



## **Terms of Reference – Energy Finance Consultant**

### **“Country study on increasing investment in LDCs to achieve SDG7 by 2030”**

#### **1. Background**

The acute energy gap faced by the least developed countries (LDCs) is a binding constraint on their structural transformation. Reliable and affordable access to energy is a key development multiplier with large transformative power. It is essential for private sector development, productive capacity building and expansion of trade and it also has strong linkages to climate action, health, education, water and food security.

Despite the potential that sustainable energy has for the development of the least developed countries, the proportion of the population in LDCs with access to electricity hovered as low as was 44.8% in 2016. This data hides disparities between countries and regions, as well as urban and rural areas. In 2016, on average, 75% of the urban population in LDCs had electricity access, compared with only 31% of rural populations. These gaps are not only limited to electricity, since access to modern fuels for cooking and heating are yet further restricted in these countries.

The Istanbul Programme of Action for the Least Developed Countries for the decade 2011-2020 (IPoA) recognizes that access to affordable, reliable and renewable energy and related technologies, as well as the efficient use and distribution of energy will be critically important for accelerating growth, improving livelihoods and advancing sustainable development. Therefore, access to energy is one of the priority areas for action in the IPoA, which includes 3 goals and targets related to energy:

- Strive to increase total primary energy supply per capita to the same level as other developing countries;
- Significantly increase the share of electricity generation through renewable energy sources by 2020;
- Enhance capacities in energy production, trade and distribution with the aim of ensuring access to energy for all by 2030.

The Sustainable Development Goals adopted by the world leaders in September 2015 included for the first time an internationally accepted goal on sustainable energy. This Goal 7 targets to ensure access to affordable, reliable, sustainable and modern energy for all by 2030. It also makes a special reference to expanding infrastructure and upgrading technology for supplying modern and sustainable energy services, in particular in the least developed countries and other vulnerable countries.

Considering the ambitious global policy objectives and acute energy gap in LDCs, rapid energy transition will require a strong push from all stakeholders, massive investments and deployment of new technologies. Building on the lessons learnt and best practices, the least developed countries will need further support in achieving this transition and the global goals on energy.

In addition, LDCs face special challenges in mobilizing long-term financing for sustainable energy. LDCs can rarely benefit from larger financing schemes in a same way as other developing countries because of the scale, lack of substantial local investment and institutional capacity constraints. The main obstacles regarding financing for sustainable energy in LDCs include high costs inherent to the energy sector (starting from project preparation to high initial investment costs), limited access to funding due to poor or non-existent credit ratings and lack of domestic and foreign private sector partners understanding of the business case that exists in LDC energy sector. These factors, combined with challenges in the regulatory framework and capacity restrictions, make it difficult for the LDCs to tackle their energy challenges. Therefore, a key question to consider is what it will take to attract significant private sector financing in the energy sector with catalytic contribution of public and development financing.

## **2. Objectives of the consultancy**

The primary objective of this study is to contribute to the achievement of SDG 7 in least developed countries. The specific purpose of the assignment is to prepare a country specific study on increasing investment in sustainable energy to accelerate energy transition. The study will lay out how the pilot country could attract and generate the required investment to achieve SDG7, and leapfrog to clean energy.

The investment study will be designed to provide an approach for operationalizing national sustainable energy plans and strategies towards achieving SDG 7, by identifying a set of implementable programmes and projects, including their investment requirements, that can then be presented to potential private and public investors. Its purpose is to crowd-in investments, to accelerate sustainable energy transition by combining different investment opportunities in one package, as well as enhancing an enabling environment.

The study must provide a comprehensive, systematic and well-prioritized overview of concrete investment opportunities in pilot country's energy sector. It must be tailored to the information needs of potential investors and aimed at accelerating the process of getting projects financed and implemented. The study will be prepared by team of experts including energy access consultant (team leader), finance consultant and local consultant. The local consultant will be based in Malawi.

The study will focus on countries left behind in terms of access to sustainable energy and it will be conducted in Malawi.

## **3. Detailed tasks and deliverables**

The team of consultants will undertake the following duties:

- a) Review of energy sector and needs in the selected pilot country, analyse progress made since the adoption of the Istanbul Programme of Action, power demand (current and future), and future plans for access to energy. The report shall be based on the latest available data, to analyse progress in access, efficiency, renewable energy and total primary energy supply per capita. The review should also underline the energy supply potential of the country. (*lead: local consultant*)

- b) Analyse the main challenges in access to sustainable energy and describe the future energy mix, with a view to contributing to the objectives of the Paris Agreement. (*lead: energy access consultant*)
- c) Present the investment needs required to reach 100% access to sustainable energy by 2030. Analyse the current financing flows to sustainable energy projects and the main impediments blocking new investments. (*lead: energy finance consultant*)
- d) Identify and present the key implementable programmes and projects for grid, mini-grid and off-grid sectors in the pilot country and the financing required, ensuring the climate change resilience of the proposed programmes and projects. Estimate (wherever applicable) the climate change mitigation potential of each project (tons of CO2 equivalent emission reduction potential based on UNFCCC methodologies) with a view to mobilize climate finance at later stages. (*lead: energy access consultant*)
- e) Present financing routes and offer recommendations on how to unlock private sector finance, and tap into business opportunities, including through public-private partnerships. (*lead: energy finance consultant*)
- f) Facilitate focused discussions with key stakeholders including Government, private sector, CSOs, projects developers, development partners and project developers and technology providers, and liaise with other similar and relevant projects to ensure alignment and exchange of best practices. Provide recommendations for the government, development partners in the North and South, IFIs, MDBs, regional banks and the private sector, in taking next steps and identify potential investors. (*lead: all*)
- g) Consider how to increase funds for project preparation through regional and multilateral mechanisms. (*lead: energy finance consultant*)
- h) As the report will be presented in a meeting for all LDCs for lessons learned and best practices, the report has to precisely describe the methodology used in the study, including justifications and explanations behind the selection of financial and other indicators and databases from which these were derived. (*lead: energy access consultant*)

The **Energy Finance Consultant** will take the lead in drafting the chapters c), e) and g). However, all consultants are required to provide inputs to all chapters to ensure the consistency and coherence of the study and the recommendations provided.

#### 4. Expected outputs and delivery dates

The consultant will submit via email the deliverables in electronic format (Word document):

- a. A first draft report of the inputs specified under point 3 (1 December 2018);
- b. A final draft of the report incorporating comments and suggestions provided by OHRLLS, co-operating entities and the pilot country (28 February 2019).
- c.

## **5. Duration and remuneration**

The duration of the consultancy will be 45 work days within the period of 1 September 2018 to 28 February 2019.

## **6. Location and Travel**

The study will be drafted partly from the place of residence of the consultant/consultants, as well as through visits to the pilot country. The consultant will work mainly from his/her place of residence but has to be available to regular consultations via video conference, audio conference or other remote business practices.

## **7. Deliverables**

The consultants shall submit inception report, short monthly status reports (outlining the status of all activities, including updates on methodology, prioritization of projects for the study and stakeholder consultations), draft investment study and final investment study. The final investment study must include an executive summary (3-5 pages). The structure of the report is to be discussed and agreed with OHRLLS.

## **8. Performance Indicators**

The performance of the consultant will be gauged through the following indicators:

- 1) Timely submission of the deliverables and outputs spelled out in the present ToR;
- 2) Quality of the paper as captured by:
  - Depth of the coverage of the subject, and
  - Innovative approaches and concrete proposals on how to increase investment in sustainable energy, including identification of key programmes.
- 3) The report should be of high quality and well written in English requiring only minimal typographical editing.
- 4) The deliverables should be implemented in time as specified in the above section 3.

## **9. Qualifications and Experience**

Advanced University degree in economics, finance, business administration, engineering or other related field is desirable. Publication record in combination with additional years of relevant work experience and may be accepted in lieu of the advanced university degree.

A minimum of 10 (ten) years of progressively responsible experience in the area of sustainable energy in development context is required. First-hand experience in dealing with sustainable energy financing solutions is required. Experience with national energy plans and/or working experience from least developed country would be an advantage.

## **10. Application Process**

Interested applicants should submit their detailed CVs, in PDF format, by email to [ruohonen@un.org](mailto:ruohonen@un.org) latest by **19 August 2018** (by midnight EST). Only the successful candidates will be contacted after the closing of the deadline. No further information will be provided to the candidates in the meanwhile.