

Terms of Reference

Biodiversity Finance Initiative (BIOFIN) and Africa Sustainable Finance Hub (ASFH)

Nature Financial Disclosure Readiness Policy and Institutional Review

Location: South Africa. Home-based with meetings on site and project meetings as needed.

Application Deadline: 10 June 2022

Category: Energy and Environment

Type of Contract: Individual Contract

Language Required: English

Starting Date: 01 July 2022

Duration of Assignment: 3 months

Duty Station: Pretoria South Africa

1. Background Summary:

UNDP's mandate, strengths and strategic approach to SDG Finance brings several unique added values. These include: 1) UNDP's integrated approach to SDG financing with a holistic focus on public and private financing in a domestic and international context rooted in the SDGs. 2) The focus on linking planning and financing - UNDP has an established a niche supporting national planning processes with a focus on strengthening the link between planning functions and financing policies at the level of the SDGs overall is unique among international actors. 3) UNDP's role as SDG integrator which is about promoting the whole-of-society in the SDG Financing dialogue and thus promoting key concepts of Economic Governance. 4) UNDP's country presence: UNDP's added value is its country presence, which is complemented with the regional level work to capitalize on its good practices and lessons learned, while following a bottom-up approach to influence regional and global Financing agendas. The Strategic Offer of UNDP Africa Bureau considers Financing for development as a foundational enabler, underpinning and contributing to its six strategic areas. Helping improve access to finance, setting up the right instruments for leveraging private and other non-traditional finance sources, ensuring equal access, and minimizing financing costs.

UNDP's Africa Sustainable Finance Hub (ASFH) was created to deliver on UNDP's mandate and strategic approach for SDG financing in the Africa region and covers activities related to regional and country level support in financing the implementation of the National development priorities of African countries, aligned with the Sustainable Development Goals by 2030, the Africa Union Agenda 2063 and the Paris Agreement.



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The ASFH provides technical assistance support to relevant national (and sub-national) level stakeholders to aggregate evidence-based analysis, to introduce policy and institutional reforms for strategies to finance national development plans, to catalyse private sector investment and share country knowledge and experiences. ASFH will partner with The Biodiversity Finance Initiative (BIOFIN)

The Biodiversity Finance Initiative

The Biodiversity Finance Initiative (BIOFIN) is implemented by the United Nations Development Programme, with financial support from the European Commission and the Governments of Germany, Switzerland, Norway and Flanders. This global initiative is envisioned to transform the way in which biodiversity finance is mobilized allowing for greater resources to be enacted as required within the Aichi Targets defined in the Convention on Biological Diversity Strategic Plan (2011 – 2020). Over the past nine years, the UNDP Global BIOFIN team together with 41 countries have been involved in developing and piloting the BIOFIN methodology which is continuously refined through national, regional and global learning.

In South Africa, the BIOFIN programme is implemented at a national level by the UNDP in partnership with the Department of Forestry, Fisheries and the Environment (DFFE). South Africa initiated its BIOFIN programme in 2015 and has met several envisioned goals including the undertaking of a Policy and Institutional Review (PIR), Financial Needs Assessment (FNA), Biodiversity Expenditure Review (BER) and Biodiversity Financial Plan (BFP). Within the Biodiversity Finance Plan, 16 financial solutions were identified as being instruments that could be developed or refined to increase financial flows earmarked for biodiversity protection and 8 of these Finance Solutions have been prioritized for implementation under BIOFIN Phase II.

BIOFIN Phase 2 in South Africa is currently in the implementation phase. As part of phase 2 implementation, the programme is seeking to a Nature Financial Disclosure Readiness Policy and Institutional Review in 2022. This will result in a South Africa country report with in-depth policy, regulatory and institutional analysis with a view to establish enabling environment and incentives/disincentives to increase uptake of the nature related financial disclosure framework. This will include an analysis of the existing disclosure frameworks and the related policies and regulations, as well as a country action plan to reduce the capacity gap and the implementation of nature finance disclosure frameworks in 2023.

More than half of the world's GDP is dependent on nature, which underpin billions of livelihoods. The world's economy depends on a steady flow of ecosystem services, resources for consumption, pollination of crops^[1], water filtration, waste decomposition, carbon sequestration and climate regulation worth around USD \$125 trillion annually (WWF 2017). Instead of valuing this natural capital, humanity has wiped out 83% of wild mammals, half of all plants and the past five years are among the highest in deforestation. Our economies are impacted by financial institutions and corporations, where investment and supply chain risks are accounted for only when they are deemed “material” for business. A telling trend for example is that ‘grey’ finance outpaces investments in ‘green’ sustainable forest management by a factor of more than 100:1 -- including private sector investments and government subsidies. The market-led and UN-supported [Taskforce on Nature-related Financial Disclosures \(TNFD\) was launched on 4 June 2021](#). It is designed to support a shift in global financial flows away from nature-negative toward nature-positive outcomes by providing a practical reporting framework for companies. It is a critical step in growing

awareness and stimulating action on nature-related risks and opportunities and it will help in the redirection of global financial flows towards more nature-positive sectors and activities.

2. Objectives of the work:

The materiality of nature-related risks is often invisible because the realized or potential costs associated with nature degradation, are transferred to consumers, society at large or other third-parties, rather than being built into the balance sheets of companies. Such costs are considered externalities to the economy under the current regulatory and fiscal systems. In South Africa, underpricing nature-related risks by companies when forecasting returns has been business-as-usual. Most companies are unable to clarify uncertainties associated with nature, and so are unable to reflect this in balance sheets or investment risk assessments.

This TOR specifically relates to the appointment of an individual consultant to produce a report detailing the conditions/gaps and opportunities for South Africa to strengthen existing reporting metrics on nature which covers the following:

- **Section 1.** Assessment of institutional, policy and regulatory gaps and opportunities for readiness for disclosure of nature-related finance and risk,
 - mapping of stakeholders and mandatory sustainability reporting requirements already on the market.
 - identification of a suitable entry point for developing a system for tagging of investments as “green”
- **Section 2.** Assessment of institutional arrangements readiness and Capacities of National and Local Associations of Economic Agents
 - Review global measurement and reporting frameworks that can be integrated into and enhance existing disclosures and standards for adoption in SA
 - Review potential for integrated approach to climate- and nature-related risks, utilising TCFD implementation for scaling up finance for nature-related disclosures.
- **Section 3:** Recommendation and Action Plan
 - Provide tested recommendations as tools to companies and regulators to embed nature in balance sheets and national accounts to accelerate the transition to a truly sustainable economy,

3. Methodology and Scope:

In completing the work, the appointed individual consultant will at a minimum required to following:

- i. Participate in an inception meeting and prepare an inception report that includes a clear methodology.
- ii. Engage with different stakeholders in Government, Private Sector and civil society spaces through interviews and meetings
- iii. Review policies, legislation, guidelines and any other documents as relevant to the work
- iv. Present the findings of the work to UNDP and other stakeholders as identified at inception phase.

The following topics are to be covered in each section of the work. Additional topics may be identified by the individual consultant.

- **Section 1.** Assessment of institutional, policy and regulatory readiness for disclosure of nature-related finance and risk
 - List the different financial authorities existing in South Africa, their overall mandate and their role within the existing climate or nature disclosure. Provide an organogram showing the linkage between them.
 - Do country's financial authorities currently use legally adopted protocols for assessing, at the national level (or for priority regions) the condition and trends of its national natural capital and ecosystem services (e.g. by SEEA, WAVES, or stress-testing, or tipping point assessments or similar), including analysis of how the condition and trends in natural capital and ecosystem services affect or might affect key economic indicators (such as gross industrial production; domestic materials supply shocks; impacts on agricultural productivity; sovereign debt rating)?
 - What natural capital and services indicators/metrics are used (or should be used) by national financial authorities at the macro-level when monitoring the state of natural capital and services and its impacts on economy?
 - Which Government of South Africa entities are in charge of collecting and collating company disclosure of nature related finance? If there is none, which Government units would be the most appropriate to receive this mandate?
 - Are registrants of South Africa (real economy companies and financial institutions registered as taxpayers in the country) currently required by law to disclose their nature-related risks? (Includes Environmental Impact Assessment, mandatory ESG report, CSR, etc.).
 - In case there is no mandatory disclosure requirement, do registrants disclose nature-related finance and risks on a voluntary basis? If so, briefly describe: (1) key economic sectors in which companies disclose, (2) how many of the companies report and whether these are

leading companies in terms of enterprise value/capitalization, (3) where is the disclosure placed (public space, confidential reporting to Government or financial institutions, sustainable certificates, Insurance policies).

- If there is no nature related financial disclosure in the country, are there any climate or environmental disclosures framework (TNFD, ESG reporting, etc.) that could provide an entry point to the development of a nature related finance and risk disclosure criteria?
 - Does the Reserve Bank of South Africa provide a sustainable roadmap or green loan guidelines to commercial banks? Do they include biodiversity criteria?
 - Do any banks / credit institutions registered in South Africa assess nature-related risks as part of investment proposal evaluation? If so: (1) how many banks (% of total number of banks registered in the country), and (2) what are the project-level nature-related risks being currently assessed by banks, (3) discuss whether there are nature-related risks outside the scope of current banks' investment assessment protocols that need to be factored in given their potential impact in the longer term.
 - Has the Government of South Africa been reviewing its public budget constitution and tagging principles, aiming to specify within its budget positive, neutral or negative nature expenditure? If so, is classifying its expenditure as nature-negative, neutral or positive based on science? If yes, please describe (or provide reference to) the methodology/criteria being applied. If a Biodiversity Expenditure Review was conducted, please provide the main results, lessons learnt and impact on government decision making.
 - Does the Government of South Africa apply fiscal instruments (taxes) to discourage its registrants from transferring nature degradation costs on the society and third parties? E.g. Is there a nature tax in place (national or border), charged on polluters and non-sustainable production practices?
 - Are cases of illegal resource use published and prosecuted under national law?
 - Does the Government of South Africa apply fiscal incentives to encourage nature-related financial and risk disclosure and ultimate wider uptake of zero-impact or positive-impact production activities by its registrants? E.g. are subsidies for third-party certification available from the state (sustainable agriculture, ecotourism, sustainable fishery, etc.)? Or other forms of incentive such as environmental performance-based subsidies? How is the certification regulated?
- **Section 2.** Assessment of institutional arrangements readiness and Capacities of National and Local Associations of Economic Agents
- In case no Government institution is currently mandated to collect disclosure on nature-related finance and risks from companies, which Government agency would be best fit to assume this function and what capacities gaps would need to be addressed? In case, Government units in charge of collecting and collating this data exist, what are the existing capacity gaps?
 - For the 5 sectors (Financial sector, Food production on land and water, Forest products,

Extractives and mining, Infrastructure) identify which associations/unions/chambers/cooperatives exist in the country (at national or subregional or local levels), which have mandate and experience and potential to serve as national/subregional/local hubs of providing capacity building for companies in the area of nature related disclosures.

- As guidance in responding to this question, analyse if – to the best of your knowledge, there is application by any of the associations of currently existing **guidance and content** on ESG disclosures, such as:
 - a. [CDSB/TCFD Good Practice Handbook](#)
 - b. WBCSD [Practitioner's Guide](#) for businesses – What does Nature Positive Mean.
 - c. Nature-positive capacity building of [CISL](#)
 - d. [Business for Nature](#)
 - e. [Biological Diversity Protocol](#)
 - f. [Natural Capital Protocol](#)

- **Section 3: Recommendation and Action Plan**

- How would the institutional arrangement for operations such as sourcing, processing, collating, maintaining, and publishing disclosure be best arranged? What would be the institutional linkages (role of each institution) behind each of the operations named, and how would they interact for maximum efficiency?
- What digital technologies could facilitate the whole disclosure process, and what costs would need to be incurred by the country (or donors) to facilitate digitalization of the disclosure in the given country?
- What actions would need to be taken (by Government or donors) to build up the country's capacity to be fully functional?
- Provide any additional recommendation you would have, and the next steps needed to be taken to ensure nature financial disclosure in the country.
- How UNDP can support roll out

4. Deliverables:

The total duration of the review will be approximately one year starting from the date of contracting, however wherever possible, environmental aggregation which are common per site may be used to ensure efficiency. The tentative timeframe is as follows (deliverables illustrated per site):

Deliverables	Duration	Payment

Inception meeting and inception report with a roadmap and milestones of assignments and deliverables.	Meeting to be convened within 5 days after the issuing of the contract. Report within 1 week of contract	10%
Draft of the report (maximum 3 iterations before the final draft is presented)	2 months	45%
Final Report and handover of all research material	3 months	45%

The envisaged products from this assignment include:

- i. An inception report and monthly progress reports.
- ii. A report covering each question, (1) first providing response to it based on collected data, and then (2) adding judgment and recommendation on next steps. The recommendations in their totality would amount to what the TOR describes as “*country action plan for nature financial disclosure readiness*”.
- iii. Each question is expected to be covered in full, including all sub-questions. The report needs to provide reference sources for all statements and avoid generic phrasing to the extent possible.

Duty Station:

The consultancy assignment will be home-based with travel to project sites and meetings. The duty station for this consultancy is Pretoria South Africa.

Travel required:

Possible travel for meetings and project site visits within the Southern African region. Costing for foreseeable travel as aforementioned should be indicated in the financial proposal. If unforeseen travel is required, it has to be authorised by the UNDP and travel arrangements will be arranged by the UNDP on behalf of the traveler. This include the purchase of an economical flight ticket, the processing and issuance of a Daily Subsistence Allowance (DSA) and terminal costs which will be used by the traveler for accommodation, meals and local travel costs. The consultant is responsible for their own VISA application and any other cost such as but not limited to required tests, vaccinations etc.

5. Required Skills and Experience:

- Certified Qualifications and documented experience in environmental finance;
- Master’s level degree or equivalent from an accredited academic institution preferably in development studies economics, environmental economics or a related field.

- A minimum of 8 – 10 years of progressively responsible experience in the implementation of biodiversity economics projects and research.
- Documented experience in engaging with international and national experts and institutions as well as with community stakeholders.
- Documented experience financial disclosure work.
- Experience working with UN agencies and other international organizations, regional bodies, governments, and think tanks is desirable.
- The proposal is encouraged to reflect previous experience working with the United Nations.
- Additional functional competences of the Individual consultant will also be considered an asset:
 - Ability and willingness to take initiative and remain flexible.
 - Proven excellent technical writing, effective communication and facilitation skills. Capacity to organise and facilitate senior-level consultative meetings involving the UN, government and other relevant stakeholders
 - Socio-cultural competence.
 - Efficient, partner- and client-focused working methods; and
 - Interdisciplinary thinking is highly encouraged.

6. Language:

Fluency in English (both oral and written) is required. Working knowledge of other local languages would be advantageous.

7. Evaluation Criteria:

The evaluation of proposals will be conducted according to UNDP procurement rules. A two-stage procedure is utilized in evaluating the proposals, with evaluation of the technical proposal being completed prior to any price proposal being opened and compared. The price proposal of the Proposals will be opened only for submissions that passed the minimum technical score of 70% of the obtainable score of 100 points in the evaluation of the technical proposals. The technical proposal is evaluated on the basis of its responsiveness to the Term of Reference (TOR). In the second stage, the price proposal of all contractors, who have attained minimum 70% score in the technical evaluation will be compared. The contract will be awarded to the lowest priced technically qualified proposal. The technical proposal is evaluated on the basis of its responsiveness to the TOR, as captured below.

Evaluation criteria	Max score
	(100)
Proposed Methodology: A clear methodology must be described, and the methodology must outline how the Scope of Work will be carried out according to each deliverable and showcase an understanding of Biodiversity Economics in South Africa and other countries as well as biodiversity finance mechanisms in the context of the envisaged work.	15

Proposed Work Plan: A detailed work plan with milestones, timelines and resources as well as the designated responsibilities of the individual consultant must be indicated in the proposal for achieving of the deliverables.	15
Documented qualifications and experience: demonstration of necessary resources and technical expertise to undertake and successfully complete the project. Documented relevant experience in environmental finance must be showcased, as well as experience, knowledge, proven track record and evidence of undertaking similar projects.	25
Technical Capability:	
<ul style="list-style-type: none"> The individual consultant should possess a masters level qualification in development studies economics, environmental economics or a related field combined with relevant work experience 	40
<ul style="list-style-type: none"> Background knowledge and experience in the biodiversity finance sector 	5

UNDP is committed to achieving workforce diversity in terms of gender, nationality and culture. Individuals from minority groups, indigenous groups and persons with disabilities are equally encouraged to apply. All applications will be treated with the strictest confidence.

8. Implementation, Reporting and Administration:

The individual consultant will be appointed through UNDP procurement processes.

Following the contracting process, the individual consultant is expected to engage closely with the BIOFIN National Project Manager, BIOFIN Project Management Specialist and the Senior Investment Advisor within the UNDP finance Hub and to participate in-person during the inception meeting.

Whilst the contract is held with UNDP, the coordination and implementation modalities will be jointly shared with DFFE. UNDP and DFFE will have the overall responsibility for supervising the technical quality of the deliverables, scheduling and convening all meetings with the individual consultant, making logistical arrangements for unforeseeable meetings and workshops, and administration of the overall day-to-day interaction directly with the individual consultant. UNDP is responsible for processing the payments of the invoices against this contract and all the administration associated with the contract management. Any proposed deviations from the original project implementation plan shall be communicated to UNDP and DFFE in writing.

The individual consultant is expected to present monthly progress reports detailing:

- Progress against the project plan
- Risks/current challenges identified
- Items flagged for attention and decision making.
- Any proposed deviations from the original project implementation plan shall be communicated to the BIOFIN National Project Manager and UNDP in writing.



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The project report (s) must be submitted in electronic format (MS Word and PDF) in English.

9. Response Format:

This consultancy is open to individual consultants only (not companies). To facilitate the analysis of responses, all interested parties are required to prepare their response in accordance with the instructions outlined in this section. All proposals should be electronically generated.

A complete application should include the following:

1. An updated CV
2. Listed experience of relevant prior assignments
3. A technical proposal detailing how the applicant meets the qualifications and requirements in the Terms of Reference and outlining a methodology on the approach and implementation of the assignment
4. A detailed financial proposal (South African Rand) that is inclusive of all fees and costs required, including all costs related to research and analysis, data collection and production of reports. The proposal must incorporate all the costs including but not limited to travel costs for the individual consultant to achieve the required deliverables.
5. Names and contact information of at least three referees who can be contacted regarding relevant experience.