

Terms of Reference to Development of Private Sector Engagement Strategy for NDC Investment

I. GENERAL INFORMATION

Services/Work Description: Development of Private Sector Engagement Strategy for
NDC Investment

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

Duty Station: Addis Ababa

Type of the Contract: National Consultant

Duration: 90 working days

Expected Start Date: Immediately after concluding the contract agreement

II. 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 CO₂e or less by 2030. This constituted a 255 Mt CO₂e 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.

Based on the updated Ethiopia's NDC the climate resource requirement is US\$ 316 billion in total, which breaks down over 10 years into:

- Adaptation US\$ 40.5 billion
- Mitigation US\$ 275.5 billion

In terms of conditionality, whilst the 80/20 guide was developed for mitigation and refer to the mitigation of CO₂eq, they have also been applied to the resource mobilization to help determine a potentially reasonable breakdown in conditionality for the whole NDC. Consequently, the breakdown of the total resources required for both Mitigation and Adaptation (US\$ 316 billion) the Ethiopian government is committed to finance approximately 20% as unconditional (US\$ 63.2 billion), whilst 80% (US\$ 252.8 billion) will be conditional on receiving international climate finance.

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 also now in the final stage of designing NDC Implementation Plan.

Transforming Nationally Determined Contributions (NDCs) into tangible actions that lead to long-term zero-carbon and climate-resilient development requires financing. Access to finance is fundamental to realize the objectives set by the NDCs. However, countries continue to face challenges in securing the resources needed to achieve their NDC targets. A significant share of the financing required is expected to be provided by the private sector. To increase private investment in NDC targets, it is important that the private sector stakeholders engaged in markets and industries, understand the business environment, current market and investment potential in specific sectors.

In the recently completed financing strategy of ETH NDC it is indicated that private sector is one of the feasible and possible reliable funding sources (compared to

international funding) with enormous potential to raise revenue for the ETH NDC financing. One of the strategic objectives of the NDC financing strategy of the country is creating an enabling environment for the private sector to increase their investment in the NDC implementation. The NDC financing strategy also recommends creating an enabling environment for the domestic private sector to invest in the economically viable projects such as large irrigation schemes, poultry, and biofuels.

III. Objectives and SCOPE OF WORK

Objectives

The overall objective is to enhance private sector engagement in financing, supporting and implementing technically sound and financially viable risk-informed mitigation and adaptation actions and therefore contributing to the implementation of Ethiopia's NDC.

Specific objectives:

- Identify a clear rationale for enhancing private sector engagement in NDC action;
- Encourage the private sector to invest in mitigation and adaptation actions and to contribute to the achievement of NDC targets;
- Outline the enabling factors that facilitate private sector engagement in NDC actions;
- Present the key investment and implementation challenges for the private sector;
- Inform the private sector about green investment business opportunities;
- Offer guidance to the Government of Ethiopia and development partners on how to enhance the engagement of the private sector in NDC actions

Scope:

- Develop public-private financing structures and launch two pilot projects to showcase viable business models and attract further climate investment.

- Review the approaches used by peer countries for public-private financing and consider whether they could be applicable.
- Identify recommendation to address the barriers faced by the private sector to engage in NDC Implementation
- Establish private sector platform on NDC Implementation
- Design the private sector engagement strategy for the mobilization of resource for effective implementation of Ethiopia's NDC

IV. EXPECTED OUTPUTS / DELIVERABLES

No.	Deliverables / Outputs	Estimated Duration to Complete	Review and Approvals Required
1	Inception report	15 Days	UNDP and EPA
2	Draft Private Sector Engagement Strategy for NDC Investment	60 Days	UNDP and EPA
3	Final Private Sector Engagement Strategy for NDC Investment	15 Days	UNDP and EPA

V. INSTITUTIONAL ARRANGEMENT / REPORTING RELATIONSHIPS

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

VI. PAYMENT MILESTONES AND AUTHORITY

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from:	Percentage of Payment
1 st Installment	Upon sub mission and approval of the Inception Report	UNDP and EFCCC	20 %
2 nd Installment	Upon sub mission of Draft Private	>>	50 %

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained from:	Percentage of Payment
	Sector Engagement Strategy for NDC Investment		
3 rd Installment	Upon sub mission of Final Private Sector Engagement Strategy for NDC Investment	>>	30 %

VII. Consultant Qualification and Criteria

- ❖ A minimum of master-degree in Climate Finance, Climate Adaptation and Mitigation, Development Studies, Project Management, Economics or related areas;
- ❖ A minimum of 7 years' experience in the climate finance areas, formulating of project /program documents, and related experiences;
- ❖ 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

VIII. 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

This TOR is approved by:

Signature: _____

Name and Designation: _____

Date of Signing: _____