

## TERMS OF REFERENCE

### STAKEHOLDER ANALYSIS AND FINANCIAL MODELLING SERVICE

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#### 1. BACKGROUND

The Seed Capital Assistance Facility (SCAF) is a public sector donor-funded facility designed to support private sector fund managers, platform managers and development companies active in the low-carbon sector in high-risk frontier markets in Southeast Asia and Sub-Saharan Africa.

SCAF addresses one of the primary challenges slowing the deployment of renewable energy assets in developing countries: the “early-stage financing gap”. While the costs of early-stage development are comparatively low, the risks and barriers for investors and developers are extremely high, dynamic and constantly changing—especially in frontier markets. During such early development stages, projects carry a significant risk that is reduced only once all permits have been secured and the legal, operational and financial viability has been demonstrated.

SCAF uses a combination of pure and repayable grants to enable private sector fund managers, platform managers and development companies to set-up climate investment vehicles, create strong project pipelines, and fully develop the most promising projects into high-quality, bankable investment opportunities.

Operational since 2008 through two phases, SCAF has accumulated lessons learned and insights into market shifts and is now looking to capitalise on such knowledge to better respond to ever-evolving market needs.

Project development in emerging markets has proven to be increasingly time and capital intensive, creating a clear mismatch for most investors who do not seek to commit capital to early-stage project development. This sharp increase in development costs is in part due to general inflation and increasing costs but also driven by the additional work that is being required from investors relating to additional ESG, land and fully back-stopped power purchase agreements.

While SCAF under its current mandate and form performs a catalytic role, increasing costs to develop projects and larger required portfolios are calling for an instrument that can move large volumes of capital upstream to developers. Achieving the envisaged mobilisation of capital will require the blending of public and private capital. Utilising the SCAF approach and alongside smart risk allocation, a relatively small portion of public capital can be used at the earlier stage of development to catalyse later stage investment by private capital.

#### 2. PROJECT OVERVIEW

The United Nations Environment Programme (UNEP) has implemented the Seed Capital Assistance Facility II (SCAF II) programme in partnership with FS Impact Finance and UNOPS aimed at catalysing private sector finance for climate change mitigation in developing countries.

SCAF II has a dual objective of:

- Expanding the pool of specialised investment funds directing capital towards low-carbon assets in emerging markets
- Providing early-stage risk capital in the form of repayable and non-repayable grants for renewable energy and other climate-aligned projects and ventures in developing economies.

The facility aims to address gaps in fund manager engagement and access to seed financing which constrain scaled-up private investment in clean energy access and low-carbon transition. Structured as a public-private partnership model, SCAF II provides concessional co-funding to investment managers for creating new climate-focused funds, and for origination and incubation of projects until they reach fundability stage. The end beneficiaries are vulnerable populations in Least Developed Countries and Lower Middle Income geographies lacking access to basic, sustainable and affordable energy services.

Initially established for 2014-2021 with UK FCDO (previously UK DFID) and German BMWK (previously German BMU) contributions, SCAF II was extended until 2026 given its success.

### 3. OBJECTIVES

A consultancy firm is required to support the development of SCAF's updated blended finance mechanism in light of such renewable energy market developments, including larger required portfolios and rising development costs for developers and fund managers in Sub-Saharan Africa and SouthEast Asia.

The assignment is expected to be carried out across Sub-Saharan Africa and SouthEast Asia based on both desk research and extensive stakeholders' engagement to

- (i) undertake market research and sounding including gender,**
- (ii) develop the initial financial models, and**
- (iii) test preliminary structures**

### 4. SERVICES AND OUTPUT

Building upon data collection and stakeholders' engagement, the expected result of the services is a fully-fledged needs analysis for renewable energy investments in Sub-Saharan Africa and SouthEast Asia including:

## **I. Renewable energy frontier market assessment**

Provide an overview of renewable energy frontier markets including state of early-stage investments and main financing barriers deterring additional private investments. The assessment will provide:

- Main market gaps and perceived risks hindering the development of high-quality renewable energy projects, including project development costs;
- Quantifiable evidence regarding the supply, cost and adequacy of early-stage private capital and financial instruments to address identified gaps and risks;
- Map frontier geographies and clean energy technologies where private investments are scarce and project development costs high;
- Assessment of the gender sensitivity of private sector investments in renewable energy and of the renewable energy sector workforce by tracking the number of women in the companies and checking if they have any policies for gender inclusion.

## **II. Prototypes of potential blended finance mechanism**

Based on the market assessment and identified financing gaps, develop effective blended finance mechanisms to catalyse additional early-stage private capital further upstream, reflecting:

- Capital needs, availability and costs at different stages of the project development cycle;
- Different risk appetites by using different risk allocations, financial instruments including grant, mezzanine and junior financing, funding envelopes, capital cost acceptable to developers and shares of public and private capital for each proposed mechanism;

## **III. Evidence-based recommendations for the roll-out of an effective blended finance mechanism**

- Test proposed mechanisms with project developers, fund managers and investors to gauge their interest and buy-in;
- Test the appetite for a sponsoring scheme for women in leadership and technical positions as a part of a larger financial mechanism.
- Develop a financial model for the new proposed facility based on the recommendations and feedback that will be used to project returns across a portfolio of assets;
- Develop a performance matrix to project catalysing potential based on externally available data, stakeholders' engagement and SCAF's history;
- Formulate recommendations for an effective and efficient implementation of the proposed mechanisms.

<b>Objective</b>	<b>Expected output</b>	<b>Performance indicator</b>
1. Have a thorough understanding of how and by what timeline the	Soft copy of inception report in English.	Inception report received,

<p>objectives will be achieved. This includes a detailed overview of the:</p> <ul style="list-style-type: none"> <li>• Planned timeline and work plan,</li> <li>• Data collection plan</li> <li>• Literature review of relevant sources,</li> <li>• Detailed methodology/ approach,</li> <li>• Planned stakeholders to be consulted.</li> </ul>		<p>presented to SCAF team and updated with SCAF team's feedback.</p>
<p>2. Have an understanding, through the outcomes of data collection, the stakeholder engagement and the desk research, of (i) what are the main market gaps and (ii) perceived risks hindering the development of high-quality renewable energy projects are; and (iii) what blended finance mechanisms could be proposed to catalyse private capital earlier into the project development cycle.</p>	<p>Stakeholder engagement's summary, outcomes and findings.</p> <p>To ensure satisfactory outcomes, stakeholders will need to be consulted twice:</p> <ul style="list-style-type: none"> <li>• early during the engagement to gather primary data on points (i) to (iii) and</li> <li>• before drafting the final report to test the financial mechanisms and the key recommendations to be issued.</li> </ul>	<p>Report on initial findings received, presented to SCAF team and updated with SCAF team's feedback.</p>
<p>3. Have a comprehensive understanding of what the final report's messages and content will be through the full draft report and provide, as required, feedback (refer Figure 1).</p>	<p>Soft copy of the full draft report. The draft report should contain the following:</p> <p>i. <b>Renewable energy frontier market assessment</b></p> <p>Provide an overview of renewable energy frontier markets including state of early-stage investments and main financing barriers deterring additional private investments.</p> <p>The assessment will provide:</p> <ul style="list-style-type: none"> <li>- Main market gaps and perceived risks hindering the development of high-quality renewable energy projects, including project development costs;</li> <li>- Quantifiable evidence regarding the supply, cost and adequacy of early-stage private capital and financial</li> </ul>	<p>Full draft report received, presented to the SCAF team and updated with SCAF team's feedback.</p>

	<p>instruments to address identified gaps and risks;</p> <ul style="list-style-type: none"> <li>- Map frontier geographies and clean energy technologies where private investments are scarce and project development costs high;</li> <li>- Assessment of the gender sensitivity of private sector investments in renewable energy and of the renewable energy sector workforce by tracking the number of women in the companies and checking if they have any policies for gender inclusion.</li> </ul> <p>ii. <b>Prototypes of potential blended finance mechanism</b></p> <p>Based on the market assessment and identified financing gaps, develop effective blended finance mechanisms to catalyse additional early-stage private capital further upstream, reflecting:</p> <ul style="list-style-type: none"> <li>- Capital needs, availability and costs at different stages of the project development cycle;</li> <li>- Different risk appetites by using different risk allocations, financial instruments including grant, mezzanine and junior financing, funding envelopes, capital cost acceptable to developers and shares of public and private capital for each proposed mechanism;</li> </ul> <p>iii. <b>Evidence-based recommendations for the roll-out of an effective blended finance mechanism</b></p> <ul style="list-style-type: none"> <li>- Test proposed mechanisms with project developers, fund managers and investors to gauge their interest and buy-in;</li> <li>- Test the appetite for a sponsoring scheme for women in leadership and technical positions as a part of a larger financial mechanism.</li> <li>- Develop a financial model for the new proposed facility based on the</li> </ul>	
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	<p>recommendations and feedback that will be used to project returns across a portfolio of assets;</p> <ul style="list-style-type: none"> <li>- Develop a performance matrix to project catalyzing potential based on externally available data, stakeholders' engagement and SCAF's history;</li> <li>- Formulate recommendations for an effective and efficient implementation of the proposed mechanisms.</li> </ul>	
4. Have an evidence-based and well-consulted report identifying frontier markets/technology for renewable energy/energy efficiency investments.	<p>Soft copy of the final report, including annexes, in Word and PDF formats.</p> <p>The submission should include at least the elements listed in #3. above as well as annexes.</p> <p>Annexes should include at least the following:</p> <ol style="list-style-type: none"> <li>1. Terms of Reference</li> <li>2. Literature review</li> <li>3. List of meetings attended</li> <li>4. List of persons interviewed</li> <li>5. Details of methodology</li> <li>6. Summary of stakeholder engagement</li> <li>7. List of documents reviewed (bibliography)</li> </ol> <p>Any other relevant material, including data collection tools</p>	Full final report, including annexes, received, presented to UNEP and updated with UNEP's feedback (maximum 3 rounds of edits).

## 5. TIMELINE

February - July 2024

## 6. Bidder Requirements

### 1. Company Requirements

- The bidder should be legally registered
- The bidder should have a minimum 5 years of experience in financial market analysis and technology assessments in the energy sector and structuring of private equity funds and funding vehicles in renewable energy related activities in Sub-Saharan Africa and Southeast Asia

- Preferable to have on ground presence in Sub-Saharan Africa and Southeast Asia
- Demonstrated experience in designing and structuring blended finance solutions to mobilise private sector investment
- Ability to and experience in producing well-written, analytical reports in English about renewable energy/energy efficiency financing
- Ability to swiftly deploy experts across both regions on a short notice.
- Experience working with international organisations is an asset, especially in the clean energy financing space.

## 2. Key personnel requirements

The bidder should propose a team, which at least consists of the following :

### a. Project Lead

- Holds an Advanced University degree (Master's degree or equivalent) in Finance, Public Policy, Business Administration, or related field. An additional 2 years experience might be accepted in lieu of the master degree
- Minimum 8 years of relevant experience including a proven track record in leading the team specialised in market research, financial modelling and analysis, or related field.
- Excellent written and spoken English, with capabilities in other UN languages seen as an asset

### b. Fund Analyst

- Holds an Advanced University degree (Master's degree or equivalent) in Finance, Public Policy, Business Administration, or related field. An additional 2 years experience might be accepted in lieu of the master degree
- Minimum 5 years of relevant experience including a proven track record in market research, financial modelling and analysis, preparation of investment memos and presentations, monitoring portfolio assets.
- Excellent written and spoken English, with capabilities in other UN languages seen as an asset

## 7. Evaluation Criteria

**Eligibility and Formal Criteria:** evaluated on Pass/Fail basis and checked during Preliminary Examination;

Criteria	Documents to establish compliance with the criteria
1. Offeror is eligible as defined in Instructions to Offerors, Article 4	<ul style="list-style-type: none"> <li>• Form A: Offeror Information Form</li> </ul>

	<ul style="list-style-type: none"> <li>Form B: Proposal Submission Form</li> </ul>
2. Completeness of the Proposal. All documents and technical documentation requested in Instructions to Offerors Article 10 have been provided and are complete	<ul style="list-style-type: none"> <li>All documentation as requested under Instructions to Offerors Article 10, Documents Comprising the Proposals</li> </ul>
3. Offeror accepts UNOPS General Conditions of Contract as specified in Section VI	<ul style="list-style-type: none"> <li>Form B: Proposal Submission Form</li> </ul>

**Qualification Criteria** : evaluated based on a pass/ fail basis;

No	Criteria	Documents to establish compliance with the criteria
1.	<p>The company should have a minimum of 5 years of continuous experience in delivering similar projects in the past with a track-record of success.</p> <p>In case of JV, at least one of the JV members should fulfil this criteria</p>	<ul style="list-style-type: none"> <li>Certification of incorporation of the Offeror</li> <li>Form F: Performance Statement Form</li> </ul>
2.	<p>Offeror must provide a minimum of two (2) customer references from which similar services have been successfully provided, within any of the last 5 years.</p> <p>In case of JV, the customer references of JV members can be combined</p>	<ul style="list-style-type: none"> <li>Form F: Performance Statement Form</li> </ul>

**Technical criteria** – Technical evaluation will be carried out on bids that pass the eligibility, formal, and qualification criteria, with requirements as follows:

- i. The maximum number of points that a bidder may obtain for the Technical proposal is 70. To be technically compliant, Bidders must obtain a minimum of 49 points
- ii. Minimum pass score: 70% of maximum 70 points = 49 points

Technical proposal points allocation

<i>Section number/description</i>	<i>Points Obtainable</i>
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1.	<i>Offeror's qualification, capacity and expertise</i>	25
2.	<i>Proposed Methodology, Approach and Implementation Plan</i>	25
3.	<i>Key Personnel proposed and Sustainability Criteria</i>	20
<i>Total Technical Proposal Points</i>		70

<b>Section 1: Offeror's qualification, capacity and expertise</b>		<b>Points</b>	<b>Sub-points</b>
<b>1.1</b>	<b>Brief description of the organisation, including the year and country of incorporation, and types of activities undertaken, including relevance of specialised knowledge and experience on similar engagements done in the past. (Max 4 pages written text)</b> <b>Assessment Criteria:</b>	<b>15</b>	
1.1.1	The bidder should have a minimum 05 years of experience in financial market analysis and technology assessments in the energy sector and structuring of private equity funds and funding vehicles in renewable energy related activities in Sub-Saharan Africa and Southeast Asia		4
1.1.2	Preferable to have on ground presence in Sub-Saharan Africa and Southeast Asia		2
1.1.3	Demonstrated experience in designing and structuring blended finance solutions to mobilise private sector investment		3
1.1.4	Ability to and experience in producing well-written, analytical reports in English about renewable energy/energy efficiency financing		2
1.1.5	Ability to swiftly deploy experts across both regions on a short notice.		2
1.1.6	Experience working with international organisations is an asset, especially in the clean energy financing space.		2
<b>1.2</b>	<b>General organizational capability which is likely to affect implementation: management structure, and project management controls. (Max 4 pages written text)</b> <b>Assessment Criteria:</b>	<b>10</b>	
1.2.1	Management structure, management controls, and extent to which any part would be subcontracted (5 points)		5
1.2.2	Financial Capacity/financial stability: Bidder should have minimum annual turnover of 50,000 USD in any of the past 2 years Liquidity / quick ratio should be minimum 1, in any of the past 2 years .		5

	In case of a joint venture, annual turnover is calculated based on the total annual turnover of the JV members. In case of a joint-venture, at least one of the JV members should have 1 liquidity/quick ratio in any of the past 2 years.		
	Total	25	25

<b>Section 2: Proposed Methodology, Approach and Implementation Plan</b>		<b>Points</b>	<b>Sub-points</b>
2.1	Description of the Offeror's approach and methodology for meeting or exceeding the requirements of the Terms of Reference. <u>Bidder should provide a detailed approach with timeline that matches the requirement in the Terms of Reference</u> (Max 5 pages written text)	20	
2.1.1	Bidder's approach and methodology for assessment of Renewable energy frontier market		6
2.1.2	Bidder's approach and methodology for development of Prototypes of potential blended finance mechanism		6
2.1.3	Bidder's approach for development of Evidence-based recommendations for the roll-out of an effective blended finance mechanism		4
2.1.4	Bidder's implementation timeline, presented in a form of gantt chart		4
2.2	Details how the different service elements shall be organised, controlled and delivered, including the quality assurance Bidder should provide details on the control planning as well as quality assurance (Max 5 pages written text)	05	
	Total	25	

Section 3: Key personnel proposed and Gender Mainstreaming Criteria		Points	Sub-points
3.1	<u>Qualifications of key personnel proposed meet the requirement as per Terms of Reference</u>	20	
3.1.1	<p><b><u>1. Project Manager</u></b></p> <ul style="list-style-type: none"> <li>- Holds an Advanced University degree (Master's degree or equivalent) in Finance, Public Policy, Business Administration, or related field. An additional 2 years experience might be accepted in lieu of the master degree</li> <li>- Minimum 8 years of relevant experience including a proven track record in leading the team specialised in market research, financial modelling and analysis, or related field.</li> <li>- Excellent written and spoken English, with capabilities in other UN languages seen as an asset</li> </ul>		8
3.1.2	<p><b><u>2. Fund Analyst</u></b></p> <ul style="list-style-type: none"> <li>- Holds an Advanced University degree (Master's degree or equivalent) in Finance, Public Policy, Business Administration, or related field. An additional 2 years experience might be accepted in lieu of the master degree</li> <li>- Minimum 5 years of relevant experience including a proven track record in market research, financial modelling and analysis, preparation of investment memos and presentations, monitoring portfolio assets.</li> <li>- Excellent written and spoken English, with capabilities in other UN languages seen as an asset</li> </ul>		8
3.2	The bidder provides a clear statement and/or supporting documentation that outlines how gender is mainstreamed internally. - Max 4 pages written text	4	4
		20	20

## 8. Payment Schedule and Reporting Requirements

Payment will be made according to the schedule below and the successful completion and approval of the following deliverables/outputs:

No.	Milestone	Tentative Timeline	Payment
1	Submission and validation of the inception report	By 31 March 2024	20 % of the total contract amount
2	Submission and validation of the report on initial findings - Stakeholder engagement's summary, outcomes and findings.	By 31 April 2024	30 % of the total contract amount
3	Submission and validation of the draft report - Renewable energy frontier market assessment, Prototypes of potential blended finance mechanism and Evidence-based recommendations for the roll-out of an effective blended finance mechanism	By 20 June 2024	25 % of the total contract amount
4	Submission and validation of the final report - Soft copy of the final report, including annexes, in Word and PDF formats.	By 15 July 2024	25% of the total contract amount