



## Terms of Reference for International Consultant -

### Development of a Green Finance Policy and Implementation Plan for Zambia's financial sector

I. Basic Contract Information	
<b>Job ID/Title:</b>	Lead Consultant – Development of a Green Finance Policy and Implementation Plan for Zambia's financial sector
<b>Location:</b>	Zambia
<b>Category:</b>	IC
<b>Type of Contract:</b>	Individual Contract
<b>Assignment Type:</b>	International (national consultants also eligible to apply)
<b>Reports to:</b>	BIOFIN Country Team Leader
<b>Duty Station:</b>	Lusaka, Zambia
<b>Expected Places of Travel:</b>	N/A
<b>Languages Required:</b>	English
<b>Expected Starting Date:</b>	15 <sup>th</sup> of August 2022
<b>Duration of Assignment:</b>	75 working days
<b>Languages Required:</b>	English

## ii. Context

In the wake of the global financial crisis including the COVID-19 era, there has been growing recognition that the financial system must not only be seen to be sound and stable but must also be sustainable in the way it enables the transition to a low-carbon, green economy (UNEP, 2015). This therefore entails that to achieve sustainable development, there is need to re-align the financial sector with the goals of sustainable development as well as country commitments to the three RIO Conventions.

Finance ministries, central banks and financial supervisors need to take action within their respective fields of responsibility to implement appropriate economic policies and promote financial flows “consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” as set out in the Paris Agreement.

Broadly, concerns and actions to align financing to sustainable development is concentrated in the following areas: (i) preventing the financing of illicit practices or profiting from weak enforcement on of environmental, economic and social policies and regulations which can lead to social conflicts

and market impacts resulting in losses to lenders and investors, and even macroeconomic stability risks (ii) Unlocking Opportunities for Green Investment to catalyse nature positive impacts i.e. for green finance such as renewable energy, energy efficiency, agricultural development and Small and Medium-sized Enterprises (SMEs) productivity, as well as insurance markets, are potentially commercially viable, but inadequate owing to barriers in demand or supply.

Over the past five years, a growing number of financial sector regulators and supervisors have been exploring their role in confronting the threats that biodiversity loss and climate crisis poses to the functioning and stability of global finance.

In phase 1 of the Biodiversity Finance Initiative (BIOFIN) operations in Zambia, it emerged that biodiversity and climate finance were not well mainstreamed in the operations of the financial sector in Zambia. This was further acknowledged by the financial sector regulators in the various engagements that led to the inclusion of this aspect in the Biodiversity Finance Plan for Zambia.

From an implementation perspective, it was agreed with the financial sector regulators and other stakeholders that there is need to mainstream green finance into Zambia's financial sector with a view to unlock funding streams for biodiversity conservation and climate change as well as to ensure financial services and products are developed and delivered better without exacerbating biodiversity loss and climate change. To this effect, a Green Finance Mainstreaming Working Group (GFMWG) comprised of the Bank of Zambia (regulator for the banking, financial institutions and payment systems), Securities and Exchange Commission (regulator for the capital markets) and the Pensions and Insurance Authority (regulator for the pensions and insurance) has since been formed to spearhead the mainstreaming of green finance into the financial sector. BIOFIN Zambia is currently the technical advisor to the GFMWG.

### iii. Objectives

In view of the context provided above, a Lead Consultant is being commissioned by the GFMWG through BIOFIN Zambia to develop a Green Finance Policy and implementation framework for Zambia's Financial sector. The green finance policy shall function as the roadmap for the broader green finance mainstreaming agenda across Zambia's financial sector which must include the following sector: banking, financial institutions, payment system providers, capital markets, pensions, and insurance sectors. The tenure of this policy shall be ten (10) years effective 2022.

#### **Specific Objectives**

1. Develop a Green Finance Policy for Zambia's financial sector including guidance on how to minimise negative nature impacts that climate mitigation and adaptation may have
2. Develop an Implementation Plan/ Roadmap for the Green Finance Policy for the financial sector.

#### iv. Scope of Services

##### **The Lead Consultant shall:**

- Undertake a situation analysis of the financial sector in relation to biodiversity and climate change finance. This includes identifying market development and approaches to align investments to sustainability goals. This is expected to be a section in the policy.
- Undertake various consultations within the financial sector and other key stakeholders such as government, international development, academia etc. to identify institutional and market barriers to green finance and develop options to enhance the mobilisation of private capital for green investment including opportunities for overcoming information challenges by improving sustainability disclosure and reporting.
- Identify policy options for improving comparability and interoperability of approaches to align investments to sustainability goals.
- Conduct consultations to identify the appropriate sustainable finance priorities to be outlined in the policy. Such priorities should include a greater focus on options to scale up finance to support a just and affordable climate transition, further integrating broader aspects of sustainability, including nature and biodiversity, and social issues such as energy access and poverty reduction.
- The policy should provide institutional mechanisms for the assessment and management of climate and sustainability risks as well as the role of various stakeholders within this ecosystem
- Identify and quantify the biodiversity related financial risks, environmental impact financial risks, and the climate change-related financial risks.
- Develop an integrated regulatory framework which depicts the relationships among these financial risks and indicates how to mitigate and control them.
- Undertake various consultations within the financial sector and other key stakeholders such as government, international development, academia, among others.
- To prepare and present regular briefings to the Green Finance Mainstreaming Working Group, Government, UNDP and BIOFIN Global team.
- The Lead Consultant will develop cost estimates for the implementation plan as well as develop a resource mobilization and financing plan.
- The Lead Consultant will be expected to develop a monitoring and evaluation (M&E) plan for the implementation plan which will help to track and assess the results of the interventions throughout the life of the policy. It is expected that this M&E plan will have clear indicators related to biodiversity conservation, environmental and climate change, or the co-benefits of all.
- The Lead Consultant will also develop an aggregate mapping of the impact of the various measures in the implementation plan on biodiversity, environment, and climate change. Each measure and activity in the implementation plan is expected to help generate revenue for biodiversity, environment, and climate change, avoid future expenditure through strategic biodiversity investments and policy changes, deliver better financial services with a positive impact on conservation and environment through improved effectiveness, efficiency and synergies and realign expenditures or flow of finance in the financial sector to reduce negative impacts on the environment and improve positive environmental outcomes.

- To compile the complete draft policy document which is expected to have the following sections: situation analysis, Vision, objectives, measures under each objective, integrated financial risks, guiding principles and a rationale for regulations, financing mechanisms for the policy.
- To provide capacity-building support in the roll out and dissemination of the Green Finance Policy and Implementation Plan to the various stakeholders.

## **v. Methodology, Approach and Implementation of the Project**

The lead consultant will work in collaboration with the support consultant, who will be commissioned separately by BIOFIN Zambia. While an appropriate methodology is to be proposed by the consultants, the following should form the guiding questions towards the development of the methodology for the green finance policy and the implementation plan:

- What is the status of the financial sector's biodiversity related financial risks, environmental related financial risks and climate related financial risks in relation to the mainstreaming of green finance in its operations in Zambia?
- Which are the priority industries or sectors that should be targeted for financial greening?
- Are there any products and services within the financial sector that are positively targeted at biodiversity conservation, climate change and land degradation or environment? Where are the gaps?
- Are there any barriers to the mainstreaming of green finance into Zambia's financial sector? Are they policy, regulatory, data or market related?
- Which finance solutions and measures needs to be prioritised by Zambia with a positive impact on biodiversity loss, climate change and land degradation or environment?
- Given that Zambia is a developing country, what are the best financial risk-parameters to use to assess the feasibility of finance regulatory and supervisory solutions and measures or guidelines that will be included in the green finance implementation plan?
- What can Government and the regulators of the financial sector do to provide an enabling environment for full mainstreaming of biodiversity and climate finance ethos in the core operations of the financial sector?
- How much will be required to fully implement the green finance policy and where will the money come from to implement the proposed finance solutions?
- What risks will affect the implementation of the green finance policy for the financial sector and what mitigation measures can be put in place to mitigate the impact and probability of the manifestation of the identified risks?
- How sustainable is the implementation of the proposed green finance policy in Zambia? How do we ensure sustainability of green finance in Zambia?

The lead consultant will have duo reporting channels. First reporting channel will be to the BIOFIN Country Team Leader who will be key in on boarding the consultants and be the link on operational and administrative aspects. Second reporting channel will be with the Green Finance Mainstreaming Working Group and its leadership. Note that the Green Finance Mainstreaming working group is composed of all the financial sector regulators including the Ministry of Finance and National Planning.

## vi. Expected Outputs/Deliverable & Schedule of Payments

The key outputs are:

1. A Green Finance Policy for Zambia's financial sector.
2. An Implementation Plan for the Green Finance Policy for the financial sector. The implementation Plan is expected to include institutional structures, be fully costed and accompanied with an M&E Plan with clear indicators, allocation of institutional responsibilities for implementation as well as envisaged impact on biodiversity and climate change. To avoid a bias on some sub sectors of the financial sector, the proposed measures for each sub sector must be evident by way of segmentation in the presentation i.e., capital markets, banking, insurance, and pension as well as cross cutting.
3. Consultation and validation workshops reports
4. High quality, visual and succinct slide decks for the Green Finance Policy and Implementation Plan to be used by the GFMWG in dissemination and outreach events (two separate slide decks)
5. A high quality and succinct infographic about the green finance policy and the implementation plan. This will eventually be transformed into a banner for use in dissemination and outreach events.
6. A Policy brief summarising key policy issues and recommendations from the Green Finance Policy and Implementation Plan to be used in engaging policy makers (max 8 pages).
7. Undertake at least two capacity building workshops (physical or virtual) to the financial sector on the policy and the implementation plan.

**Below is the expected deliverable, estimated due date, fee percentage and required approvals**

The successful consultants shall receive their payments upon certification of the completed tasks satisfactorily, as per the milestones shown below.

No.	Deliverables	Tentative dates	Percentage Breakdown	Review and Approvals
1	• Submission and acceptance of Consultation and validation workshops reports.	19 <sup>th</sup> of August	7%	Environment and Energy – Team Leader
2	• Submission and acceptance of a Green Finance Policy for Zambia's financial sector.	23 <sup>rd</sup> of September	33%	Environment and Energy – Team Leader
3	• Submission and acceptance of an Implementation Plan for the Green Finance Policy for the financial sector. The implementation Plan is expected to include institutional structures, be fully costed and accompanied with an M&E Plan with clear indicators, allocation of institutional responsibilities for implementation as well as envisaged impact on biodiversity and climate change. To avoid a bias on some sub sectors of the financial sector, the proposed measures for each sub sector must be evident by way of segmentation in the presentation i.e., capital markets, banking,	4 <sup>th</sup> of November	44%	Environment and Energy – Team Leader

	insurance, and pension as well as cross cutting.			
4	<ul style="list-style-type: none"> <li>• Submission and Acceptance of Report; should include the following:</li> <li>• High quality, visual and succinct slide decks for the Green Finance Policy and Implementation Plan to be used by the GFMWG in dissemination and outreach events (two separate slide decks).</li> <li>• A high quality and succinct infographic about the green finance policy and the implementation plan. This will eventually be transformed into a banner for use in dissemination and outreach events.</li> <li>• A Policy brief summarising key policy issues and recommendations from the Green Finance Policy and Implementation Plan to be used in engaging policy makers (max 8 pages).</li> </ul>	18 <sup>th</sup> of November	<b>12%</b>	Environment and Energy – Team Leader
5	<ul style="list-style-type: none"> <li>• Submission and acceptance of Report; should include the following:</li> <li>• Undertake at least two capacity building workshops (physical or virtual) to the financial sector on the policy and the implementation plan.</li> </ul>	25 <sup>th</sup> of November	<b>4%</b>	Environment and Energy – Team Leader
	<b>Total</b>		<b>100%</b>	

## vii. Consultant's Qualification, Educational Background and Required Skills and Experience

### Qualifications/Educational Background:

- A minimum of a master's degree in development or sustainable finance, economics, or a closely related subject, including specialization in biodiversity and climate finance.

### Experience, Required Skills and Experience

- The Lead Consultant will be expected to have At least 10 years of experience as a development or sustainable finance expert with evident experience in developing green finance policies, strategies, or roadmaps in developing countries with one of the experiences being in Africa.
- Experience in supervising and managing teams of consultants.
- Experience of working in biodiversity finance (not just a bias on climate finance).
- Experience of working with governmental, academic, and international organizations/institutions; knowledge of UN/UNDP.
- Experience working with financial sector regulators in developing countries on financial sector regulatory reforms is an asset.
- Experience in capital markets, banking, financial institutions, digital payment systems, pensions, and insurance ought to be evident between the Lead Consultant and the Support Consultant to ensure balance in the proposed measures in the policy.

### Language

- Fluent written and spoken English.

## viii. Application Procedure

Interested consultant must submit the following documents/information to demonstrate their qualifications:

### Technical/Financial Proposal:

- Letter of Interest, stating why you consider your services suitable for the assignment (please use UNDP Standard Template provided with the Advert.
- Submit a brief methodology on the approach and implementation of the assignment;
- Submit Personal CV highlighting qualifications and experience in similar projects, Work references - contact details (e-mail addresses) of referees (organization for whom you've produced similar assignments).
- The financial offer shall specify a total lump sum amount (must show number of days and daily rates).
- Payments shall be based on successful delivery of the services specified in the TOR.

Financial Offer together with Methodology on Approach should be submitted on, or before submission deadline as stated in the Procurement Notice to email: [procurement.zm@undp.org](mailto:procurement.zm@undp.org)

Any request for clarification must be sent in writing, or by standard electronic communication to the address or e-mail indicated above. The procuring UNDP entity will respond in writing or by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all consultants.

## ix. Evaluation Criteria

This section indicates the criteria, which shall serve as the basis for evaluating offers. In this activity, Combined Scoring method will be applied where the qualifications will be weighted a maximum of 70% and combined with the price offer which will be weighted a max of 30%.

**The Proposal for this contract will be evaluated according to the following criteria:**

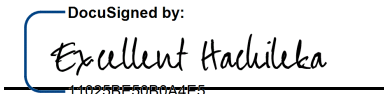
Criteria	Description	Maximum Score
<b>Minimum Criteria to be eligible for the Consultancy</b>		<b>70</b>
<b>Relevance of Education/ Degree</b>	<ul style="list-style-type: none"> <li>• A <u>minimum</u> of a master's degree in development or sustainable finance, economics, or a closely related subject, including specialization in biodiversity and climate finance. <b>(25 points)</b></li> </ul>	25
<b>Relevant Experience</b>	<ul style="list-style-type: none"> <li>• The Lead Consultant will be expected to have at least 10 years of experience as a development or sustainable finance expert with evident experience in developing green finance policies,</li> </ul>	75

Criteria	Description	Maximum Score
Minimum Criteria to be eligible for the Consultancy		70
	<p>strategies, or roadmaps in developing countries with one of the experiences being in Africa. <b>(50 points)</b></p> <ul style="list-style-type: none"> <li>• Experience in supervising and managing teams of consultants. <b>(15 points)</b></li> <li>• Fluent written and spoken English. <b>(10 points)</b></li> </ul>	
	<b>Total</b>	<b>100 Points</b>

***\*Applicants who scored at least 70% in the technical evaluation will be eligible for the assessment of their financial evaluation. Please note that financial evaluation will account for 30% of the weighed score.***

Evaluation Method	Score	Comments
Technical	70%	70% as part of the overall grading of 100%
Financial	30%	The lowest offer will be awarded 30% while the other offers will be weighed against the lowest offer
Overall	100%	Only candidates qualifying for the minimum criteria will be eligible for the additional technical qualifications. Then a candidate scoring of at least 70% will have its financial offer assessed and cumulated to the technical evaluation score. The candidate having the highest combined score will be awarded the consultancy.

**This TOR is approved by:**

Signature: 

Name and Designation: Excellent Hachileka, Head of Energy and Environment Unit at UNDP Zambia

Date of Signing: 23-Jul-2022