

Request for proposal to support SunFunder on climate data and risks

RFP TO SUPPORT SUNFUNDER IN THE DEVELOPMENT OF A CLIMATE DATA AND GHG MEASUREMENT FRAMEWORK AND TO UNDERSTAND ITS EXPOSURE TO CLIMATE RISKS

1. Background

1.1. SunFunder

SunFunder is an impact investment business focusing on pioneering and scaling clean energy and climate investments in emerging markets to solve energy access and climate change. SunFunder specializes in financing solar companies and assets through scalable working capital, construction and structured asset finance loans for solar lighting, home systems, mini-grids and commercial solar projects in sub-Saharan Africa and is now expanding into new sectors and geographies. Swedfund has committed MUSD 12 in SunFunder's Solar Energy Transformation (SET) Fund. This is SunFunder's third and largest investment vehicle, aiming at creating long-term impact through increased access to electricity in electricity deficient markets and decreasing CO2 emissions. The portfolio includes borrowers in Kenya, Central African Republic, Nigeria, Tanzania and Uganda. For more information see: www.sunfunder.com.



1.2. Swedfund International AB

Swedfund invested in SunFunder's SET Fund in August 2020. Swedfund International is the Swedish state-owned Development Finance Institution (DFI). Swedfund's goal and mission is to support the elimination of poverty by creating sustainable business in some of the world's most promising growth markets. Three pillars underpin this mission: impact on society, sustainability and financial viability.

Swedfund is supporting SunFunder in this assignment.

2. Description of the Assignment

2.1. Purpose of the Assignment

As part of Swedfund's investment, an Environmental, Social and Governance Action Plan was developed for SunFunder. An item was included in the ESG Action Plan to calculate the emissions of the Fund Manager in order to further improve SunFunder's work as a climate investor and accurately report on its own climate footprint. Through the implementation of the ESG Action Plan, SunFunder has identified additional areas for validation and potential further improvement, as it expands as a climate investor with a commitment to pursue best-in-class monitoring, reporting and corporate (as well as investment) action on climate change.

The main objectives of the assignment are to:

1. **Understand and measure SunFunder's climate footprint** (scopes 1, 2, 3) and develop a "climate footprint tool" to enable SunFunder to continue to measure this for subsequent monitoring periods. For Scope 3 emissions, the tool will incorporate the underlying investees' climate footprints (scopes 1, 2 and 3) and identify SunFunder's attributable share of those emissions.

The methodology and tool shall be adaptable to all countries in Sub-Saharan Africa and up to 20 countries in Asia, MENA and Latin America, to be specified. Any external data inputs will be agreed and specified to enable future updates.

Where relevant, the procedure for calculating emissions should consider ownership/shareholding structures and attribution, geographical location, technology lifetime, installed capacity, annual or monthly generation, total cost per project, total proceeds allocated to projects by fund.



In addition to developing a standard procedure, the scope will include developing input data sheets/tools that SunFunder can readily share at the investee level. This means that the input data sheets would have already included potential emission sources relevant to each type of investee.

2. **Review SunFunder’s methodology** for forecasting and measuring its investee portfolio’s positive climate impact, overall and attributable to the investment, including both mitigation (avoided GHG emissions) and adaptation, providing recommendations at a sectoral level for improvements and incorporating them in the climate footprint tool. Note that this should be a separate function of the tool and the avoided emissions are not to be aggregated with the actual GHG emissions from the portfolio.
3. **Perform a preliminary mapping of climate risks** and opportunities (R&O) which could affect SunFunder’s activities in the coming years in line with the Task Force on Climate-related Financial Disclosures (TCFD), looking at physical and transition risks (e.g. regulation, technology, market, reputation, etc.). This will include an assessment of potential physical risks hotspots that SunFunder’s borrowers may be exposed to based on the location, sector and vulnerability of the operations as well as potential regulatory or market risks.

The consultant shall help SunFunder incorporate the assessment of exposure to climate risks in the ESG Due Diligence form to integrate climate risk as part of the investment decisions.

4. **Produce a climate action plan** (including identifying quick wins to reduce SunFunder’s carbon footprint) for SunFunder for the short, medium and long term. The climate action plan shall be based on the results of the climate footprint exercise and mapping of climate risks and opportunities. It will also include how SunFunder could best advise and guide its investees on improving their own carbon footprints.
5. **Present the findings** on SunFunder’s climate footprint and climate action plan to its team, including as relevant its Leadership Team and Climate Task Force.

By “sectoral level” we refer to an in-depth understanding of the climate mitigation and adaptation impacts of activities in SunFunder’s specific clean energy and climate investment sectors, including off-grid solar, mini-grids, agri-solar, C&I solar, telco ESCO projects, energy efficiency and e-mobility.



The assignment shall be started as soon as possible and carried out during a 6-month period where timeframes for individual actions will be further agreed with SunFunder.

2.2. Applicable standards

As a minimum, it is expected that the scope of work will be undertaken in alignment with the following standards:

- Greenhouse Gas Protocol, World Resources Institute;
- Global GHG Accounting & Reporting Standard, Partnership for Carbon Accounting Financials (PCAF);
- International Financial Institutions Guideline for a Harmonised Approach to Greenhouse Gas Accounting, UNFCCC;
- Taskforce for Climate-related Financial Disclosures;
- SBTi methodology;
- CDP climate standards;
- GRI and SASB standards.

2.3. Available information

The consultant/team will have access to

- SunFunder's ESG and Impact policy and procedures;
- SunFunder's existing avoided emissions data and forecasts;
- Information on the portfolio companies;
- Swedfund's ESG Due Diligence analysis (ESG PM) on SunFunder;
- Interviews with SunFunder and key individuals.



2.4. Deliverables

1. Climate footprint tool, including SunFunder's own (Scope 1-3) and its portfolio companies' emissions (Scope 1-3). The tool should be designed such that SunFunder is able to update this annually without support;
2. A review of the impact forecasting methodology for the new funds and existing results for the investment portfolio;
3. Input data sheet/tools to be shared with investee companies for data collection;
4. Methodology document and user guide accompanying the climate footprint tool, including a full description of assumptions, data sources and required inputs;
5. Climate risk and opportunities mapping and analysis – summary report of findings;
6. Climate action plan;
7. Half day training to SunFunder staff that will be using the climate footprint tool;
8. Full day training to SunFunder staff/Climate Taskforce on findings and outcomes from the climate footprint and the climate risk assessment, as well as on the implementation of the climate action plan;
9. Training materials.

3. Consultancy Profile and the Offer

The consultant or/and consultancy firm shall have documented experiences in the following areas:

- Track record of previous research/evaluations of GHG emissions calculations, GHG budgeting and scenario analysis, climate risk assessments in the renewable and off-grid solar sector funds and preferably in developing country contexts;
- Expertise in climate calculations and risk assessments for funds (preferably debt funds) and underlying portfolios;
- Applicable local and national regulations concerning the above issues;



- Expertise in international climate frameworks and standards, including the GHG Protocol, PCAF methodology and TCFD;
- Local knowledge and expertise.

The offer shall include:

- Estimated total cost for the project including travel expenses etc.;
- Estimated number of hours/days and cost for the individual actions in the assignment;
- Outline of the methodology that will be used; expected roles and responsibilities between the consultant and/or consultancy firm and SunFunder; and tentative plan with milestones for implementing the individual actions;
- Team of consultants expected to participate in the assignment, if applicable;
- CVs for the consultant and/or team of consultants outlining relevant expertise, experience and training;
- List of reference projects relevant for this assignment.

All costs should be stated in USD and the offer shall be valid for 2 months.

The offer should be sent electronically to:

nico@sunfunder.com and corinna.hornwall@swedfund.se

as soon as possible but not later than **17:00 CET on 1 July 2022**.

4. Evaluation criteria

The offers will be evaluated both qualitatively and by price as follows:

- Methodology, approach and overall plan for the assignment;
- Relevant prior experience/references; and
- Costs including fees, travel and other expenses.

5. Questions

Questions will be answered by Nico Tyabji at nico@sunfunder.com.

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