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ETHIOPIA

TERMS OF REFERENCE (TOR)

GENERAL INFORMATION

Services/Work Description: Africa's Public Expenditure on Adaptation
Project/Program Title: Climate Change and DRR
Duty Station: Home-based with possible travels to 4 African Countries
Type of the Contract: Team of 2 International Consultants (Team Leader and African Expert)
Duration: 35 working days which will be distributed over 6 months
Expected Start Date: Mid-April, 2017

I. BACKGROUND / RATIONALE

There is growing realization of the scale and nature of the challenge that climate change will pose for Africa. Early progress in the response to climate change involved the preparation and partial funding of National Adaptation Programmes of Action (NAPAs) and through the integration of climate change into mainstream development programmes, notably in sectors involving natural resources and infrastructure. NAPAs are being superseded by National Adaptation Plans (NAPs) which are of a longer-term nature and focus more on the process of mainstreaming and less on lists of projects. This progress has been captured in the Intended Nationally Determined Contributions (INDCs) presented at the Paris Conference of Parties (COP) meeting, which are being converted into NDCs as countries ratify the Paris Agreement.

Globally, there are growing international commitments to provide resources that will help the poorest countries of the world to respond to the adaptation challenge. Some funds have been created that are dedicated to adaptation. The Green Climate Fund, which is expected to be the largest source of climate finance, is planning to devote 50% of its resources to adaptation and this reflects an international consensus on the relative importance of both adaptation and mitigation.

There is also growing experience in the analysis of the climate relevance of public expenditure. More than 10 African countries have now completed Climate Public Expenditure and Institutional Reviews (CPEIRs) and many more are in the process of doing so. Two main approaches have been used to define and measure adaptation funding. One relies on the relative importance of adaptation in the declared objectives of the programme and this method gives an indication of the priority assigned to climate change in budgeting. The second is based on the extent to which climate change will affect the benefits from expenditure and this provides evidence of the extent to which expenditure will address the adaptation challenge.

Addressing the impacts of climate change is not normally associated with national budgets and fiscal policy and yet there is consensus on the significant dent to development indicators attributed to climate change. The knowledge of the level and effectiveness of public budget allocations and spending on climate change is particularly important now, when countries begin the implementation of NDCs in fulfilment of Paris Agreement obligations. The Africa Public Expenditure on Adaptation study will assist in revealing the estimates of current and projected adaptation allocations/spending and funding gap. This will trigger informed decision making processes on the part of African Governments, donors, Africa Union, African negotiators and Non-state actors including Private Sector.

II. OBJECTIVES OF THE SERVICE / WORK

The objectives of the Africa Public Expenditure on Adaptation study are to:

- a. provide some initial estimates of the current spending on adaptation by African governments and international partners;
- b. assess the extent to which current and projected funding meets the adaptation challenge. This assessment aims to show how successful the level of adaptation spending is likely to reduce the adaptation gap i.e. the difference between adaptation needs and adaptation actions to reduce vulnerability to climate change;
- c. inform African Governments' decision-making on how to measure, report and verify (MRV) their climate expenditure, as part of the fulfilment of Paris Agreement obligations.

III. SCOPE OF THE SERVICE / WORK

The Africa Public Expenditure on Adaptation study will aim to cover all African countries and all elements of public expenditure, both domestic and international. It is expected that there will, however, be many gaps in data and many countries for which the available data is very limited. There will be in-depth focus on agriculture and infrastructure which will be done in those countries where evidence is available. Thus, whilst the work will be mainly a desk study, relying on publicly available evidence, field visits in a few selected countries with available data may be necessary for in-depth sector studies.

IV. EXPECTED OUTPUTS / DELIVERABLES

The work will be completed within 6 months, plus the time required for comments on the various reports. The expected deliverables and timescales are:

| | |
|--------------------------|--|
| I. Inception Report | 1 month after signature of contract (The Inception Report will include a detailed outline of the Final Report as well as a review of data sources) |
| II. Part 1 Draft Report | 2 months after receiving comments on Inception Report |
| III. Part 1 Final Report | 2 weeks after receiving comments on the Part 1 Draft Report |
| IV. Part 2 Draft Report | 2 months of completing the Part 1 Final Report |
| V. Part 2 Final Report | 2 weeks after receiving comments on the Part 2 Draft Report |

V. METHODOLOGY / APPROACH OF THE SERVICE (WORK)

The Africa Public Expenditure on Adaptation study will contain two parts: (i) a review of existing adaptation finance and (ii) an assessment of the impact of that finance.

The consultants are expected to perform the following tasks:

Part 1: Review of Existing Adaptation Finance

- A. Analysis of Public Accounts and Budgets. For as many African countries as possible, evidence will be collected on the sectoral breakdown of expenditure. This will be done for a period of at least 3 years, where possible. Ideally, the analysis will go to the level of department (i.e. the level below ministry), since the climate relevance of different departmental activities varies significantly. Where possible, the analysis will distinguish between domestic and international expenditure.
- B. Overview of Vulnerability. Before assessing the climate relevance of expenditure, the study will review the available vulnerability maps and define an index of vulnerability to each of the main dimensions of climate change (i.e. flood, drought, rainfall variability/seasonality, heat and sea-level rise) for each country. This will require a review of existing evidence on climate change projections from the IPCC Fifth Assessment Report and any regional or downscaled modelling that has been done for Africa.
- C. Classification of Climate Relevance (CC%). The analysis will classify all expenditure according to the contribution it makes to adaptation. This will be done using both the most widely used classification systems (i.e. the system based on objectives and the system based on benefits) and the results of

both systems will be presented, along with an explanation of the different interpretation to be put on the results. The weights used will start with the standard international default weights used in CPEIR work, but will be adjusted to reflect geographical variations in vulnerability to climate change, as defined in Step 2.

- D. Agriculture and Infrastructure. A more in-depth analysis will be done for two of the most important sectors: agriculture/irrigation and urban infrastructure. For agriculture and irrigation, the assessment will look at the level of existing expenditure on routine development activities and the extent to which this is becoming more valuable, because of climate change. For infrastructure, the assessment will focus on the extent to which there is evidence that climate proofing is being incorporated in planned expenditure. This work is likely to focus on a small number of countries for which some existing analysis has already been done. The results for this step will then be used to refine the CC%s.
- E. Presentation of Expenditure Trends. Part 1 of the study will present the trends in adaptation expenditure, based both on the objectives of the expenditure and on the expected implications for benefits. This will show: a) the overall level of spending on adaptation; b) the sectoral composition of that spending; and c) the trends over recent years. A comprehensive literature review of past work on public spending on adaptation, including ODI, UK country studies, will be conducted.
- F. Next Steps and MRV. Part 1 will conclude with the next steps that African countries are planning to undertake to improve both the levels of adaptation finance and the way in which it is managed. It will also draw lessons from the review for how African countries might wish to report on climate change expenditure as part of the Paris Agreement.

Part 2: Expected Impact of Adaptation Finance in Closing the Adaptation Gap

- A. Financing Scenarios. To assess the expected impact of expenditure on adaptation, it is necessary to make assumptions about future commitments. A small number of scenarios will be defined. These could include, for example: a) no change in expenditure as a % of GDP; b) continuation of the recent trend, at least for a limited period; and c) a higher scenario based on expenditure international commitments from the Green Climate Fund and other sources.
- B. Expected Adaptation Benefits. The analysis will define the expected additional adaptation benefits that arise from the adaptation expenditure. This will be done using the evidence on benefits collected in Part 1C. The benefits will be measured in terms of % of GDP in order to facilitate comparison between countries and aggregation to pan-African totals. The analysis will review the quality of the available evidence and the steps
- C. The Adaptation Gap. The available evidence on expected damage from climate change will be reviewed, to determine the adaptation needs. This will include international work (e.g. the UNEP Adaptation Gap Report, the World Bank studies on the Economics of Adaptation to Climate Change and the ECA work on Tanzania) as well as any published national studies. This will then be compared with the expected benefits derived from the various adaptation financing scenarios, which will allow the adaptation gap to be estimated for each scenario.
- D. Strategy for Closing the Adaptation Gap. Part 2 will conclude with suggested strategies for closing the adaptation gap, including: a) the level of expenditure required; b) the scope for improving the effectiveness of adaptation expenditure; c) the potential role of private sector adaptation; and d) institutional measures to coordinate the strategy.

VI. LOCATION, DURATION AND TIMEFRAME OF THE WORK /DELIVERABLES/OUTPUT

This consultancy assignment will be home-based and may require travel of the consultants for field work to 4 countries for a validation meetings and primary and secondary data collection.

| No. | Deliverables | Implementing Partners (IP) | Location and Action to be Undertaken | Duration (approx.) |
|--------------------|---|----------------------------|--------------------------------------|---|
| 1 | Inception report | - | Home based | 5 working days |
| 2 | Deliverable I- Report on Adaptation spending trends and impact on vulnerability and strategies for effective, transparent and accountable adaptation spending in Africa | - | Home based | 15 working days |
| 3 | Deliverable II- Report on the Impact of expenditure levels on adaptation benefits and strategies for Closing the Adaptation Gap in Africa | - | Home based | 15 working days |
| Total Working Days | | | | 35 working days for each consultant. |

VII. INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS

This assignment will be managed by the UNDP Regional Service Centre for Africa and Africa Climate Policy Centre (ACPC) of the UNECA, who will create a Technical Steering Group to provide guidance and to review and comment on draft deliverables. For day-day issues the two consultants will work closely with the UNDP Regional Climate Policy Specialist under the overall supervision of the Team Leader- Climate Change and Disaster Cluster of the UNDP Regional Service Centre for Africa.

VIII. PAYMENT MILESTONES AND AUTHORITY

Prospective Service Provider will indicate the cost of services for each deliverable in US dollars when applying for this consultancy. The Proposer will be paid based on the effective UN exchange rate (in case of other currency denomination), and only after approving authority confirms the successful completion of each deliverable as stipulated hereunder. In accordance with UNDP rules, the lump sum contract amount to be offered should consider the professional fee inclusive of travel, living allowances, communications, taxes, out of pocket expenses, and other ancillary costs.

A winning Proposer shall then be paid the lump sum contract amount upon certification of the completed tasks satisfactorily, as per the following payment schedule:

| Payment Schedule (Payment trenches) | Deliverables or Documents to be Delivered | Approval should be obtained from: | Percentage of Payment |
|-------------------------------------|---|-----------------------------------|-----------------------|
| 1 st Installment | Inception report | | 20% |
| 2 nd Installment | Deliverable I- Report on Adaptation spending trends and impact on vulnerability and strategies for effective, transparent and accountable adaptation spending in Africa | " | 40% |
| 3 rd Installment | Deliverable II- Report on the Impact of expenditure levels on adaptation benefits and strategies for Closing the Adaptation Gap in Africa | " | 40% |
| TOTAL | | | 100% |

IX. MINIMUM ORGANIZATION AND CONSULTANCY TASK FORCE REQUIREMENTS

The Africa Public Expenditure on Adaptation study will be produced by two experts: one team leader and international expert in climate planning and budgeting; and one African expert in public financial management (PFM).

9.1 Team Leader

Academic Qualification:

- At least Master's degree in national planning and finance, public climate change policy, public sector management and related fields

Experience:

- He/she will have at least 20 years' experience, with strong experience in analyzing climate public expenditure. The Team Leader will take overall responsibility for drafting the report, for the methodology and for discussions with the Technical Steering Group
- The Team Leader should demonstrate familiarity with UN organisations and working with African Governments

Competencies:

- Ability to provide general leadership and direction to the study/research analysis and report writing;
- Excellent research and advocacy skills relating to climate change;
- Strong organizational skills;
- Strong communication skills;
- Proficiency should be in English and proficiency of French language will be an added advantage.

9.2 Senior African Expert

Academic Qualification:

- A post-graduate degree in public finance management (PFM), economics or a related discipline.

Experience:

- He/she will have a minimum of 5 years applied experience with PFM analysis in Africa. The PFM Expert will be responsible for compiling the database of evidence on public expenditure by sector and for analysing this database, using the estimates of CC% provided by the Team Leader.
- The Senior Expert should demonstrate familiarity with UN organisations and working with African governments

Competencies:

- Ability to work under pressure and to deliver in a timely manner without compromising quality standards;
- Strong communication skills;
- Strong presentation and facilitation skills, including the ability to set out a coherent argument in presentations and group interactions;
- Proficiency should be in English and proficiency of French language will be an added advantage;
- Excellent command on both written and spoken English is essential;
- Capacity to communicate fluently with different stakeholders (Government authorities, donors, civil society);
- Excellent writing and analytical skills;
- Computer skills: full command of Microsoft applications (Word, Excel, PowerPoint) and common internet applications is mandatory.

X. CRITERIA FOR SELECTING THE BEST OFFER

Upon the advertisement of the Procurement Notice, qualified Team of Consultants is expected to submit both the Technical and Financial Proposals. Accordingly; the firm will be evaluated based on Cumulative Analysis as per

the following conditions:

- Responsive/compliant/acceptable as per the Instruction to Bidders (ITB) of the Standard Bid Document (SBD), and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
 - a. Technical Criteria weight is 70%
 - b. Financial Criteria weight is 30%

The evaluation of the technical proposal will be based on the following detailed criteria:

TECHNICAL PROPOSAL EVALUATION CRITERIA

| Summary of Technical Proposal Evaluation Forms | | Score Weight | Points Obtainable |
|--|--|--------------|-------------------|
| 1 | Expertise of Consulting Team | 30% | 300 |
| 2 | Proposed Methodology, Approach and Implementation Plan | 40% | 400 |
| 3 | Management Structure and Key Personnel | 30% | 300 |
| | TOTAL | 100% | 1000 |

| Technical Proposal Evaluation (FORM I) | | |
|--|--|-------------------|
| 1. Expertise of the Consulting Team | | Points Obtainable |
| 1.1 | Reputation of Team including credibility and reliability | 50 |
| 1.2 | Specialized knowledge of climate/public finance | 100 |
| 1.3 | Experience of similar assignment in Africa and/or Asia | 100 |
| 1.4 | Previous Work for UNDP/UN/ major multilateral/ or bilateral programmes | 50 |
| | SUB TOTAL | 300 |

| Technical Proposal Evaluation (FORM II) | | |
|---|--|------------|
| 2. Proposed Methodology, Approach and Implementation Plan | | |
| 2.1 | To what degree does the Proposer understand the task? | 30 |
| 2.2 | Have the important aspects of the task been addressed in sufficient detail? | 25 |
| 2.3 | Are the different components of the project adequately weighted relative to one another? | 20 |
| 2.4 | Is the proposal based on a survey of the assignment environment and was this data input properly used in the preparation of the proposal? | 55 |
| 2.5 | Is the conceptual framework adopted appropriate for the task? | 65 |
| 2.6 | Is the scope of task well defined and does it correspond to the TOR? | 120 |
| 2.7 | Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project? | 85 |
| | SUB TOTAL | 400 |

| Technical Proposal Evaluation (FORM III) | | |
|---|--|------------|
| 3. Management Structure and Key Personnel | | |
| 3.1 | Team Leader | |
| | General Qualification | |
| | Suitability for the Assignment | |
| | - International experience | 35 |
| | - Professional experience in climate finance | 125 |
| | - Knowledge of Africa region | 25 |
| | - Language qualification | 15 |
| | SUB TOTAL | 200 |

| | | |
|------------|--|-------------|
| 3.2 | Senior African Expert | |
| | General Qualification | |
| | Suitability for the Assignment | |
| | - International experience | 15 |
| | - Professional experience in public finance management systems | 50 |
| | - Knowledge of the region and country experiences | 25 |
| | - Language qualification | 10 |
| | SUB TOTAL | 100 |
| | SUB TOTAL - KEY PERSONNEL | 300 |
| | Aggregate | 1000 |

XI. LOGISTICAL SUPPORT

The Climate Change and Disaster Risk Reduction Cluster of UNDP-RSCA will ensure that the Consultancy Team receives access to the UNECA/RSCA Compound in Addis Ababa, Ethiopia. When required, the Team will be provided with workspace and phone/internet access within UNDP RSCA and UNECA.

XII. RECOMMENDED PRESENTATION OF TECHNICAL PROPOSAL

For purposes of generating proposals whose contents are uniformly presented and to facilitate their comparative review, a Service Provider advised to use a proposed Table of Contents. Hence, your Technical Proposal document must have at least the preferred content as outlined in the respective RFP Proposal Submission Form.

XIII. CONFIDENTIALITY AND PROPRIETARY INTERESTS

The consultants shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy or the Government without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under the assignment shall become and remain properties of UNDP. This assignment will be administrated by the United Nations Development Programme (UNDP), and all relevant UNDP rules, policies and procedures will apply.