

# TERMS OF REFERENCE FOR THE DEVELOPMENT OF A FINANCING STRATEGY AND AN INVESTMENT PLAN FOR THE NATIONALLY DETERMINED CONTRIBUTIONS (NDCs)

## Individual consultancy TOR

### PROJECT BACKGROUND

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The Government of the Republic of Zambia ratified the Paris Agreement that seek to hold the increase in the global average temperature to well below 2 °C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above preindustrial levels. In addition, Zambia submitted its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015. The NDC is considered as a policy document which has an overall objective of putting the country on a Low carbon climate resilient pathway and also aimed at assisting the country to contribute towards the achievement of the global temperature goal without compromising its development needs. The NDC estimated a total reduction of GHG emissions of 25% and 47% against 2010 base year with limited and comprehensive financial support, respectively.

In order to facilitate the implementation of NDC in Zambia, the Government embarked on a project called “NDC support programme” 2018. The programme is aimed at building capacity and creating readiness for implementation of NDC in Zambia. The programme is supported by United Nations Development Programme (UNDP) and it works in contribution to the NDC Partnership and is funded by the European Union and the Governments of Germany and Spain. The NDC support programme (NDC SP) is being implemented in 25 participating countries including Zambia. In addition, the NDC SP has a gender component which is being piloted in 10 countries, Zambia inclusive. Zambia is working towards mainstreaming gender equality and women’s empowerment in its national climate actions. The project seeks to reinforce achievements made under the Low Emissions Capacity Building Project and support scaling up climate change mitigation and adaptation action in support of country’s NDCs. Further, the project will also support government in its quest to ensure the NDC serves as a driver for sustainable development, green growth at the national level and in contributing to the global Sustainable Development Goals (SDGs), including transitioning to zero-carbon economy.

The goal of the project is to provide the Government with support required in preparing, planning, designing and implementation of quantified mitigation contribution to Zambia’s NDC. The specific objectives of the project are to;

- a) Develop NDC governance system including, institutional arrangements for NDC coordination, MRV system, and finance and resources mobilization;
- b) Develop guidelines for NDC implementation;
- c) Integrate the NDC process into the national development planning process through incorporation into existing sectoral planning; and

Improve investment environment for business related mitigation actions.

The Government of the Republic of Zambia through the Ministry of Lands and Natural Resources wishes to recruit a consultant to develop a Nationally Determined Contributions (NDC) Financing Strategy and an Investment Plan as part of the process towards implementation. The objectives, scope and other details related to this consultancy are provided below.

## **PURPOSE OF THIS CONSULTANCY**

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The objectives of this assignment are to

- Assist the Government in preparing an NDC Financing strategy and an Investment Plan, which will build on the NDC Implementation Plan;
- Prepare a funding strategy to cover costs for the three phases and NDCs towards achievement of proposed priority investments in the NDC Investment Plan, by clearly defining the expected contributions from climate finance, government, development partners and the private sector;
- Incorporate the estimated costs of these investments in the pre-2020, Compliance Phase(2021-2025)and True -up phase (2026-30) including operational and capital expenditure budgets
- Develop gender equality criteria to be integrated into the NDC Investment Plan as well as indicators to ensure women empowerment and gender equality,

### **Premise for developing the Financing Strategy and Investment Plan**

The NDC Investment Plan will make extensive use of the NDC Implementation Plan that was prepared by ZEMA with support from UNEP and UNDP. The NDC Financing Strategy and Investment Plan will provide sources of funding, resource mobilization processes and an updated schedule of investments to be implemented in the short term (2019-2020), medium term (2021-2025) and long term (2026-2030). The Financing Strategy and Investment plan will cover the same sub-programmes and activities as in the NDC Implementation Plan. The climate change mitigation actions should include promotion of Sustainable Agriculture; Sustainable Forest Management; and Renewable Energy and Energy Efficiency. Zambia's adaptation actions focus on strengthening strategic productive systems in the agriculture, wildlife and water sectors, improving strategic infrastructure and health systems and enhancing capacity, research, technology transfer and finance for adaptation. The actions should be aligned to the existing national policies, programmes and plans.

## **SCOPE OF WORK**

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The consultant will elaborate the Financing Strategy for Zambia's NDC. The assignment will involve the following:

- a) Analyse historic climate related public and private expenditures in selected sector, national or sub-national, as well as "grey" and "brown" financial flows
- b) Analyse required public and private investments for NDC priority actions (e.g., through investment & financial flows analysis);

- c) Develop policy recommendations for an improved sectoral financial architecture which could consider, among others, tax reforms, market mechanisms, etc;
- d) Assess policy coherence and conflicts and mainstreaming efforts at national and sub-national levels,
- e) Costing of the priority actions - In view of the priority actions identified in the National Policy on Climate Change 2016 and the National Climate Change Response Strategy 2012, prepare costing details with clear source references. Compile an overall costing for the NDC which should specify funding available through government planned expenditure in the SNDP 2017-2021 and Sector Plans and Sub-national development Plans.
- f) Review the climate finance landscape in the country and assess funding gaps that require international support and private sector investments to enable Zambia to be on track to reaching the targets under the NDC.
- g) Prepare NDC financing strategy that should also identify different options to cover gaps in the funding of the priority climate change activities. The financing options could include international climate financing through international funds, the cooperative approaches under Article 6.2 of the Paris Agreement, carbon markets as defined in Article 6.4 of the Paris Agreement and private sector financing. The consultant should identify potential investment opportunities for private sector implementation of the National Policy on Climate change, the National Climate Change Response Strategy, barriers for private sector investment and recommendations to address the barriers. The potential role of any existing Environmental and Climate Funds once operational, role of Green and Climate Bonds will also be considered.
- h) Review previous experiences from other countries related to gender policies, multilateral financial mechanisms (i.e. GCF, GEF, AF, etc.) and other relevant climate finance strategies and mechanisms;
- i) Prepare detailed implementation steps for the financing strategy. This should include a stakeholder mapping to identify the stakeholders implementing the actions, responsibilities of the different stakeholders and realistic timelines to achieve the priority actions identified in the SNDP and National Policy on Climate Change over the three Phases of the NDC implementation Plan.
- j) Propose measures to increase private sector engagement and overcome barriers to incentivize climate action-related investments for mobilization of climate finance
- k) Identify capacity gaps and develop a related capacity building plan for public and private sector entities. This could include recommendations for raising awareness and providing trainings on business plans and innovative financing for climate priority actions under the NCCRS and sector NAPs with the ultimate goal to strengthen public private partnerships to mobilize and deliver on the climate change goals.
- l) Develop a country climate financing strategy taking into account public, private, bilateral and multilateral financing options
- m) Develop guidelines for resource mobilization according to the financing strategy for implementation of the NDC and other climate change related projects

- n) Recommend institutional arrangements for the oversight and coordination of climate finance activities in the country

This work will require a thorough examination of the relevant national documents including NDC implementation Plan, NDC sector analysis reports, the SNDP and its implementation Plan.

The consultant is also expected to engage in depth discussions with key sector ministries and institutions under the NDC including the National Treasury and the private sector through series of meetings and workshops.

## METHODOLOGY

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- a) Conduct stakeholder consultations
- b) Consult with sector agencies, collect data, study and synthesize relevant data on budgets and costing,
- c) Develop reports to assess the levels of expenditure on mitigation, adaptation and capacity building technology and technology transfer
- d) Review of the NDC Implementation Plan and other relevant documents including the national and sector budgets from the government and private sector
- e) Review budget allocation for climate finance with focus on mitigation and adaptation activities in the NDC implementation plan
- f) Review previous experiences from other countries related to gender policies, multilateral financial mechanisms (i.e. GCF, GEF, AF, etc.) and other relevant investment planning mechanisms;
- g) Review which projects and complimentary measures of the NDC implementation Plan that have been completed or are being prepared or implemented since its approval;
- h) Consult with stakeholders on the relevance and completeness of the NDC Implementation Plan and identify new developments and gaps that have not been covered and lessons learned.
- i) Prepare an NDC Investment Plan which will which should include the following:
- j) Establish key performance indicators including gender issues for each of the sub-sectors.
- k) Where applicable, conduct a demand analysis (i.e., for activities in the NDC related to electricity generation, charcoal production, efficient stoves, biodiesel, crop production, fish production, infrastructure for water harvesting and storage, infrastructure for water transfer, etc.) based on (among others) population forecasts and trends in 'urbanization', economic developments,
- l) Establish linkage of NDC with Zambia's Vision 2030, 7NDP objectives, and SDGs
- m) Establish the "gap" between demand and supply in (i above and develop investments and complimentary measures for funding (i.e. from international funding, private sector, national budgets and other funding) to bridge the gap while meeting the NDC target.
- n) Prepare indicative cost estimates (up front capital and recurrent funding requirements) of the priority investments based on the "whole of life" costs of the proposed interventions, including the costs of operation, maintenance, capital investments.
- o) Where applicable, review the level of cost recovery of each of the would-be project implementers and assess the business case and extent they are able to recover the costs of operation, maintenance and capital investments.

- p) For those sectors that (partly) rely on government subsidies, review the reliability of government subsidies for capital and recurrent costs provided over the last three years.
- q) Assess the likely contribution from climate-related funds and development partners based on past contributions and existing country plans and agreements.
- r) Assess the expected level of funding from government budget over the next 11 years (NDC implementation cycle) and assess the need, ability and willingness of the government to borrow from public and private sources for investments in economic infrastructure.
- s) Develop gender and social safeguard metrics and indicators, gender capacity needs, opportunities and barriers removal strategies to be included in the NDC Investment Plan.
- t) Conduct an in-depth situational and contextual gender analysis and identification of gender responsive interventions to be included in the NDC Investment Plan.
- u) Review development partners' country strategies and partnership agreements and estimate the tentative level of funding from external sources for economic infrastructure over the next 11 years.
- v) Carry out a high-level review of the potential institutional constraints with regard to financial governance, management and implementation of the proposed NDC activities and identify measures in various sub sectors to overcome such constraints.
- w) Recommend policies, institutional measures and capacity development programs to enable implementation of the activities and identify potential involvement of the private sector in providing infrastructure services.
- x) Prepare a draft, prioritized investment program and complimentary measures, and draft implementation schedule, to be presented to and approved by the NDC Technical Committee

## **PRODUCTS (KEY DELIVERABLES)**

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### ***Deliverable 1: Inception Report***

An inception report detailing all tasks for the finance strategy and Implementation Plan, methodology on Financing strategy, costing, work plan, timeline, a list of national government institutions, civil society stakeholders, academia, private sector to be consulted.

### ***Deliverable 2: First Draft Finance Strategy***

A first draft of the financing strategy and Investment Plan including costing details, funding gap, stakeholders' mapping and implementation strategy

### ***Deliverable 3: Second Strategy Finance Strategy***

A second draft of the Financing strategy including the outcomes of the multi-stakeholder consultative process in at all priority sectors of the NDC and reports of consultations. And a Second draft Investment Plan with costings for all mitigation actions and adaptation measures in the NDC Plan.

### ***Deliverable 4: Final Finance Strategy and Investment Plan***

A final comprehensive and validated financing strategy and investment Plan report within 1 month of receiving the consolidated comments from the NDC Technical Working Group and other stakeholders, covering key aspects of the strategy covered in the scope of work and clear recommendations for the next steps for actions by the public and private sector. The consultant should also develop a power point

presentation and a synthesis of the findings in the form of a matrix, flowchart or any other format as required by UNDP and the Government

### **REQUIRED SKILLS/ EXPERIENCE**

- ✓ At least a Master’s degree in a relevant field such as economics, finance, business administration or related areas. At least 10 years’ experience in climate change finance in developing countries.
- ✓ Proven understanding of the Global and National Climate Finance landscape and procedures, multilateral funds and the other channels including the role of private sector in climate finance.
- ✓ Thorough understanding of low carbon finance in developing countries, investment risks and barriers and proven expertise in designing financing mechanisms that address investment risks.
- ✓ Demonstrated ability to raise finance and close financial deals for low carbon and climate resilience finance in developing countries.
- ✓ Proven experience in development resource mobilization, finance planning and budget experience of Investment Plans related to climate action
- ✓ Excellent communication skills with ability to express ideas clearly, concisely and effectively, both orally and in writing.
- ✓ Fluency in English.

### **ETHICAL CLEARANCE DOCUMENTATION**

The consultant is responsible for acquiring all permissions necessary for conducting the assignment. Where required, this may include relevant permissions from national and/or local authorities, and Institutional Review Board (Protection of Human Subjects) permissions. The consultant is also responsible for adhering to local formalities and obtaining any required permits related to the survey implementation, as well as survey team health and accident insurance, salary, taxes, and others as necessary. Through the course of obtaining ethical clearance, the consultant should also identify and secure respondent compensation packages/gifts according to local custom.

### **MANAGEMENT AND IMPLEMENTATION ARRANGEMENT (REPORTING)**

The consultancy firm will work under direct supervision of Director Climate Change Department Ministry of Lands and Natural Resources Protection, Director DMMU and UNDP Environment Advisor

### **ESTIMATED LEVEL OF EFFORT**

The level of effort required for these responsibilities is currently estimated at 30 working days spread across 3 months.

### **DELIVERABLES AND PAYMENT SCHEDULES**

No.	Deliverables	Timelines	Payments
1	An inception report detailing all tasks for the finance strategy and Implementation Plan, methodology on Financing strategy, costing, work plan, timeline, a list of national government	Within 1 week after contract signing	10 % upon submission and clearance of the inception report

	institutions, civil society stakeholders, academia, private sector to be consulted.		
2	A first draft of the financing strategy and Investment Plan including costing details, funding gap, stakeholders' mapping and implementation strategy.	Within 2 months after contract signing	30 % upon submission and clearance of the first draft of the NDC Financing strategy and investment Plan
3	A second draft of the Financing strategy including the outcomes of the multi-stakeholder consultative process in at all priority sectors of the NDC and reports of consultations. And a Second draft Investment Plan with costings for all mitigation actions and adaptation measures in the NDC Plan	Within 3 months after contract signing	20% upon submission and clearance of the second draft of the Financing strategy and Investment Plan
4	A final comprehensive and validated financing strategy and investment Plan report within 1 month of receiving the consolidated comments from the NDC Technical Working Group and other stakeholders, covering key aspects of the strategy covered in the scope of work and clear recommendations for the next steps for actions by the public and private sector. The consultant should also develop a power point presentation and a synthesis of the findings in the form of a matrix, flowchart or any other format as required by UNDP and the Government.	Within 4 months after contract signing	40% upon delivery and clearance of the final financing strategy, investment Plan report and associated tools and stakeholder's workshop reports

## EVALUATION CRITERIA

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The financial proposal of all bidders, who have attained a minimum 70% score in the technical evaluation will be compared. The short-listed bidder may be asked for a presentation prior to the final selection if necessary. The contract will be awarded to the successful bidder following completion of all evaluations. The successful bidder will have to sign a contract to undertake the assignment.

<b>Criteria</b>	<b>Weight</b>	<b>Max. Point</b>
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At least a Master's degree in a relevant field such as economics, finance, business administration or related areas.	10%	10
At least 10 years' experience in climate change finance in developing countries	15%	15
Proven understanding of the Global and National Climate Finance landscape and procedures, multilateral funds and the other channels including the role of private sector in climate finance	10%	10
Thorough understanding of low carbon finance in developing countries, investment risks and barriers and proven expertise in designing financing mechanisms that address investment risks	15%	15
Demonstrated ability to raise finance and close financial deals for low carbon and climate resilience finance in developing countries	20%	15
Proven experience in development resource mobilization, finance planning and budget experience of Investment Plans related to climate action	15%	10
Excellent communication skills with ability to express ideas clearly, concisely and effectively, both orally and in writing	10%	10
Fluency in English	5%	5
<b><i>Total</i></b>	<b>100%</b>	<b>100</b>

### **Estimated Schedule**

The consultancy is for a period of 30 working days spread across 3 months

### **Management and Logistical Support**

The consultant will report directly to the Director Climate Change Department and Head Environment Unit at UNDP.

### **Payment**

The assignment will be remunerated upon delivery of the agreed outputs, at the agreed fee rate and the agreed number of days of professional fees chargeable, as per the normal procedures of the UNDP. Specifically requested among other financial proposal elements is to state the cost of unit per questionnaire administration in the financial proposal.