



## Terms of Reference

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**Services/Work Description:** Conducting Diagnostic Study on how to Incentivize Private Sector Involvement in NDC Implementation

**Project/Program Title:** Deepening Efforts to Implement NDC in Ethiopia Project

**Duty Station:** Addis Ababa

**Type of the Contract:** National Consultant

**Duration:** 60 working days

**Expected Start Date:** Immediately after concluding the contract agreement

### I. BACKGROUND / RATIONALE

In 2011, Ethiopia launched the Climate Resilient Green Economy (CRGE) Strategy with the ambition of building a green and resilient economy by 2030. Since the strategy was officially launched at Conference of Parties (COP) 17 in Durban, the country has committed itself to tackling the impacts of the climate through a transformative economic development intervention that focuses on low-carbon growth and a 'green economy' driven by sustainability. The CRGE strategy has set goals for green economic growth in a number of important areas.

The CRGE initiative follows a sectoral approach, and its green economy plan is based on four pillars. These are as follows: (a) improving crop and livestock production practices to increase food security and farmer income while lowering emissions; (b) protecting and

re-establishing forests for their economic and ecosystem services, including carbon storage; (c) increasing electricity generation from renewable sources of energy for domestic and regional markets; and (d) accelerating the adoption of modern and energy-efficient technologies in transportation, industrial sectors, and buildings.

Based on the CRGE Strategy, Ethiopia communicated its Intended Nationally Determined Contribution (INDC) in 2017, with the goal of limiting GHG emissions to 145 Mt CO<sub>2</sub>e or less by 2030. This constituted a 255 Mt CO<sub>2</sub>e reduction from the projected business-as-usual (BAU) emissions in 2030, or a 64% reduction from the BAU scenario in 2030.

In the same vein, Ethiopia has launched a fifteen-year National Adaptation Plan (NAP-ETH) with the overarching objective of reducing its vulnerability to the impacts of climate change. The plan has identified the most vulnerable sectors, including agriculture, forestry, water, and energy, for implementation at all levels and across different development sectors. Moreover, as part of its commitment to the Paris Agreement, Ethiopia has updated its Nationally Determined Contribution (NDC) with a clear progression in ambition, as it sets another bold target of reducing 68.8% of its emissions by 2030 from the BAU scenario.

**Table 1. Comparison of Ethiopia's first NDC (March, 2017) and updated NDC (July, 2021)**

Aspect	1 <sup>st</sup> NDC (March 2017)	Updated NDC (July 2021)
Methodology	Excel based	Higher robustness of GHG emissions pathways and targets through improvements in methodology using Green Economy Model...IPCC
Baseline emissions at 2010	150 MtCO <sub>2</sub> e	247 MtCO <sub>2</sub> e
BAU emissions	400 MtCO <sub>2</sub> e	403.5 MtCO <sub>2</sub> e

projections by 2030		
Proposed reduction	-255 MtCO <sub>2</sub> e (by 64%)	-277.7 MtCO <sub>2</sub> e (68.8%)
Intended limit of net emissions by 2030	145 MtCO <sub>2</sub> e	About 125.8 MtCO <sub>2</sub> e
Mitigation budget	Over 20 years: \$150 billion: Per year: \$7.5 billion	Over 10 years: \$275.5 billion Per year: About \$27.75 billion
Target conditionality	Not Specified	Conditional (80%) and unconditional (20%)
Adaptation aspects	Implementation strategies and priority sectors included; budget not qualified, No targets and baselines.	40 adaptation interventions with 2018 base-line & 2030 targets, interventions and budget indicated

More importantly, Ethiopia's climate change policy has been mainstreamed into national development plans. In this regard, the 2011 CRGE strategy was mainstreamed into the Second Growth and Transformation Plan for the 2015-2020 period. The newly endorsed 10 Year Development Plan, which runs from 2021 to 2030, has also set building a climate resilient green economy as one of its strategic pillars.

Apart from the aforementioned milestones in policy landscapes, Ethiopia has put in place a number of strategies, programs, and guidelines to further mainstream climate change issues into national development plans and actually mitigate the adverse effects of climate change on the country's development. To name a few examples, CRGE mainstreaming guidelines, gender analysis for the updated Nationally Determined Contributions (NDC) and for the National Action Plan (NAP), identification of capacity gaps and development of institutional capacity building plans for the implementation of the NDC, finance strategy for the updated NDC, resource mobilization strategy for the NAP, NAP Implementation Roadmap, identification of NGOs role on NDC, Web-

based M and E Systems, and the CRGE-NDC knowledge management portal are all being developed.

The country with the support of UNDP and in collaboration with NDC PP Support unit is now in the final stage of designing NDC Implementation Plan. One of the activities that must be accomplished for the NDC Implementation Plan is engaging the private sector for the implementation of NDC. To engage the private sectors in the NDC Implementation the challenges, barriers faced by the private sector to invest in climate change mitigation & adaptation projects and also incentive mechanism for this must be identified.

To attract much-needed private sector investment, it is important to identify the private sector stakeholders engaged in markets and industries and understand which financial instruments and services are available to technology providers and users and providers of capital. This information will guide the development of solutions that can improve private sector participation in climate finance and ultimately fill the current investment gap for NDC Implementation.

At a National level, Ethiopia has developed a national platform in Partnering for Green Growth and the Global Goals 2030 (P4G) to accelerate progress on the Global Goals and the landmark Paris Climate Agreement and promote resilient, low carbon and sustainable societies. This shows at national level the EPA has paved the way for different private sectors to get support in one hand and seek the technical and expertise knowledge of private sectors on the other hand. But this endeavor must be strengthened by conducting diagnostic study to identify barriers and incentive mechanism and designing strategy for better and formal engagement of the private sector in the implementation of Ethiopia's NDC.

## **II. SCOPE OF WORK**

The Scope of this assignment includes:

- Identify the barriers or factors that discourage the private sector investment across relevant priority actions for NDC implementation in Ethiopia.
- Identify the range of financial and non-financial interventions/Incentive Mechanisms needed to address barriers for private sector investment across relevant priority actions for NDC implementation.

### III. EXPECTED OUTPUTS / DELIVERABLES

No.	Deliverables / Outputs	Estimated Duration to Complete	Review and Approvals Required
1	Inception report	10 Days	UNDP and EPA
2	Draft Study Report of Conducting Diagnostic Study on how to Incentivize the Private Sector Involvement in NDC	40 Days	UNDP and EPA
3	Final Study Report of Conducting Diagnostic Study on how to Incentivize the Private Sector Involvement in NDC	10 Days	UNDP and EPA

### IV. INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS

The Consultant will work under the direct supervision of EPA and UNDP.

### V. PAYMENT MILESTONES AND AUTHORITY

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from:	Percentage of Payment
1 <sup>st</sup> Installment	Upon sub mission and approval of the	UNDP and EFCCC	20 %

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from:	Percentage of Payment
	Inception Report		
2 <sup>nd</sup> Installment	Upon sub mission of Draft Study Report of Conducting Diagnostic Study on how to Incentivize the Private Sector Involvement in NDC	>>	40 %
3 <sup>rd</sup> Installment	Upon sub mission of Final Study Report of Conducting Diagnostic Study on how to Incentivize the Private Sector Involvement in NDC	>>	40 %

## VI. Consultant Qualification and Criteria

- ❖ A minimum of master-degree in climate adaptation and mitigation, Development Studies, Project Management, economics or related areas;
- ❖ A minimum of 7 years' experience in the formulating project /program documents, experience;
- ❖ Proven understanding of the Climate Finance landscape and procedures, multilateral and bilateral funds, and other climate finance channels/modalities;
- ❖ Recognized experience in the development and/or planning of cooperation projects/programs with governments and international donors;
- ❖ Proven experience in facilitating multi-stakeholder processes and in facilitating consultation workshops;
- ❖ Demonstrated understanding of the Paris Agreement, associated decisions and other decisions enacted by the UNFCCC specifically those related to requirements for the implementation of NDCs;
- ❖ Professional experience in delivering high profile mitigation and adaptation analytical products and consultative projects;

- ❖ Recent knowledge of the institutional and policy environment of Ethiopia in the context of the GTP-2, 10-years development plan, CRGE, updated NDC, MRV system and other related national documents would be an advantage

## VII. CRITERIA FOR SELECTING THE BEST OFFER

- a. Technical 70%
- b. Financial 30%

Criteria	Weight	Max. Point
	70%	100
▪ Criteria a. Educational relevance: close fit to post		30 pts
▪ Criteria b. Understanding the scope of work and organization of the proposal		40 pts
▪ Criteria c. Experience of similar assignment		30 pts
Financial (Lower Offer/Offer*100)	30%	30