

REQUEST FOR PROPOSALS: SUPPORTING DEVELOPMENT OF INFRACREDIT NIGERIA'S GREEN ENERGY INVESTMENT STRATEGY

ABOUT THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP (PIDG) AND INFRACREDIT NIGERIA ("InfraCredit")

1. PIDG's purpose is to combat poverty in the poorest and most fragile countries through pioneering infrastructure – helping economies grow and changing people's lives. We provide leadership, development capability, funding and finance solutions across the project cycle to support infrastructure provision. This delivers high development impact and develops local capacity and capability and the financing potential of local credit and capital markets.
2. In 2017, GuarantCo and the Nigeria Sovereign Investment Authority (NSIA) established the Nigerian Infrastructure Credit Enhancement Facility ("InfraCredit") to provide guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure related assets in Nigeria. Through its guarantees, InfraCredit has so far facilitated first-time access to local currency finance from the domestic bond market for three energy infrastructure companies totalling NGN 31.5 billion, for up to 15-year tenor. The issues were oversubscribed by as much as 60%.

BACKGROUND TO THE STUDY AND AIMS

3. InfraCredit investments to date are in Nigeria's energy sector, namely natural gas fired power generation and large-scale hydro power generation. The current pipeline consists of additional investments in power generation (both gas and renewable energy), as well as a range of projects that are aligned with the InfraCredit eligible sectors, which include gas transport, distribution and storage; transport; agricultural infrastructure; waste management and other urban infrastructure.¹
4. The 2015 Paris Agreement outlines the aim to "strengthen the global response to the threat of climate change, by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C". To limit global warming to 1.5°C and avoid the worst impacts of climate change, IPCC modelling has shown that global net anthropogenic CO₂ emissions need to reach net zero around 2050.

¹ A full list of InfraCredit eligible sectors can be found on their website:
<https://infracredit.ng/eligibility-criteria/>

5. InfraCredit Nigeria, has started work on considering how its portfolio could become more aligned to the Paris Agreement and produced a Concept Paper outlining its draft approach to a 'green transition'. PIDG published its Climate Change approach in June 2020.
6. The aim of this study is to better understand:
 - The policy context in Nigeria in which InfraCredit Nigeria operates in relation to climate change, the energy sector and alignment to the Paris Agreement.
 - The current and potential energy mix in Nigeria relative to current and future energy needs that will underpin successful economic growth and development. The study will consider how this mix may change over time and consider options for generating a pathway that is aligned to the Paris Agreement without compromising growth and development.
 - Activity outside the energy sector supporting the green transition in Nigeria in e.g. transport, housing and Special Economic Activity, including activity by donors.
 - Particular investment opportunities related to the green transition in Nigeria for InfraCredit Nigeria
 - The length of time InfraCredit Nigeria will need to transition to an investment strategy and portfolio that is aligned to the Paris Agreement.
 - What role InfraCredit Nigeria (and PIDG) can play to accelerate a green transition in Nigeria's infrastructure investments.

SCOPE OF WORK

7. PIDG & InfraCredit wish to appoint a consultant to undertake a review of the policy context for climate change, renewable energy and Paris Alignment in Nigeria. This could include, inter alia, desk review and stakeholder interviews to better understand:
 - Nigeria's response to Climate Change including 2015 Nationally Determined Contribution to the Paris Agreement and planned updates in 2020
 - Planned developments in Nigeria's energy sector, considering both grid connected and off- grid activities; electrification initiatives and oil and gas sector development
 - Nigeria's energy needs over time and the potential of different energy sources to meet these needs, providing context around the constraints as well as opportunities particular to Nigeria. This should include consideration of resource potential for different technologies; economic viability (including FX risk associated with imported technology) and how this might change over time
 - Activities outside of the energy sector to support a green transition in Nigeria e.g. in transport, housing and Special Economic Zones
 - Decarbonisation pathways, developed in response to Paris Agreement goals and IPCC modelling, appropriate for Nigeria. This section of work should consider the potential role of gas-fired power generation and infrastructure in Nigeria, particularly the role for power generation from Associated Gas that is currently flared. The need for 'firm' power to balance intermittent renewable energy (e.g. PV) should also be considered and the role of different technologies (e.g. gas fired power plants and battery energy storage) to meet this need, as part of a transition.
 - Other activity in this area by donors including, for example, the NDC Partnership; Nigeria Infrastructure Advisory Facility, African Finance Corporation (AFC).

8. Based on the results of the research carried out in 7. above, the consultation should prepare a report outlining the policy context for the need for a transition to a portfolio that is aligned to the Paris Agreement and the particular circumstances in Nigeria that will shape the form of the transition.
9. The consultant, based on review of relevant documentation and discussion with both InfraCredit and InfraCredit funders should develop a draft road map for InfraCredit's transition to a portfolio that is aligned to the Paris Agreement, taking account of the existing pipeline and any identified barriers. This should also identify any specific investment opportunities for InfraCredit (and PIDG) in the transition to accelerate a green transition in Nigerian infrastructure investment.
10. The road map should also include a proposed decision matrix or equivalent, outlining Nigeria- specific project eligibility criteria for certain investment types (e.g. gas fired power plants and infrastructure) where alignment to the Paris Agreement is conditional.
11. The roadmap should form the basis for a strategy document, which outlines a potential approach for InfraCredit's green transition. This strategy/ approach will include focus on specific investment opportunities; timeline for transition and should be suitable for publication and/ or sharing with funders and partners.

DELIVERABLES AND TIMING

Deliverable	Timing
Express interest in submitting a proposal	5pm BST Wednesday 23 September 2020
Receipt of proposals	5pm BST Wednesday 30 September 2020
Consultant appointed	Friday 9 October
Kick off meeting	w/c Monday 12 October
Draft final deliverables	Tuesday 15 December 2020
Final deliverables and presentation	Friday 29 January 2021

12. In line with the above scope of work, there are two key deliverables required:
 - Summary Report: The delivery of a report summarising research findings stemming from point 7 above. It will summarise the policy context and the circumstances in Nigeria that will shape a green transition.
 - Roadmap and Strategy: this document will identify investment opportunities and roles that InfraCredit and PIDG may play in supporting Nigeria's green transition. It will summarise the recommended pathway that InfraCredit's investment strategy should adopt, and will be in a format that is appropriate to share with funders, development partners and other stakeholders.

SUBMISSION OF PROPOSALS

13. Interested consultants are invited to:

- Inform PIDG by email that they express interest in submitting a proposal by the deadline indicated above to marco.serena@pidg.org.
- Submit a proposal (by the deadline indicated above), to marco.serena@pidg.org. Any questions on this RfP should be sent to this email address also.

14. Proposals should be in English and should include:

- Methodology and approach to deliver this assignment, including comments on this RfP and the timeline
- CVs of key staff members and their location
- Details of recent, relevant project experience, in particular relevant experience in the energy sector in Nigeria
- Fees, including expenses and indicating any relevant taxes that will be applicable e.g. VAT, in GBP
- Confirmation of acceptance of PIDG operating policies and procedures (available here: https://www.pidg.org/resources/?filter_cat=operating-policies-and-procedures)
- Validity period of the proposal

15. Proposals will be evaluated based on value for money, consultant capability and track record, and overall quality of the proposal. PIDG reserves the right to select the appropriate service provider based on its requirements. The decision of the evaluation panel will be final.