuring that research and innovation are directly aligned with the operational realities of Brazil's industrial sectors. EMBRAPII units have experience in research and development related to decarbonisation technologies, such as thermal efficiency improvements, biomass applications, low-carbon materials, production of hydrogen and alternative fuels. While EMBRAPII excels in technical and research-oriented studies, its focus lies in early-stage innovation, applied research, and piloting technologies, rather than detailed economic-financial assessments or large-scale, commercial engineering services. In this context, the consultancy to be hired by GIZ will play a key role in addressing gaps in EMBRAPII's pre-FEED studies by providing detailed economic and financial assessments needed to make the projects bankable and aligned with the standards required by national and international investors.

On the financing side, the Brazilian National Development Bank (BNDES) and Financier of Studies and Projects (FINEP) play a central role in the program by designing and implementing financial instruments to mobilize private and public capital for decarbonisation projects, including preferential credit lines, blended finance mechanisms, and guarantees, while also coordinating with international partners to align financing solutions with Brazil's industrial and climate goals. GIZ is also actively engaged with international financial institutions, including the European Investment Bank (EIB), KfW Development Bank, Inter-American Development Bank (IDB), and International Finance Corporation (IFC), all of which have expressed strong interest in financing industrial decarbonisation projects in Brazil. These institutions bring complementary expertise and resources, enabling the structuring of innovative financing models that reduce risks for private investors and accelerate the deployment of low-carbon technologies. Additionally, the Climate Investment Funds (CIF) Industrial Decarbonisation Program, recently approved for Brazil, is being coordinated with BNDES to provide concessional financing and technical assistance for transformative industrial projects. This program will catalyze additional public and private investments, ensuring that demonstration plants and scale-up initiatives receive the necessary financial and technical support to achieve commercial viability.

The consultancy's role is therefore to strengthen the investment readiness of decarbonisation projects, ensuring they meet the standards required by BNDES, FINEP, and international investors. This collaborative approach will unlock the financing needed to advance Brazil's industrial decarbonisation agenda and strengthen local industries' ability to pilot and scale up low-carbon steel and cement production methods.

2. Tasks to be performed by the contractor

2.1. Term

The expected term of the contract for services must be specified in the 'Special terms and conditions of contract'. The definitive term and service delivery period are set out in the contract award notification.

2.2. Objectives, indicators, work packages, milestones

The contractor is responsible for achieving the objectives and indicators described in this document.

The assignment has two complementary objectives:

1. **Investment readiness screening:** Assess up to 10 decarbonisation demonstration projects in the Brazilian steel and cement sectors to identify technical, financial, E&S and market-readiness gaps and define the actions required to progress towards financing.
2. **In-depth investment preparation:** Provide integrated technical, financial and E&S advisory support to up to 4 high-priority projects selected by GIZ, with the objective of strengthening their readiness for FEED contracting, financing and, where feasible, Final Investment Decision (FID) and financial close.

GIZ will select the high-priority projects based on predefined criteria, including project maturity, technical and financial feasibility, commitment of the investors and offtakers, potential for GHG emissions reductions. The contractor may provide recommendations to GIZ regarding project prioritisation but shall not be responsible for the final selection.

For the purposes of this assignment, investment readiness refers to the degree to which a project has sufficient technical definition, cost and schedule certainty, commercial structure, E&S risk management, market/offtake arrangements and financing structure to enable engagement with potential lenders/investors and progression towards FEED contracting, FID and/or financial close.

To achieve this, the contractor shall:

1) Provide high-level technical and financial screening to up to 10 decarbonisation investment demonstration projects presented by steel and cement companies. This

support shall focus on high-level reviews, gap identification, and standardized feedback to improve project readiness for financing.

2) Deliver in-depth technical and financial advisory services to up to 4 high-priority projects selected by GIZ in consultation with the contractor. These projects shall receive comprehensive support to ensure bankability, alignment with FEED contracting standards, and compliance with financing requirements from DFIs (e.g., BNDES, FINEP, IFC, EIB).

The specific objectives are as follows:

A. Technical Feasibility and FEED Readiness:

- Conduct rapid gap analyses for up to 10 projects to identify critical gaps in pre-FEED documentation, technical feasibility, and financing alignment.
- Perform detailed gap analyses and work plan alignment for up to 4 high-priority projects, focusing on FEED-critical and financing-critical gaps.
- Develop or further specify relevant products to close the identified gaps in up to 4 high-priority projects, such as Design Basis Memoranda (DBM), CAPEX estimates, HAZID studies, RFI/RFP documentation, among others, leveraging existing work by EMBRAPII and other partners.

B. Economic-Financial Assessments

- For up to 10 projects, provide high-level feedback on financial assumptions, funding structures, and alignment with requirements of national and international development finance institutions (DFIs) and/or private capital providers.
- For up to 4 high-priority projects, develop comprehensive financial models (DCF, WACC, LCOX), CBAM/SBCE impact assessments, green premium analyses, and simplified sensitivity/scenario analyses to strengthen bankability and finance readiness.

C. Environmental and Social Standards:

- For up to 10 projects, review project documentation against IFC Performance Standards, BNDES Socio-Environmental Policy (PASA), Equator Principles, Brazilian and EU Taxonomy requirements, among other criteria in this area.
- For up to 4 high-priority projects, develop E&S Action Plans to address gaps and ensure compliance with requirements of DFIs and private capital providers.

These objectives are designed to ensure that all 10 projects achieve investments readiness, while the up to 4 high-priority projects meet the standards required for FEED contracting and FID. Based on the results of the assessment of the 10 projects, as well as the interest of the steel and cement companies in advancing towards implementation and the assessment of DFIs and private investors, GIZ will select the 4 high-priority projects.

Each support request for the projects will be formally submitted by GIZ to the contractor on a project-by-project basis (not necessarily en bloc). This applies to:

- The 10 projects under High-Level Technical and Financial Screening (2.2).
- The 4 high-priority projects under:
  - Work Plan Development for In-Depth Technical and Financial Advisory (2.3)
  - Consolidation of Feasibility Study Documentation (2.4)
  - Financing Support for Decarbonisation Projects (2.5)

The contractor contributes to achieving the following objectives and indicators described in this document.

Output III: Decarbonisation Finance & Demand

Financial instruments and demand for decarbonised products are enhanced

Output indicators:

Indicator III.2: 10 of decarbonisation investment demonstration projects with business plans presented by steel and cement companies to financial institutions;

Standard indicator (SI 4) - Leveraged Finance:

48.84 million euros in catalysed private and/or public finance leveraged for climate action;

Milestone III.5: Financial closure of first investment in a demonstration plant (03/2029).

The contractor is responsible for providing the following work packages and for achieving the corresponding milestones:

Work-Package 1: Inception

The contractor will have an inception meeting (online) with the client following the contract signature. The purpose of the meeting is to clarify the assignment in terms of expected outcomes, methodology and deliverables, to discuss and clarify roles and responsibilities as well as to establish clear communication lines. In advance of the meeting, the contractor will receive further background information on Induz and relevant material for the assignment.

The contractor will assess the above-mentioned documents and compile an inception report (approximately 20 pages), including the following:

- Outcomes of the inception meeting (meeting minutes);
- Updated work plan (Gantt chart) with milestones, workflow and exact procedures, methodology and expected interactions with the GIZ team and Induz's partner organizations;
- Any clarifications, changes or additions following the inception meeting in terms of deliverables, communication, roles and responsibilities, etc.
- The contractor will present the updated work plan during the inception meeting. Participants from the side of the contractor will include at least the team leader and key experts.
- The inception report shall include a proposed methodology for the two-tiered approach.
- Upon GIZ's approval of the inception report, the client will establish contact between the contractor and the relevant stakeholders and the contractor commences implementation of the tasks specified below.

<u>Expert Days: 10 days</u>

  - Location: Desk-based

Milestones for work package 1	Delivery period
Inception meeting held.	Two weeks after the start of the contract.
Approval of inception report, including updated work plan and agreement on approach, methodology, roles and responsibilities, among other aspects.	Four weeks after the start of the contract.

Work-Package 2: High-Level Technical and Financial Screening

Objective:

Provide high-level, actionable advisory support to up to 10 projects to improve their readiness for financing by identifying critical gaps, offering initial modelling exercises, and delivering expert recommendations tailored to the Brazilian steel and cement sectors. The analyses should be based on the criteria set by existing financing instruments of DFIs and potential private capital market financing options.

Scope of Work:

1. The contractor needs to screen first the financing options and requirements of potential financing entities with whom GIZ is in contact (i.e. national and international DFIs as well as private investors).[1]
2. Desk Review of Business Plans and Pre-FEED Documentation:
    - Review submitted business plans, pre-FEED studies, and technical documentation (e.g., PFDs, P&IDs, mass/energy balances, CAPEX estimates) for completeness, coherence, and alignment with:
        - FEED contracting standards (e.g., AACE Class 3/4).
        - Requirements of DFIs (e.g., BNDES, IFC, Equator Principles) and private capital providers.
        - International best practices for decarbonisation in steel and cement (e.g., hydrogen-based DRI, CCUS, alternative fuels, electrification, alternative low carbon cement).
3. Identify Critical Gaps in:
    - Technical feasibility (e.g., missing PFDs, inadequate HAZID, unclear process integration).
    - Financial viability (e.g., incomplete CAPEX/OPEX estimates, misalignment with financing requirements).

[1] Brazil's Industry Decarbonisation Program Investment Plan, approved under the Climate Investment Fund (CIF), is available here: https://www.cif.org/news/o-cif-destina-us-500-milhoes-para-acelerar-descarbonizacao-da-industria-no-brasil-e-no-mexico. The plan also covers steel and cement decarbonisation.

- E&S risk management (e.g., misalignment with IFC Performance Standards, BNDES PASA, or EU Taxonomy).
- Market readiness (e.g., lack of interested offtakers or missing green premium analysis and CBAM/SBCE impact assessment).

4. Initial Modelling:
   - LCOX Estimates: Compare low-carbon routes (e.g., green steel via H_2-DRI, low-carbon cement via SCMs or low carbon Portland cement alternatives) against:
     - The conventional production route (e.g., blast furnace for steel, rotary kiln for cement).
     - International benchmarks for similar projects.
     - Highlight key cost drivers (e.g., energy prices, carbon costs, feedstock availability) and thresholds for competitiveness (e.g., green premium required to break even).
   - CBAM/SBCE Assessment:
     - Calculate embedded emissions for conventional vs. low-carbon routes.
     - Estimate CBAM liability (for EU exports) and SBCE costs (for domestic sales) under base-case carbon price scenarios.
     - Quantify potential cost savings from decarbonisation (e.g., avoided CBAM/SBCE costs).
   - Preliminary Financial Screening:
     - Estimate indicative NPV, IRR and, where relevant, break-even product price or green premium requirements under an agreed base-case scenario.
     - Apply a consistent set of screening assumptions across projects, including assumptions for discount rate/WACC, project lifetime, inflation, exchange rates, energy prices and carbon prices. Project-specific assumptions shall be used where justified and clearly documented.
     - Assess sensitivity to key project variables, including CAPEX, energy/feedstock prices, carbon prices, production volumes/capacity factor and green premiums, as relevant to each project.
     - Identify the principal financial value drivers and key risks affecting project viability.
     - Classify projects according to their indicative financial readiness and identify those with strong potential for further development and those requiring significant improvements or additional information.
5. Expert Recommendations for Gap Closure:
   - Provide a 1–2 page "Gap Closure Roadmap" per project, including:
     - Prioritized list of critical gaps (ranked by impact on bankability).
     - Actionable recommendations (technical, financial, E&S, market, commercial, including offtaker engagement strategies).
     - Estimated effort and resources required to close gaps.
     - Leverage opportunities (e.g., EMBRAPII synergies, MDB instruments, OEM collaborations).
6. Group Workshops for Knowledge Sharing:
   - Organize 2 virtual workshops (1 for steel, 1 for cement) to:
     - Present common gaps and recommendations across projects.
     - Share lessons learned from initial modelling exercises.
     - Provide Q&A sessions with international experts on critical topics (e.g., RFI structuring, CBAM compliance strategies).

Expert Days: 190 days

- Desk reviews and gap identification: 30 days (3 days/project × 10 projects)
- Initial modelling exercises: 100 days (10 days/project × 10 projects)
- Gap Closure Roadmaps: 30 days (3 days/project × 10 projects)
- Workshop preparation and delivery: 30 days (15 days/workshop × 2 workshops)
    - Location: Desk-based

Milestones for work package 2	**Delivery period**
Approval of desk review reports for all 10 projects.	5 months after the start of the contract.
Approval of initial LCOX, CBAM/SBCE, and DCF modelling results for all 10 projects.	6 months after the start of the contract.
Approval of gap closure roadmaps for all 10 projects.	7 months after the start of the contract.
Delivery of virtual workshops to present gaps, lessons learned, and next steps.	8 months after the start of the contract.

Work-Package 3: Work Plan Development for In-Depth Technical and Financial Advisory

Objective:

Develop a detailed work plan for up to 4 high-priority projects to ensure they are bankable and ready for FEED contracting and financing.

Scope of Work:

- Critically assess existing technical feasibility documentation provided by EMBRAPII and industrial companies.
- Identify FEED-critical and financing-critical gaps relative to:
    - FEED contracting standards (e.g., AACE Class 3/4).
    - DFI requirements (e.g., BNDES, IFC, Equator Principles).
- Develop a detailed work plan for each project, including:
    - Prioritized list of actions required to close gaps.
    - Realistic timelines for each deliverable.
    - Clear responsibilities of the contractor, industrial companies, EMBRAPII, and other stakeholders.

Expert Days: 80 days

- Review and gap analysis: 40 days (10 days/project × 4 projects)
- Work plan development: 40 days (10 days/project × 4 projects)
    - Location: Desk-based and on-site at industrial facilities, including:
        - up to 4 technical visits;
        - up to 2 experts each visit;
            - Total: up to 8 expert missions.

Milestones for work package 3	Delivery period
Approval of detailed work plans for four high-priority decarbonisation projects.	9 months after the start of the contract.

Work-Package 4: Consolidation of Feasibility Study Documentation

Objective:

Support up to 4 high-priority projects in reviewing, consolidating, and improving existing pre-FEED and related technical documentation to deliver complete technical and commercial packages suitable for FEED contracting and financing applications.

Scope of Work:

The contractor shall not elaborate all documents from scratch but instead:

- Review and validate EMBRAPII's work on feasibility studies.
- Close critical gaps in terms of FEED contracting readiness and financing alignment that require international expertise (e.g., novel decarbonisation technology integration).
- Facilitate decision-making for industrial companies by addressing high-complexity issues, including offtaker negotiations and risk allocation.
- Collaborate with EMBRAPII's institutes for additional technical analysis (e.g., process simulations, local data collection, etc).

Based on the gap analysis and work plan approved by GIZ, the contractor will refine or support the elaboration of at least 3 and up to 5 studies per project (out of the list below) for the 4 high-priority projects to meet FEED contracting standards (e.g., AACE Class 3/4). The contractor's role may include refining existing studies or providing targeted support, depending on the capabilities of the project proponents and other partners involved (e.g., EMBRAPII entities).

List of Studies and Required Content:

1. Process Flow Diagrams (PFDs):
    - Main process streams, operating conditions (temperature, pressure, flow rate), and associated mass and energy balances.
2. Piping and Instrumentation Diagrams (P&IDs):
    - Major process equipment, control valves, field instruments, and process interfaces.
3. Energy and Mass Balance:
    - Detailed calculation memorandum for all process streams, including heat sources, utility requirements, losses, and expected efficiencies.
4. Technical Specifications of Main Equipment:
    - Conceptual datasheets for main process equipment, including design parameters, operating ranges, and interface requirements.
5. Instrumentation List:
    - Measured variable, operating range, instrument type, and process criticality for each required process instrument.
6. Preliminary Plant Layout:

- Positioning of main equipment, operating and maintenance areas, access routes, interfaces with existing plant infrastructure, and site constraints.

7. Definition of Tie-ins:
   - Interconnection points between the new installation and existing infrastructure (process, utilities, electrical, civil), including operating conditions and isolation requirements.
8. Hazard Identification Study (HAZID):
   - Preliminary structured hazard identification findings recorded in a standardized worksheet covering nodes, deviations, causes, consequences, and existing conceptual safeguards.
9. Long-Lead Items List:
   - Equipment and materials with the greatest impact on project schedule, including estimated procurement lead times and recommended early procurement strategy.
10. Design Basis Memorandum (DBM):
    - Project scope, site location and boundary conditions, applicable technical standards and codes, process performance requirements, operational philosophy, utility and infrastructure requirements, health, safety and environment (HSE) criteria, and cost estimation assumptions.
11. Requests for Information (RFIs) and Requests for Proposal (RFPs):
    - Technical and commercial inquiry documents for qualified OEMs, including a list of qualified vendors, market consultation process management, and consolidation of responses into an evaluation matrix.
12. Technical Evaluation of OEM Proposals:
    - Analysis of compliance with technical specifications, guaranteed performance, scope of supply, interface requirements, delivery schedules, and warranty provisions, including a reasoned recommendation for selection.
13. Preliminary EPC Strategy:
    - Analysis of applicable contracting modalities (EPC, EPCM, separate contracts), preliminary scope allocation, identification of key contractual risks and mitigation strategies, and elaboration of a bid evaluation framework for the EPC phase.
14. Detailed Execution Schedule (Class 3 Gantt Chart):
    - Contractual and regulatory milestones, critical path activities, interdependencies between work packages, shutdown windows or integration constraints with existing operations, and key resources.
15. Testing and Commissioning Strategy:
    - Commissioning phases (mechanical pre-commissioning, cold commissioning, hot commissioning, and performance test run), acceptance criteria per phase and per system, commissioning team organization and responsibilities, operator training requirements, list of required commissioning procedures, and interface with the overall execution schedule.
16. CAPEX Class 3 Estimate:
    - Capital expenditure estimate with a precision of –10% to +25% (AACE Class 3), including detailed calculation memorandum by control account, clearly identified assumptions and exclusions, contingency analysis, and a preliminary capital expenditure S-curve.
17. Offtaker Engagement Strategy:
    - Identification of potential offtakers (e.g., industrial consumers, traders, or public sector buyers).

- Assessment of offtaker creditworthiness and willingness to commit to long-term agreements.
- Development of term sheets or frameworks for offtake contracts, including pricing mechanisms, volume commitments, and risk-sharing clauses.
- Alignment of offtaker terms with project financing requirements (e.g., bankability of contracts).

18. Other Documents:
    - Any additional documents identified as necessary to enable FEED contracting, as determined through the gap analysis.

Expert Days: 500 days

- Review and validation of EMBRAPII's work: 80 days (20 days/project × 4 projects)
- Consolidation and improvement of documents: 420 days (105 days/project × 4 projects)
    - Location: Desk-based and on-site at industrial facilities, including:
        - up to 12 technical visits;
        - up to 2 experts each;
            - Total: up to 24 expert missions.

Milestones for work package 4	**Delivery period**
Approval of DBM, RFI/RFP, EPC strategy, execution schedule, and CAPEX Class 3 estimates for Projects 1 & 2.	20 months after the start of the contract.
Approval of DBM, RFI/RFP, EPC strategy, execution schedule, and CAPEX Class 3 estimate for Projects 3 & 4.	28 months after the start of the contract.

Work-Package 5: Financing Support for Decarbonisation Projects

Objective:

Provide financing advisory services for up to 4 high-priority projects to ensure alignment with DFI standards and bankability, including the integration of green premiums negotiated with offtakers and GHG mitigations in DCF models for CBAM and/or SBCE compliance.

Scope of Work:

Work-Package 5.1: Technical-Operational Risk Assessment

- Conduct a structured assessment of the principal technical and operational risks inherent in each proposed decarbonisation technology pathway (e.g., H_2-DRI, CCUS, alternative fuels/raw materials, electrification, alternative low carbon cement).
- Identify and categorize risks, including:
    - Technology maturity and scale-up risks (TRL level, supplier concentration).
    - Feedstock availability and supply-chain reliability (e.g., green hydrogen supply, biomass, alternative fuels, electrification, alternative low carbon cement).

  - Integration complexity with existing plant infrastructure.
  - Permitting, licensing, and grid-connection timelines.
  - Operational availability, ramp-up periods, and performance guarantee gaps.
  - CAPEX overrun probability based on analogous projects.
- For each identified risk, provide:
  - A qualitative rating (High/Medium/Low).
  - A quantitative estimate of potential impact on:
    - CAPEX (range and probability of overrun).
    - OPEX (additional operating cost exposure).
    - Capacity factor/plant availability (downside scenarios).
    - Project timeline (delay probability and commercial operation date risk).
- Prepare a structured risk register that explicitly links each technical risk to the financial model parameters used in the Economic-Financial Modelling Support.
- Recommend risk mitigation measures (contractual, technical, financial) to be reflected in the project structure.
- The contractor must explore synergies between technical-operational risk assessment and feasibility study work under the previous work package within the team of consultants. This includes sharing insights, data, and methodologies to avoid duplication of efforts and ensure consistent, integrated risk and feasibility analyses.

Work-Package 5.2 Economic-Financial Modelling Support

a) WACC Estimation and Capital Structure Simulations

- Estimate the Weighted Average Cost of Capital (WACC) for each project/company using:
  - Cost of equity (CAPM with Brazil risk premium, sector beta, country risk - EMBI+Brazil).
  - Cost of debt (benchmarked against BNDES TJLP/TLP rates, IPCA-linked instruments, and international concessional rates from DFIs).
  - Target debt/equity ratio, informed by comparable project finance transactions in the sector.
  - Applicable tax shield on debt (Brazilian corporate income tax - IRPJ/CSLL).
- Simulate alternative capital structure scenarios (e.g., 70/30, 60/40, 50/50 debt/equity) and quantify their impact on project viability indicators.
- For blended finance structures (e.g., concessional loans, green bonds, guarantees), model the effective blended WACC and its impact on viability.

b) Levelized Cost Analysis (LCOX)

- Calculate the Levelized Cost of the Low-Carbon Product (LCOX) for each proposed decarbonisation route (e.g., Levelized Cost of Green Steel, Levelized Cost of Low-Carbon Cement), defined as the minimum average selling price at which the project achieves an NPV of zero.
- Disaggregate LCOX into its principal cost components:
  - Annualised CAPEX (depreciation + return on capital).
  - Fixed OPEX (labour, maintenance, insurance).
  - Variable OPEX (energy, feedstock, water, consumables).
  - Carbon costs (SBCE allowance purchases, if applicable).
  - Other financial charges (debt service costs allocated to the product).
- Compare LCOX of the proposed low-carbon route against:
  - The LCOX of the current conventional production route (e.g., blast furnace for steel, rotary kiln for cement).

  - International benchmarks for similar projects.
- Perform LCOX sensitivity analysis to identify key cost drivers.

c) Discounted Cash Flow (DCF) Models

- Build integrated, dynamic DCF models in Excel (.XLSX), structured to generate:
  - FCFF (Free Cash Flow to the Firm/Project): Unlevered free cash flow measuring project-level returns before financing costs, used to calculate project NPV and IRR.
  - FCFE (Free Cash Flow to Equity): Levered free cash flow to equity holders, reflecting the actual cash available to shareholders after debt service, used to assess equity returns.
  - DDM (Dividend Discount Model): Where relevant (e.g., for SPVs with defined dividend policies), model expected dividend streams and assess equity value from an investor perspective.
  - Debt Service Coverage Ratio (DSCR) and Loan Life Coverage Ratio (LLCR) projections: Assess bankability from the lender's perspective.
- All models shall include:
  - A structured and auditable set of assumptions.
  - A dedicated input sheet for key variables (e.g., CAPEX, OPEX, carbon prices, green premiums).
  - Annual and quarterly projections covering the full project life cycle (construction + operation).
  - A summary dashboard with key indicators (NPV, IRR, DSCR, LLCR).
- The contractor shall develop financial models that incorporate offtaker revenue streams and contract structures to demonstrate project bankability.

The contractor shall process inputs provided by EMBRAPII and the industrial companies to accurately reflect their financial impact in the DCF models:

- Offtakers and green Premiums:
  - If the company has negotiated green premiums with offtakers, incorporate these as explicit revenue variables in the DCF models, differentiated by:
    - Market segment (domestic vs. export).
    - Product certification level (e.g., ResponsibleSteel, GCCA Low Carbon Cement, EPD-based claims).
    - Timeline (near-term 2025–2028 vs. medium-term 2029–2035).
  - If the company has not yet negotiated green premiums, the contractor shall:
    - Model the green premium threshold required to make the investment viable (i.e., achieve a positive NPV or target IRR).
    - Base this threshold on market benchmarks, project-specific cost structures, and financial viability criteria.
  - Provide recommendations for mitigating offtaker-related risks (e.g., default, volume fluctuations).

- GHG Mitigations (data Provided by EMBRAPII):
  - Use GHG emission intensity data (tCO_2e per ton of product) for the conventional and low-carbon production routes to model:
    - CBAM Compliance (for Exports to the EU):

        - Apply the EU CBAM calculation methodology (as per EU Regulation 2023/956) to estimate CBAM-liable embedded emissions and residual CBAM liability.
        - Integrate the net CBAM cost reduction (avoided cost) as a financial benefit in the DCF models.
    - SBCE Compliance (depending on the advancement of the national regulation):
        - Model the domestic carbon cost implications of the SBCE, including net allowance position and potential for generating and monetising carbon credits.
        - Quantify the net SBCE cost reduction (avoided cost) and integrate it as a financial benefit in the DCF models.
        - Assess the risk that the SBCE carbon price level may be insufficient to offset CBAM costs and quantify the residual exposure.

d) Sensitivity and Scenario Analysis

- Conduct one-way sensitivity analysis (tornado diagrams) to show the individual impact of each variable on NPV and IRR around the base case.
- Conduct two-way sensitivity analysis (heat maps) to show NPV and IRR across a grid of paired variable combinations (e.g., energy price × carbon price; green premium × capacity factor).
- Note: Advanced analyses like Monte Carlo simulations are optional and may be deferred if not critical for bankability.

Work-Package 5.3: E&S Risk Assessment

- Assess the environmental and social (E&S) risks and impacts associated with each proposed decarbonisation project.
- Map the applicable E&S standards and requirements for the project financing structure, including:
    - IFC Performance Standards (PS 1–8).
    - BNDES Socio-Environmental Policy (PASA) and sector-specific guidelines.
    - Equator Principles (EP4).
    - Brazilian and EU Taxonomy for Sustainable Finance (technical screening criteria for climate change mitigation in steel and cement sectors).
- Identify and assess the principal E&S risks and impacts across the project lifecycle (construction and operation), covering:
    - Environmental risks: Air quality, water use, waste and hazardous materials, biodiversity, climate risk.
    - Social risks: Local community impacts, indigenous peoples' rights (if applicable), labour rights, occupational health and safety, resettlement.
    - Governance risks: Supply chain due diligence, anti-corruption, data governance.
- Rate each risk according to its likelihood and potential magnitude.
- Identify gaps between the company's current management practices and the requirements of applicable requirements of DFIs and private capital providers.
- Develop a structured E&S Risk Mitigation Action Plan (aligned with the financing instrument / investor needs) specifying:
    - Corrective and improvement measures required prior to financial close.
    - Ongoing monitoring indicators and reporting mechanisms.

  - Responsible parties and implementation timelines.
  - Estimated costs of E&S measures (to be incorporated in project OPEX/CAPEX).
- Provide practical recommendations on how the company can position the project to meet the E&S pre-conditions of targeted lenders.

The company being supported is expected to take the lead on the following tasks, with the contractor providing assistance only if needed and if expert days are still available:

- Identify potential financing sources and instruments.
- Assess indicative debt/equity/blended-finance structures.
- Identify eligibility requirements and financing conditions.
- Identify likely financing gaps.
- Develop a financing strategy and lender/investor engagement plan.
- Prepare an indicative financing structure/sources-and-uses table.
- Support preparation of lender-facing materials, where requested.

The contractor may assist the company in any of the above tasks if expert days are available and upon request, ensuring alignment with DFI standards and project bankability.

Expert Days: 620 days

- Technical-Operational Risk Assessment: 40 days (10 days/project × 4 projects)
- Economic-Financial Modelling Support: 320 days (80 days/project × 4 projects)
- E&S Risk Assessment: 60 days (15 days/project × 4 projects)
- Sensitivity and Scenario Analysis: 200 days (50 days/project × 4 projects)
  - Location: Desk-based and on-site at industrial facilities, including:
    - up to 4 technical visits;
    - up to 2 experts each visit;
      - Total: up to 8 expert missions.

Milestones for work package 5	**Delivery period**
Approval of risk assessments for high-priority Projects 1 & 2.	21 months after the start of the contract.
Approval of WACC, LCOX, DCF models, and green premium/GHG integration, sensitivity analysis and written interpretation for Projects 1 & 2.	26 months after the start of the contract.
Approval of E&S gap analysis and action plans for Projects 1 & 2.	29 months after the start of the contract.
Approval of risk assessments for high-priority Projects 3 & 4.	25 months after the start of the contract.

Approval of WACC, LCOX, DCF models, and green premium/GHG integration, sensitivity analysis and written interpretation for Projects 3 & 4.	30 months after the start of the contract.
Approval of E&S gap analysis and action plans for Projects 3 & 4.	32 months after the start of the contract.

2.3. Project and knowledge management requirements

Requirements on the assignment of experts:

- The contractor is responsible for selecting, preparing, training and steering the experts assigned to carry out the advisory services.

Requirements on materials and equipment and operating costs:

- The contractor makes the required materials, equipment and consumables available and covers their operating and administrative costs.

Requirements on expenditure management and cost control:

- The contractor manages costs and expenditures, accounting processes and invoicing in line with GIZ requirements.

Monitoring and reporting requirements:

- The contractor plays an active role in the results-based monitoring of the project. Regular monitoring activities must cover at least the following areas*:*
  - Degree to which activities are implemented;
  - Degree to which the objectives, indicators and milestones listed in section 2.2 of these ToRs have been achieved;
  - Results that have occurred in the contractor's sphere of responsibility; and
  - Allocation of expert days per expert per work package and activity.

The contractor reports to GIZ as follows:

Instead of the reporting language stipulated in GIZ's General Terms and Conditions of Contract (German), the contractor provides the following reports in the following language: English.

- Inception report: 4 weeks after the start of the contract.
- Interim reports: monthly after the start of the contract until the delivery of the last product.
- Final report: two months after the delivery of the last product.

The interim report(s) and the final report should provide information about the progress made towards objectives in each of the monitoring areas specified above.

Backstopping requirements:

The contractor ensures appropriate backstopping. The following services form part of the standard backstopping package. In accordance with GIZ's General Terms and Conditions for supplying services and work on behalf of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, these services – as well as the ancillary personnel costs – must be priced into the fee schedules of the staff listed in the tender:

- *The* contractor's responsibility for its own staff;
- *Ensuring* the flow of information between GIZ and the contractor's field staff;
- Process-oriented technical and conceptual steering of the consulting services;
- Steering adaptations to changing framework conditions;
- Performance monitoring;
- Ensuring the administrative management of the project;
- Ensuring compliance with reporting requirements;
- Technical support by the contractor's staff for its personnel on the ground;
- Making local use of and sharing the lessons learned by the contractor with the GIZ team.

2.4. Data protection and information security

The provisions on data protection and information security of the current version of GIZ's General Terms and Conditions of Contract (section 1.11 Data protection) apply.

2.5. Other requirements

Safeguards and gender measures with specific reference to services:

In order to promote gender equality and avoid or mitigate possible unintended negative impacts in its area of responsibility, the contractor should apply the following IKI policies and strategies, whenever applicable:

- Safeguards - Environmental and social standards:

https://www.international-climate-initiative.com/en/about-iki/safeguards/

- Gender Strategy:

https://www.international-climate-initiative.com/en/about-iki/safeguards/

If possible, the contractor's staffing profile should be balanced in terms of gender and age.

- Human rights:

https://www.international-climate-initiative.com/en/about-iki/safeguards/

3. Technical-methodological concept

In this section, the tenderer is required to reflect on the objectives and terms of reference of the tender at hand, describe the partner system and its processes in the area of responsibility and present the technical-methodological concept for completing the tasks listed in section 2 and achieving the set objectives. In addition, the tenderer must describe the design of the project management process.

3.1 Interpretation of objectives (section 1.1 of the assessment grid)

- Not applicable -

3.2 Processes and actors in the partner system (section 1.2 of the assessment grid)

- Not applicable -

3.3 Strategy (section 1.3 of the assessment grid)

The strategy for delivering the services in the tender is the core element of the technical-methodological concept. It is composed of the following elements:

- Procedure for achieving the objectives stated in section 2.2 of these ToRs
- Development of partnerships with the relevant actors
- Approaches for leverage effects and measures for scaling-up
- Consideration of environmental and social compatibility requirements (including gender equality)
- Appropriate consideration of further requirements

The tenderer is required to consider the tasks to be performed with reference to the objectives of the services put out to tender (see Chapter 1 – Context). Building on this, the tenderer shall present and justify the explicit strategy and methodological approach through which it intends to deliver the services for which it is responsible (see Chapter 2 – Tasks to be performed).

3.3.1 Strategic approach to achieving the objectives mentioned in the ToRs (section 1.3.1 of the assessment grid)

The tenderer is required to describe and justify the approach it plans to adopt in order to achieve the milestones, objectives and results (see section 2) for which it is responsible.

3.3.2 Building partnerships with the relevant actors (section 1.3.2 of the assessment grid)

- Not applicable -

3.3.3 Approaches for leverage effects and measures for scaling-up
(section 1.3.3 of the assessment grid)

– Not applicable –

3.3.4 Consideration of environmental and social compatibility requirements
(section 1.3.4 of the assessment grid)

Gender equality

The tenderer is required to outline in the tender how it can prevent negative impacts on gender equality in its area of responsibility and how it can contribute to improving gender equality through corresponding measures (see also relevant requirements in section 2.5).

Environmental protection and climate action (climate change mitigation/adaptation)

The tenderer is required to outline in the tender how it can prevent negative impacts on the environment and the climate in its area of responsibility and, in addition, how it can contribute to improving the environmental and climate situation through corresponding measures (see also relevant requirements in section 2.5).

Conflict and context sensitivity

The tenderer is required to outline in the tender how it is planning its activities in the context of conflicts or violence and what specific measures it has adopted for conflict- and context-sensitive implementation (see also relevant requirements in section 2.5).

Human rights

The tenderer is required to outline in the tender how it can prevent negative impacts on the human rights situation in its area of responsibility and how it can contribute to improving the human rights situation through corresponding measures (see also relevant requirements in section 2.5).

Requirement: ‘Gender equality’:	2 points out of 10 (maximum)
Requirement: ‘Environmental protection and climate action (climate change mitigation/adaptation)’:	6 points out of 10 (maximum)
Requirement: ‘Conflict and context sensitivity’:	1 point out of 10 (maximum)
Requirement: ‘Human rights’:	1 point out of 10 (maximum)

3.4 Project management
(section 1.4 of the assessment grid)

In this section, the tenderer presents the operational plan for implementing the services in the tender, describes the procedure for coordination with GIZ or the project and the project partners, and explains its monitoring procedure.

3.4.1 Operational plan
(section 1.4.1 of the assessment grid)

The tenderer is required to draw up and explain an operational plan for implementing the strategy described in section 3.3, including a plan for the assignment of all the experts included in the tender. The operational plan must include the assignment times (periods and expert days) and assignment locations of the individual experts, the milestones as presented in section 2 and, in particular, describe all the necessary work stages in detail and in chronological order. The tenderer can define further milestones beyond those prescribed in section 2 and map them out in the plan of operations.

3.4.2 Coordination with GIZ or the commissioning project
(section 1.4.2 of the assessment grid)

In the tender, the tenderer is required to describe the procedure for coordinating with GIZ or with the commissioning project.

The tenderer must outline a clear coordination framework with GIZ, including:

- Proposed format of progress updates in an efficient manner.
- Named points of contact and defined roles and responsibilities.
  A feedback incorporation process describing how the contractor will systematically integrate GIZ's input (e.g., iterative review cycles for deliverables like the inception report, work plans, or feasibility studies).

3.4.3 Steering or coordination of measures with the relevant implementing partner
(section 1.4.3 of the assessment grid)

In the tender, the tenderer is required to name the implementing partners relevant for implementing the services and to describe and explain the procedure for steering or coordinating the measures with them.

This shall include the proposed form of collaboration and co-creation with local partners, especially with EMBRAPII units, technology providers (OEMs) and financial institutions.

3.4.4 Monitoring

(section 1.4.4 of the assessment grid)

In the tender, the tenderer is required to describe how it will regularly capture and document the status of completion of the tasks, the achievement of objectives, the results achieved and the risks in the area for which it is responsible in accordance with the specifications set out in section 2.

The tenderer must propose a monitoring and evaluation framework that ensures transparency and accountability, including quantifiable indicators, such as:

- Number of deliverables approved.
- Adherence to timelines for milestones.
- Progress against the operational plan (e.g., expert days used vs. planned).

3.5 Further requirements

(section 1.5 of the assessment grid)

- Not applicable –

4. Personnel

The tenderer is required to provide 'experts' for the positions referred to and described (scope of tasks and qualifications) in this section on the basis of corresponding CVs. **The requirements on the format and content of the CVs are described in section 6.**

The qualifications mentioned below correspond to the requirements for achieving the highest number of points in the technical assessment.

'One year of professional experience' is therefore defined as a cumulative 12 expert months with at least 18 expert days per month, provided no diverging definition is specified for individual qualifications.

Expert 1: Team Leader with international experience (section 2.1 of the assessment grid)

This position is a key expert.

Tasks of expert 1:

- Overall responsibility for the quality, timeliness, and strategic alignment of all advisory packages delivered by the contractor.
- Representation of the contractor in strategic discussions with GIZ, including contract supervision and stakeholder engagement.
- Personnel management, including the allocation, supervision, and strategic deployment of short-term experts to ensure project objectives are met.
- Ensuring consistency of all deliverables with the project's strategic goals.
- Regular reporting to GIZ in accordance with contractual requirements, including progress updates and coordination of feedback.

Qualifications of expert 1:

Education/training (section 2.1.1 of the assessment grid):	University degree (equivalent to German Diplom or Master's degree) in Industrial Engineering, Production Engineering, Energy Engineering, Chemical Engineering, Environmental Engineering, Materials Engineering, Economics or Natural Resource Management.
Language (section 2.1.2 of the assessment grid):	English (C1 of the Common European Framework of Reference for Languages).
General professional experience (section 2.1.3 of the assessment grid):	15 years of professional experience in project management in the energy or industry field.
Specific professional experience (section 2.1.4 of the assessment grid*):*	7 years of experience in planning and implementing decarbonisation technologies in heavy industries.
Leadership/management experience (section 2.1.5 of the assessment grid):	7 years of experience in leading multidisciplinary teams and coordinating complex technical or techno-economic studies.
International professional experience outside the country/region of assignment (section 2.1.6 of the assessment grid):	7 years of professional experience in three countries outside Brazil.
Professional experience in the country/ region of assignment (2.1.7 of the assessment grid):	3 years of experience in developing countries or emerging markets.
Experience in the field of development cooperation (section 2.1.8 of the assessment grid):	3 years of experience in climate or development-related projects, based on projects implemented in collaboration with development agencies or development finance institutions.
Other (section 2.1.9 of the assessment grid):	Not applicable

Expert 2: Technical Project Coordinator with national experience (section 2.2 of the assessment grid)

This position is a key expert.

Tasks of expert 2:

- Operational technical coordination of all analytical workstreams (technical, economic, and market-related).
- Integration and quality control of technical and techno-economic outputs to ensure accuracy and robustness.
- Support to the Team Lead in supervision and guidance of short-term experts in the preparation of technical analyses, simulations, and deliverables.
- Ensuring consistency of technical, economic, and market-related inputs across all deliverables.
- Provide guidance on financing strategies, including alignment with DFI standards, lender expectations, and bankability criteria.
- Support to the Team Lead in regular reporting to GIZ in accordance with contractual requirements, including progress updates and coordination of feedback.

Qualifications of expert 2:

Education/training (section 2.2.1 of the assessment grid):	University degree (equivalent to German Diplom or Master's degree) in Industrial Engineering, Production Engineering, Energy Engineering, Chemical Engineering, Environmental Engineering, Materials Engineering Economics or Natural Resource Management.
Language (section 2.2.2 of the assessment grid):	English (C1 of the Common European Framework of Reference for Languages) (3 points out of 10 points). Portuguese (B2 of the Common European Framework of Reference for Languages) (7 points out of 10 points).
General professional experience (section 2.2.3 of the assessment grid):	10 years of professional experience in industrial decarbonisation projects, including at least 2 project experiences in high-emissions-intensity sectors, such as steel and cement.
Specific professional experience (section 2.2.4 of the assessment grid*):*	7 years of experience in technical and techno-economic studies in industrial contexts and hands-on involvement in feasibility assessments of decarbonisation technologies in emissions-intensive sectors (6 points out of 10 points). 5 years of experience in financial modelling, project finance, or banking, each with a focus on industrial projects (4 points out of 10 points).
Leadership/management experience (section 2.2.5 of the assessment grid):	Not applicable
International professional experience outside the	Not applicable

country/region of assignment (section 2.2.6 of the assessment grid):	
Professional experience in the country/ region of assignment (2.2.7 of the assessment grid):	5 years of experience in Brazil or other emerging markets.
Experience in the field of development cooperation (section 2.2.8 of the assessment grid):	Not applicable
Other (section 2.2.9 of the assessment grid):	Not applicable

Expert 3: Short-Term Expert Pool 1 - Finance and E&S, both with national and international experience (3 - 4 members) (section 2.3 of the assessment grid)

A CV for each expert must be added to the tender.

The actual number of experts assigned from the pool may differ from the number of experts required in section 4 of the Terms of Reference. For experts not named in the tender, GIZ must confirm before the assignment that their qualifications are equivalent to those of the short-term experts proposed in the tender.

Tasks of the expert pool:

- Lead Economic-Financial Modelling Support (WACC, LCOX, DCF, sensitivity analysis).
- Develop economic models and simulations for low-carbon production.
- Assess CAPEX, OPEX, and financial viability of technological options.
- Conduct E&S Risk Assessments and develop Mitigation Plans (aligned with IFC/BNDES/Equator Principles).
- Analyze market mechanisms and regulatory impacts, including carbon pricing instruments (CBAM/SBCE).
- Support the integration of economic and E&S analysis into decarbonisation roadmaps.

Qualifications of the Finance and E&S Short-Term expert pool:

The qualifications of the Short-Term Expert pool are assessed according to three types of criteria, applied as follows:

"Each expert" (type 1): The criterion applies to every expert in the pool. Each expert (CV) is scored individually; the pool score is the average of the individual scores of all experts listed (3-4), and the maximum number of points is achieved only if every expert fulfils the criterion in full.

"[Number] experts" (type 2): The criterion applies to the specified number of experts only. The evaluators identify the experts with the highest individual scores for this criterion; the pool score is the average of the best [number] individual scores. The maximum number of

points is achieved if the specified number of experts fulfils the criterion in full; the remaining experts are not assessed against this criterion.

Education/training (section 2.3.1 of the assessment grid):	Each expert (type 1): University degree (equivalent to German Diplom or Master's degree) in Economics, Finance, Business Administration, Sustainability, Environmental Engineering or Environmental Science.
Language (section 2.3.2 of the assessment grid):	Each expert (type 1): English (C1 of the Common European Framework of Reference for Languages) (4 out of 10 points). 2 experts (type 2): Portuguese (B2 of the Common European Framework of Reference for Languages) (6 out of 10 points).
General professional experience (section 2.3.3 of the assessment grid):	Each expert (type 1): 10 years of professional experience in financial modelling, E&S risk assessment, or industrial decarbonisation projects.
Specific professional experience (section 2.3.4 of the assessment grid):	The Short-Term Expert Pool shall include experts covering the following profiles (maximum 10 points for this criterion): ○ 2 experts (type 2): 12 years of experience in financial modelling for large-scale industrial projects (maximum 5 points), including: ▪ 4 years in economic and techno-economic modelling, including CAPEX/OPEX assessment, WACC estimation, LCOX calculations, and sensitivity/scenario analysis (2 out of 5 points). ▪ 3 years in DCF modelling (FCFF, FCFE, DDM), DSCR/LLCR projections, and green premium integration (1 out of 5 points). ▪ 2 years in assessment of carbon pricing mechanisms (e.g., CBAM, ETS) and cost competitiveness of low-carbon products (1 out of 5 points). ▪ 3 years with blended finance structures and DFI instruments (e.g., BNDES, IFC). (1 out of 5 points). ○ 1 expert (type 2): 10 years of experience in E&S risk management for industrial projects (maximum 5 points), including: ▪ 6 years in E&S risk assessments and mitigation plans aligned with IFC Performance Standards, BNDES PASA, Equator Principles, and Brazilian and EU Taxonomy (3 out of 5 points). ▪ 4 years in preparation of Environmental and Social Management Plans (ESMPs) for DFI-financed projects (2 out of 5 points).

Leadership/management experience (section 2.3.5 of the assessment grid):	Not applicable
International professional experience outside the country/region of assignment (section 2.3.6 of the assessment grid):	1 expert (type 2): 3 years of professional experience in three countries outside Brazil.
Professional experience in the country/ region of assignment (2.3.7 of the assessment grid):	Each expert (type 1): 3 years of experience in Latin America (5 out of 10 points), including projects implemented with Brazilian industries and large companies (5 out of 10 points).
Experience in the field of development cooperation (section 2.3.8 of the assessment grid):	Each expert (type 1): 3 years of experience in international cooperation, climate-related projects and/or donor-funded assignments.
Other (section 2.3.9 of the assessment grid):	Not applicable

Expert 4: Short-Term Expert Pool 2 - Steel and Cement Decarbonization, both with national and international experience (6 - 8 members) (section 2.4 of the assessment grid)

A CV for each expert must be added to the tender.

The actual number of experts assigned from the pool may differ from the number of experts required in section 4 of the Terms of Reference. For experts not named in the tender, GIZ must confirm before the assignment that their qualifications are equivalent to those of the short-term experts proposed in the tender.

Tasks of the expert pool:

- Provide specialized technical inputs for on-site development of decarbonisation roadmaps at steel and cement plants.
- Lead and support plant-level assessments, including data collection, validation of operational/process data, and identification of site-specific constraints and opportunities.
- Carry out technical assessments of industrial processes and decarbonisation technologies.
- Contribute to the preparation of technical documentation, simulations, and analyses (e.g., PFDs, mass/energy balances, techno-economic assessments)
- Conduct targeted market analysis, including identification of potential offtakers and value chain insights.

Qualifications of the Steel and Cement Decarbonisation Short-Term expert pool:

The qualifications of the Short-Term Expert pool are assessed according to three types of criteria, applied as follows:

"Each expert" (type 1): The criterion applies to every expert in the pool. Each expert (CV) is scored individually; the pool score is the average of the individual scores of all experts listed (6–8), and the maximum number of points is achieved only if every expert fulfils the criterion in full.

"[Number] experts" (type 2): The criterion applies to the specified number of experts only. The evaluators identify the experts with the highest individual scores for this criterion; the pool score is the average of the best [number] individual scores. The maximum number of points is achieved if the specified number of experts fulfils the criterion in full; the remaining experts are not assessed against this criterion.

"Pool as a whole" (type 3): The criterion is assessed once for the pool collectively, not per individual CV. The experts' combined experience must cover the items listed under this criterion; points are awarded according to how completely the pool as a whole demonstrates the required experience, regardless of whether the experience is concentrated in individual specialists or distributed across the pool.

Education/training (section 2.4.1 of the assessment grid):	Each expert (type 1): University degree (equivalent to German Diplom or Master's degree) in Industrial Engineering, Process Engineering, Chemical Engineering, Energy Engineering or Materials Engineering.
Language (section 2.4.2 of the assessment grid):	Each expert (type 1): English (C1 of the Common European Framework of Reference for Languages) (4 out of 10 points). 4 experts (type 2): Portuguese (B2 of the Common European Framework of Reference for Languages) (6 out of 10 points).
General professional experience (section 2.4.3 of the assessment grid):	Each expert (type 1): 7 years of professional experience in industrial and/or decarbonization-related projects (4 out of 10 points). and substantial hands-on experience in steel and cement production or other high-emissions-intensity sectors (6 out of 10 points).
Specific professional experience (section 2.4.4 of the assessment grid):	Pool as a whole (type 3): The Short-Term Expert Pool as a whole shall collectively demonstrate the following experience (maximum 10 points for this criterion):

	○ 12 years of experience in techno-economic technology assessments (maximum 5 points), including: ▪ 7 years in decarbonisation technology assessment for steel and cement production plants (2 out of 5 points). ▪ 5 years in the development or review of PFDs, P&IDs, HAZID and CAPEX estimates in industrial investment projects (3 out of 5 points). ○ Experience with decarbonisation technologies in the steel and cement industries (maximum 5 points), covering the following five technology groups (1 point per group). For each group, 1 point is awarded if the pool as a whole demonstrates at least 4 years of proven experience with technologies of that group: ▪ Group 1 – Hydrogen-based reduction and fuel switching: hydrogen-based Direct Reduced Iron (H_2-DRI) and Hot Briquetted Iron (HBI) production, hydrogen use as reducing agent in ironmaking, and hydrogen co-firing as fuel in cement kilns: 4 years of experience (1 out of 5 points); ▪ Group 2 – Biomass, circularity and alternative fuels: biomass-derived reducing agents (biochar, biomethane, syngas), biomass gasification and pyrolysis, scrap optimisation and pre-treatment in steelmaking, and alternative fuels in cement production (biomass, syngas, Refuse-Derived Fuel (RDF)): 4 years of experience (1 out of 5 points); ▪ Group 3 – Process electrification, energy efficiency and waste heat recovery: electrification of steel and cement production processes, including electrification of calcination and kiln operations in cement plants, thermal energy efficiency improvements, and waste heat recovery (WHR) in both sectors: 4 years of experience (1 out of 5 points); ▪ Group 4 – Carbon capture, utilisation and storage (CCUS): carbon capture technologies (e.g. oxy-fuel combustion, post-combustion capture, direct separation), carbon utilisation, including production of synthetic fuels, and carbon storage, applied to steel and cement plants: 4 years of experience (1 out of 5 points);

	▪ Group 5 – Low-carbon binders and clinker substitution: supplementary cementitious materials (SCMs), low-carbon binder systems (e.g. Limestone Calcined Clay Cement (LC3), geopolymers), and low and zero carbon Portland cement alternatives: 4 years of experience (1 out of 5 points). Note: Experience under each technology group may relate to one or more of the technologies listed under that group. Experience evidenced for one technology group may derive from the same period of employment as experience evidenced for another group, provided the CV references clearly evidence the respective experience for each group. Experience may be concentrated in individual specialists or distributed across the pool.
Leadership/management experience (section 2.4.5 of the assessment grid):	Not applicable
International professional experience outside the country/region of assignment (section 2.4.6 of the assessment grid):	2 experts (type 2): 3 years of professional experience in three countries outside Brazil.
Professional experience in the country/ region of assignment (2.4.7 of the assessment grid):	Each expert (type 1): 5 years of experience in Latin America (6 out of 10 points), including 3 years of experience in projects implemented with steel and cement companies (4 out of 10 points).
Experience in the field of development cooperation (section 2.4.8 of the assessment grid):	Each expert (type 1): 3 years of experience in international cooperation, climate-related projects or donor-funded assignments.
Other (section 2.4.9 of the assessment grid):	Not applicable

The short-term expert pool will be divided into two groups (Group A and Group B), each handling 2 high-priority projects at a time to respect the team size constraint.

The tenderer must assign all the proposed experts to the required qualifications and clearly present them in a separate table preceding the CVs. The summary presentation must mention only qualifications that are actually indicated in the CVs. Professional experience must be evidenced by meaningful references in the CVs. It is advisable to make explicit reference to each example of professional experience.

Soft skills of team members

In addition to their specialist qualifications, all team members are also expected to have the following qualifications:

- Team skills
- Initiative
- Communication skills
- Sociocultural and intercultural skills
- Efficient partner- and client-oriented working methods
- Interdisciplinary thinking

Soft skills are not evaluated.

Staff presentation
(section 2.11 of the assessment grid)

- Not applicable -

5. Costing requirements

In your tender, please do not deviate from the specification of inputs required in these ToRs (the number of experts and expert days, the budget specified in the price schedule). This is part of the competitive tender and is used to ensure that the tenders can be compared objectively. Please note: only services that were commissioned by GIZ and rendered by the contractor will be remunerated. We would also like to point out that it may not be necessary to make use of the total number of proposed expert days.

5.1 Assignment of experts

The number of expert days corresponds to full working days.

Expert	Expert days in the country of residence /remote	Availability of expert in the country of assignment* in expert days	Expert days in total	Consecutive stay > 3 months (see General Terms and Conditions, section 3.6.2)	Number of international flights	Number of national flights
Expert 1: **Team Leader with international experience**	35	5	40	No	1	2

Expert 2: **Technical Project Coordinator with national experience**	80	20	100	No	0	8
Expert 3: **Short-Term Expert Pool 1 - Finance and E&S Experts, both with national and international experience**	520	90	610	No	3	10
Expert 4: **Short-Term Expert Pool 2 - Steel and Cement Decarbonisation, both with national and international experience**	495	155	650	No	4	12

The 'availability of expert in the country of assignment' covers all expert days spent in Brazil during business travel, i.e. the total 270 expert-days spent on-site at industrial facilities and at project events in the context of the technical visits under Work-Packages 3, 4 and 5. All remaining expert days are performed remotely/from the country of residence. The number of international and national flights corresponds to the expert missions under Work-Packages 3, 4 and 5 and the Team Leader's mission, as specified in section 5.3.2.

5.2 National administrative staff

– Not applicable –

5.3 Travel expenses

5.3.1 Travel – sustainability considerations

GIZ would like to reduce greenhouse gas emissions (CO_2 emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, for example by selecting the lowest-emission booking class (economy) or using means of transport, airlines and flight routes that are more CO_2-efficient. For short distances, travel by train (second class) or e-mobility are the preferred options.

CO_2 emissions caused by air travel must be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The Development and Climate Alliance has published a list of standards (only in German available). GIZ recommends using the standards specified there.

5.3.2 Travel expense requirements

The travel expenses must be costed as follows by the contractor:

Travel expenses item	**Quantity/budget**
Total number of international return flights (economy class)	8
Total number of regional/national return flights (economy class)	32
CO_2 offsets for flights	EUR 3,000.00 An unalterable budget for CO_2 offsets for settlement against evidence is specified.
Transfer costs (rail travel, car travel, public transport)	Budget EUR 12,150.00
Per-diem allowances for experts with international experience	127 days (maximum EUR 46 EUR per day)
Per-diem allowances for experts with national experience	143 days (maximum EUR 20 per day)
Accommodation allowances for experts with international and national experience	270 nights (maximum 151.00 per night)
Costs of obtaining a visa	Budget: 1,200.00 EUR

The travel quantities in this section correspond directly to the work packages in section 2.2: the up to 40 expert missions (round trips) to industrial facilities — 8 trips under Work-Package 3, 24 trips under Work-Package 4 and 8 trips under Work-Package 5 — are covered by the 40 return flights (8 international and 32 national, including the Team Leader's mission and national connection flights). The 270 expert-days of availability in the country of assignment (see table in section 5.1) correspond to the total on-site duration of these missions, with an average mission duration of approximately 5–7 working days per expert.

For international experts, tenders may include per-diem allowances up to the maximum amounts permissible under tax law for each country as set out in the country table in the

circular from the German Federal Ministry of Finance on the reimbursement of travel expenses (download at https://www.bundesfinanzministerium.de). They will be reimbursed as a **lump sum** at the contractually agreed level.

All expert missions must be approved in advance with the GIZ team responsible for the project. Travels should be as cost-effective as possible. Exceptions to the maximum amounts are only permissible in exceptional, duly documented cases and only with GIZ's prior written approval. They require evidence that the travel was booked in good time and at the most economic option available and that the overrun is due to circumstances outside the contractor's control; late booking alone does not justify an exception. Without prior approval, the contractor bears any costs exceeding the maximum amounts specified in this section.

In addition, for the following items, reasonable costs can be settled against evidence up to the proposed amount.

- Flight costs
- Transfer costs
- Cost of obtaining a visa

Notes on the settlement of accommodation allowances outside Germany:

For the country Brazil (using São Paulo as a reference), tenderers may offer accommodation allowances up to EUR 151.00 per night. This is the maximum amount permissible under tax law as per the BMF circular on travel expense reimbursement.

- If the contractor offers accommodation allowances at up to 75% (lower percentage where applicable) (EUR 113.25) of the maximum amounts permissible under tax law as per the BMF circular on travel expense reimbursement, the expenses will be reimbursed on a lump-sum basis in the contractually agreed amount.

- If the contractor offers accommodation allowances at between 75% (lower percentage where applicable) and 100% (EUR 113.26 to EUR 151.00) of the maximum amounts permissible under tax law as per the BMF circular on travel expense reimbursement, the corresponding evidenced expenses will be reimbursed up to the contractually agreed amount.

5.4 Procurement of services and works

– Not applicable –

5.5 Procurement of materials and equipment

– Not applicable –

5.6. Operating costs in the country of assignment

- Not applicable-

5.7 Workshops, education and training

Under Work-Package 2 (see section 2.2), the contractor conducts 2 virtual workshops (1 for the steel sector, 1 for the cement sector) to present common gaps and recommendations across the projects, share lessons learned from the initial modelling exercises, and provide Q&A sessions with international experts.

The contractor is not responsible for the logistical organisation of the workshops; the costs of the workshops do therefore not need to be specified. The premises and technical infrastructure for the workshops — both virtual (webinar platform) and in presence (office space including Wi-Fi) — will be provided by GIZ at its premises in Brasília or São Paulo for the duration of the respective event.

The fees and travel expenses for the contractor's experts incurred in connection with the planning and running of the workshops are covered by the corresponding number of expert days and travel expenses already included in the work packages (see sections 5.1 and 5.3 above).

5.8 Local contributions

– Not applicable –

5.9 Other costs

– Not applicable –

5.10 Flexible remuneration item

Budget for flexible remuneration: EUR 300,000.00

The fixed, unalterable budget above is earmarked in the price schedule for flexible remuneration. Flexible remuneration is intended to facilitate the flexible management of the contract by the commission manager at GIZ. The contractor can make use of the funds in accordance with section 3.6.5.7 of the General Terms and Conditions.

6. Requirements on the format of the tender

The structure of the tender must correspond with the structure of the ToRs. It must be legible (for example Arial, font size 11 or larger) and clearly formulated. The technical tender must be written in English.

The technical-methodological concept of the tender (section 3 of the ToRs) must not exceed 15 pages (not including the cover page, list of abbreviations, table of contents, brief introduction). If any of the prescribed page limits is exceeded, the contents of the pages that are over the limit will not be considered in the assessment. Additional annexes not requested will not be assessed. External content (e.g. links to websites) will also be disregarded.

The CVs of the staff proposed in accordance with section 4 of the ToRs must be in the EU format and not more than four pages in length. The CVs can also be submitted in English.

The CVs must clearly and unequivocally show what position the proposed person held, which tasks they performed and how long they worked during which period in the specified references. **The references contained in the CVs must therefore include the following information:**

- Name of the company/organisation/reference project in which the expert worked
- Position held and task(s) performed by the expert in the company/organisation/reference project
- Work outcomes or products produced by the expert, or expert's contribution to the completion of these outcomes and projects (if relevant)
- Duration of the expert's assignment in the company/organisation/reference project per calendar year in full-time expert days, weeks or months (for example: 2019: 2 months, 2020: 10 months, 2021: 1 month)
- Leadership experience/management: clear information on the reference projects or fixed positions within the company/organisation in which the requirements specified in section 4 were fulfilled (for example, period, number of persons for whom the expert had disciplinary responsibility, project budget)
- International professional experience/professional experience in the country of assignment: clear information on the reference projects or fixed positions in the company/organisation in which the requirements specified in section 4 were fulfilled (for example, actual duration of assignment on the ground in full-time expert days, weeks or months)

In order to facilitate the assessment, we request that you number the references sequentially and provide only references that are clearly related to the object of this tender.

7. Options or follow-on contract

7.1 Option to expand the service content/extend the contract term pursuant to section 132 (2) no. 1 German Act against Restraints of Competition (GWB)

GIZ can exercise the following options if it wishes to expand the tendered services. This is described in detail below.

Nature and scope:

While retaining the overall character of the contract, there is a possibility of GIZ continuing to obtain the services specified in section 2 of these Terms of Reference and/or of expanding the contract to include further services of the same kind. The items shown in section 5 (Costing requirements) of these Terms of Reference can be increased by up to EUR 10 million and extended by up to 48 months. Within this framework, the options can be exercised in up to two parts.

Precondition:

GIZ's commissioning party extends and/or provides additional funding for the current project or commissions a follow-on project and/or an agreement is concluded to provide cofinancing for the measure.

7.2 Follow-on contract pursuant to Section 14 (4) no. 9 German Ordinance on the Award of Public Contracts (VgV)

Pursuant to Section 14 (4) no. 9 VgV, GIZ reserves the right to award a follow-on contract to the contractor in order to procure similar services.

Scope of possible services:

The term of the follow-on contract must not exceed twice that of the original contract, and the value of the follow-on contract must not exceed twice that of the original contract.

Condition: The above option is subject to GIZ receiving a commission from the commissioning party or the conclusion of an agreement for cofinancing of the measure. Any follow-on contract must be awarded within three years of the award date of the original contract.

A follow-on contract under 7.2 can be considered only as an alternative to the option in 7.1.

8. Annexes

– Not applicable –