

SEforALL Terms of reference

Consulting Services Energizing Finance: Taking the Pulse 2021 - Assessment of Market Needs

12 | 03 | 2021

Context

In September 2017, at the 72nd UN General Assembly, Sustainable Energy for All (SEforALL) and partners released the first in a series of groundbreaking reports that provide a systematic analysis of financial flows for electricity and clean cooking access in developing countries. The **Energizing Finance** research series focuses on twenty high-impact countries (HICs) in sub-Saharan Africa and Asia with the highest energy access deficits (see Annex 1). While other efforts have estimated the investment needed to meet access goals or provided a perspective across the broader climate finance landscape, until this series, none has explicitly focused on the volume, composition, direction and efficiency of finance aimed at the energy sector in the developing world.

The Energizing Finance research series includes:

FINANCE FLOWS:

1. Understanding The Landscape: Tracking Finance for Electricity and Clean Cooking Access in High-Impact Countries
2. Missing The Mark: Gaps and Lags in Disbursement of Development Finance for Energy Access

MARKET NEEDS:

3. Taking the Pulse: Understanding Energy Access Market Needs in High-Impact Countries

These reports collectively provide (i) a top-down analysis of the flow of financing globally for energy access investments (ii) a bottom-up analysis of the demands and needs for financing in the energy access sector, especially from enterprise and consumer perspective, and (iii) an analysis of the gaps and barriers to disbursement of development finance. The research includes three distinct analyses and developed a comprehensive methodology that can be consistently applied and replicated.

Each of the three reports was first published in 2017. New editions of Understanding the Landscape have been published, in partnership with Climate Policy Initiative (CPI), annually since 2017; Taking the Pulse 2017 was published with Practical Action and E3Analytics and in 2019 with Catalyst Off-Grid Advisors and E3Analytics; Missing the Mark 2017 was published with the African Development Bank and in 2020 with South Pole.

Energizing Finance 2021

Unlocking the necessary volume of investment at appropriate speed requires a continuing understanding of where finance is flowing and whether flows meet the financing needs and absorptive capacity of those seeking to close the access gap. In 2021, SEforALL proposes to continue to work with its partners to update and extend Understanding the Landscape as a consistent, robust and transparent inventory of financial flows across energy access tiers in countries where substantial progress is required to reach SDG7 targets.

In addition, SEforALL seeks to complement Understanding the Landscape through the development of the Energizing Finance: Taking the Pulse 2021 report, the subject of this Terms of Reference. The 2021 analysis will build on the methodology set out in Energizing Finance: Taking the Pulse 2019. It will allow for further analysis of the financing needs of market participants in a number of countries with high energy access deficits, including consumer affordability gaps, and be expanded to include the availability of local and international finance for decentralized energy access.

The Energizing Finance research series and recommendations for action are geared to government leaders, public and private financiers, energy access enterprises, and civil society. A core objective is to provide robust data and evidence to help accelerate and scale finance for access to sustainable electricity and clean cooking solutions, including informing discussions around the need for demand side subsidies.

Objective

Identify the volume and types of capital required by:

- a) energy enterprises (including private, public and non-profit enterprises) to deliver reliable, affordable and modern decentralized (off-grid) energy goods and services (Tiers 1 of the MTF for electricity and Tier 4-5 of clean cooking, respectively); and
- b) consumers to afford such goods and services.

The analysis should include a critical assessment of the availability of public and private finance in up to three HICs, to be agreed in consultation with SEforALL.

The analysis for the three HICs will inform demands, gaps, barriers and successes in respect of needs for different types of capital in each market.

Research Questions

- Based on the expected contributions of mini-grids, stand-alone solar and clean cooking solutions to meeting universal energy access in the selected countries, what is the volume and type of capital required by energy enterprises, analysed by business model and maturation stage of enterprise, and by value chain activities?
- For the selected countries, what is the household affordability gap to access Tier 1 stand-alone solar, Tier 3 mini-grid and Tier 4 clean cooking solutions?¹
- Are there differences in the type of capital needed by of private, public and non-profit enterprises in each country/market? What types of enterprises are missing or weak in the value chain and are the identified capital gaps related to these weaknesses?
- What are the capital gaps to be filled in respect of each country, technology and market? Where do these gaps fall in the value chain activities of different business models? What are the success factors as well as barriers and challenges to increasing capital flow?
- What are the common barriers and challenges to accessing capital that are observed in the selected countries? What are the differences? Are there any collective global efforts that support removing those common barriers?
- What actions can be taken to remove those barriers and de-risk finance and investment, to fill funding gaps in each market?
- Are there examples of financing successes in one market and/or technology that can be replicated, adapted as necessary, in respect of other markets and technologies?

¹ The Multi-Tier Framework (MTF) classifies energy access into Tiers to reflect a spectrum of energy service levels, from Tier 0 (no access) to Tier 5 (highest level of access).

Scope of Work

The selected consultant is expected to draw on a robust existing body of energy access research and relationships to achieve the objective.

The selected consultant shall:

1. In close consultation with SEforALL, recommend a cross-section of three countries for the analysis, selected from the HICs set out in the Annex, with the final selection made according to specific criteria to be agreed with SEforALL in the Inception phase. The extent of the consultant's existing country relationships and engagement, and availability of data, will inform the selection. SEforALL will retain final discretion concerning country selection.
2. Develop a bottom-up overview of the finance needs of energy enterprises in the selected markets, including but not limited to enterprise finance needs specific to business models, technology, and value chain activities. This is particularly important given the early-stage nature of many enterprises operating in the energy access sector and the implications for the type of financing they require. The consultant is also expected to present analysis of **financing needs and barriers specific to women-owned or -led businesses and women energy consumers**. The deep-dive analysis in select countries will include an assessment of the current finance sector ecosystem in each market, identify demand for finance, existing public and private funding availability and funding constraints.
3. Across the three counties, assess the challenges, barriers, as well as the enablers to access to finance, including policies and programs specific to energy access. Wherever possible, highlight the successful policies and programs, financial products, structures, and business models that enable access to finance.
4. Refine the methodology and analysis framework of Energizing Finance: Taking the Pulse 2019 to support identification of the different types of capital required by entities at different stages of business maturity (i.e., start up, growth, expansion, maturity) that aim to deliver clean electricity and cooking goods and services through various business models and associate value activities (e.g. PAYGo, cash and consumer-financed sales; mini-grid project development).
5. Apply the methodology and analytical framework to a representative sample of such entities across the countries selected for analysis. The consultant should anticipate in-country engagements to facilitate project implementation. Given the current pandemic situation, this engagement should be planned as virtual engagements.
6. Develop indicative ratios that would inform the demand for a range of financial products, e.g., grants, equity, debt in the selected HICs.
7. As part of the bottom-up overview and drawing from the approach used in the Taking the Pulse 2019 report, estimate the consumer affordability gap for Tier 1 electricity and Tiers 4 clean cooking access in the selected HICs.
8. Consult SEforALL and its partners on the updated inventory of financial flows across energy access tiers that will inform preparation of the Understanding the Landscape 2021 report, to ensure continuity of assumptions and data integrity. Analyse such information to determine comparability to an analysis of market financing needs and, where agreed with SEforALL and its partners, undertake analysis to determine financing gaps between financial flows and market needs.
9. Identify and engage partners that may have data to contribute to the analysis, including but not limited to World Bank, GOGLA, Africa Mini-grids Developers Association, Acumen, MECS and Clean Cooking Alliance.
10. Participate in a peer-review process, as required by SEforALL, throughout the assignment and in advance of report publication.

11. Provide a written assessment of the potential to update the market needs assessment on a biennial basis, based on the research experience.
12. In consultation with SEforALL, develop an outreach strategy to ensure key stakeholders receive findings and recommendations, for maximum influence.
13. Develop supplementary communications materials highlighting key messages and recommendations, for example, blog posts and PowerPoint presentations.
14. Present agreed results at key events and in targeted media outreach as determined in consultation with SEforALL.
15. All project deliverables must follow the SEforALL Report, Style and Branding Guidelines, which will be provided to the selected consultant. These Guidelines specify details such as required formatting of text, visuals and data.
16. Provide access to all raw data gathered and categorized for internal SEforALL use and potential further analysis, pursuant to any privacy agreements or contractual obligations between the consultant and any external data providers.

Approach, Timeline, and Deliverables

Approach: The selected consultant will maintain close contact with a designated SEforALL Energy Finance team contact throughout the assignment to facilitate access to documentation, relevant SEforALL staff, and other partners as needed. All draft reports will be reviewed by SEforALL, which will provide comments within one week of receipt.

This project is a component of the larger SEforALL Energizing Finance research series. A review/steering committee will be established to provide input to research strategy and to peer review report drafts. The selected consultant will participate in periodic review/steering committee calls as required by SEforALL and present status reports on its approach, findings, research and data challenges, and next steps.

Timeline: The deliverables and timeline for this project are as follows:

Within one month of contract execution, the selected consultant will submit an inception report that outlines its proposed approach, methodology, country recommendations for the market analysis, country outreach and partner engagement strategy, and key data sources. Such approach and methodology will have been discussed and agreed upon with SEforALL, key advisors and, on request by SEforALL, SEforALL partners working on the Understanding the Landscape 2021 report. A virtual meeting with SEforALL's Energy Finance team will be held to review and discuss the inception report.

30 April 2021: The consultant will have identified enterprises and tested its approach in the three selected countries. It will have determined any barriers to data and information collection following the methodology and analytical framework agreed with SEforALL. The consultant will submit a status report to SEforALL that summarises these activities and preliminary findings.

May - June 2021: The consultant will participate in, and present findings to, the SEforALL Steering Committee to obtain input, guidance and feedback from external peer reviewers.

20 July 2021: The consultant will submit to SEforALL a complete first draft **Taking the Pulse 2021** report with initial findings for the three countries, as well as a presentation of the applied methodology and analytical framework, for review by SEforALL and peer review by the Energizing Finance Steering Committee, as well as a review of the applied methodology and analytical framework. The consultant will maintain an inventory of comments received and a record of how they were addressed.

20 August 2021: The consultant will submit a revised draft report to SEforALL that addresses comments received during the peer review process.

3 September 2021: The consultant will submit the final Taking the Pulse 2021 report and data for graphics, addressing all SEforALL and Steering Committee comments, in final printable form. The consultant will be available to work with SEforALL graphic designers and copy editors, as needed, to finalize the report for publication.

September 2021 – Feb 2022: The consultant will engage and collaborate with the Energy Finance Team to present the data and analysis through webinars, media engagements and at other relevant events as identified by SEforALL, including but not limited to the UN High-Level Dialogue on Energy and COP26.

Deliverable	Due Date
Inception report	Within one month of contract execution
Status report with preliminary findings	30 April 2021
First draft report	20 July 2021
Second draft report	20 August 2021
Final report and communications collateral	3 September 2021

Qualification and Expertise

Organizations wishing to submit a proposal should:

- Be internationally recognized with proven expertise in producing rigorous analysis of energy access issues in low-income and emerging markets.
- Demonstrate a track record of delivering high quality, independent research reports, on time and within budget.
- Demonstrate experience in the development and application of methodologies and strategic frameworks for innovative research initiatives.
- Demonstrate access to and ability to convene multi-stakeholder groups that can transform information into action, particularly in developing countries.
- Show a deep understanding of contextual issues around energy sector planning, socio-economic data and the role of development finance and civil society organizations.
- Have sound expertise working with and understanding the operations of clean energy enterprises—their business models and finance needs – specifically those in early stages of development.
- Propose a designated team of consultants for the assignment, with each senior lead having more than 8-year’s experience delivering high-quality, independent research reports.
- Have sound experience working across multiple time zones and with multiple stakeholders.
- Demonstrate a good understanding of SEforALL, its mandate and goals.
- Experience working with the UN will be considered an advantage.

Past Accomplishments in Similar Research/Projects

List of Reports

List of Other Relevant Activities

Travel

Due to current circumstances, it is expected that the selected consultant will have representation on the ground in the countries selected for analysis and that local travel only will be required until further notice.

Currently planned meetings

Type	Location	Days	Tentative Dates
Kick-Off Meeting	Virtual	2	2021
Meeting with SEforALL, consultant and relevant country representatives	Virtual	3	May/June 2021

Reporting

The consultant will report to Olivia Coldrey, Head, Energy Finance and Clean Cooking, SEforALL

Annex 1: High-impact Countries: Electrification and Clean Cooking

To better reflect the evolving realities of the energy access landscape, the HICs were updated as reported in the Tracking SDG 7: The Energy Progress Report 2020 (IEA et al. 2020). It included Chad and Pakistan while no longer including Afghanistan and the Philippines for electricity access. For clean cooking, Ghana was added and Nepal was not tracked.

Electrification	Cooking
<ul style="list-style-type: none"> • India • Nigeria • Ethiopia • Bangladesh • Congo, DR • Tanzania • Kenya • Uganda • Myanmar • Sudan • Pakistan • Mozambique • Madagascar • Korea, DPR • Niger • Malawi • Burkina Faso • Angola • Yemen • Chad 	<ul style="list-style-type: none"> • India • China • Bangladesh • Nigeria • Pakistan • Indonesia • Ethiopia • Congo, DR • Philippines • Myanmar • Tanzania • Vietnam • Kenya • Uganda • Sudan • Mozambique • Afghanistan • Korea, Rep. • Madagascar • Ghana

The focus countries reviewed in the Taking the Pulse 2017 report: Bangladesh, Ethiopia, Kenya, Myanmar and Nigeria.

The focus countries reviewed in the Taking the Pulse 2019 report: Madagascar, Philippines, and Uganda

Annex 2: Potential Country Deep-Dives

Decentralized energy access (electrification and clean cooking): Bangladesh, Ethiopia, Kenya, Madagascar, Mozambique, Myanmar, Pakistan, Tanzania

Off-grid electricity: Burkina Faso, India, Madagascar

Clean Cooking: Ghana, Indonesia, Vietnam, Tanzania