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Terms of Reference

Investment plans for SAPCCs

1. Background & Context

Since the launch of the National Action Plan on Climate Change in 2008, there have been efforts at the subnational level to develop programmes of action though addressing regional and local socio-economic and ecological conditions but are yet aligned to the national objectives. Hence NAPCC paved way for the formulation of State Action Plans on Climate Change (SAPCC) thereby planning low carbon and climate resilient development. The National Steering Committee on Climate Change has endorsed 32 SAPCCs as of now. Each of these SAPCCs details out the State profile; provides comprehensive analysis of existing and future climate change projections within the state; state vulnerability and issues and interventions in sectors like agriculture and fisheries, water resources, forests and biodiversity, urban and rural development and energy and the associated adaptation strategies and budget requirements. Most of the SAPCCs have identified priority actions ranging in number between 50 and 150 has in about 10 sectors. Some of them have also estimated cost of implementing these actions for example Telangana's SAPCC spells out estimates for 2012-2017 and 2017-2022. These cost estimates are used while applying to national and international climate funds. Though the accuracy of these estimates is difficult to ascertain, yet it clearly shows that the funding requirements are going to be enormous and can be key bottleneck in realizing the state level climate change goals. Most of the high cost actions in the SAPCCs are actions that contribute to general development while simultaneously responding to climate change and many of them are funded by state budgetary sources. In absence of sustained funding, these action plans will be limited to budgetary allocations and short term emergency relief and humanitarian aid.
In spite of this that some of the states are applying to various national and international climate funds, yet it will be necessary to identify various other forms, instruments and sources of financing and subsequently develop strategies to target them for financing actions under SAPCCs. Developing investment plans needs attention considering that action plans are in place, funding requirements as per these plans are enormous and different funding sources fund different activities.

While SAPCC are primary guiding documents for climate action at the State level, the outcome needs to be aligned with overall goals that India has committed in its Nationally Determined Contributions (NDCs). Therefore it is important to outline extent of inherent inter-linkages between the SAPCCs and India's NDC. Further having an investment plan would help enhance ambitions of SAPCCs and thus contributing to India's NDCs.

2. Assignment objective

The objectives of the study are two folds:

a. To develop investment plan for the States (Telangana and Punjab) for implementing their SAPCCs and meeting their climate change goals. The estimates pointed out so far by the SAPCC documents are huge. However without sustained funding, climate actions are likely to be limited to reactive short-term actions. Hence the investment plan shall, in lieu of the financing requirements, analyse the existing financial expenditure (including budgetary provisions); define

the existing financing gaps; identify different financing sources (public, private, and international) and traditional and innovative financing instruments and develop strategies to provide active guidance for accessing and leveraging potential financing options. The study shall define the flow of funds and the framework for mapping its impacts thereby facilitating timely intervention by the State authorities and mainstreaming climate change issues in economic policy formulation and implementation in the State.

b. Develop a template for presenting the interlinkages between and contribution of SAPCCs to the NDC targets of the country

3. Approach and Methodology

The assignment will prepare and elaborate an architecture of an investment plan for SAPCC with detailed investment plan for a sector (identified and prioritized by the state government) as per respective SAPCC from Telangana and Punjab. Along with this, a template for recording and presenting the interlinkages and contributions of the SAPCCs to the NDC targets will be prepared. This methodology would entail desk research, key informant interviews and technical consultations. The consultants are expected to elaborate on the approach and methodology in the technical offer.

4. Scope of Work

The assignment could be designed along the following work packages (please indicate in the technical offer, approximately how many man days you will assign to each work package).

Work package A: Analyse the existing scenario

This work package will look into the existing expenditure and defined financial requirement of the activities covered in the sectors mentioned under the SAPCC. It will analyse the current situation in terms of looking at budgetary allocations of state departments; existing financial resources; availability of financing and projected financial requirements for next 10 years.
The work package shall include but is not limited to:

1. Assessment of the available financing sources, their funding objectives and sustainability of these sources
2. Analysis to identify overlap between proposed strategies and existing/on-going programmes
3. Generate a profile of climate actions (short term, medium term and long term) vis-à-vis funding needs as proposed in the SAPCC
4. Assessment and analysis of actual public expenditure and proposed budget by sectors and functional areas

Work package B: Assessing contribution of SAPCC to NDC targets

This work package builds on proposed actions mentioned under SAPCC by aligning and assessing the state's potential contribution to the national targets under NDC. It will lead to development of a template for the state government to report on the contribution of the SAPCC to the NDC targets of the Government of India.

The work package shall include but is not limited to:

1. Assessment of sectoral actions and their potential contribution in terms of NDC targets
2. Potential for ratcheting up these State level targets considering NDC stock taking cycle
3. Developing template for showcasing the contribution of the SAPCC to the NDC target.

Work package C: Prioritize activities for financing and Scenario building

This work package builds on the previous work package of analyzing the existing funding scenario in the state and prioritises the activities as described in the SAPCCs.
The work package shall include but is not limited to:

1. Developing a list of criteria and indicators for prioritizing the sectors and the list of activities identified within these sectors in the SAPCC
2. Identify knowledge and data gaps that need to be addressed for building appropriate adaptation and mitigation interventions and help ascertain different sources of funds.
3. Identifying the financing gaps for implementing these activities
4. Building scenarios for implementing the identified and prioritized activities based on funding sources
5. Assessing additional financing needed for funding these initiatives, their scale (short term, medium term and long term) and tenure

Work Package D: Identifying required additional and innovative climate finance instruments

This work package shall identify additional financing requirements, traditional and innovative financing instruments needed for implementing activities in the prioritized sector and associated activities.
The work package shall include but is not limited to:

1. Identifying risk perceptions for financing in the scenario of scarce financial resources
2. Identify market and non-market based financing instruments which can be both traditional and innovative including CSR, bilateral and multilateral funding sources;
3. Role of the identified innovative climate finance instruments in financing these activities as different instruments will be suitable for different activities
4. Assessing appropriate use of fiscal instruments and incentives that could be used at the State level
5. Assessing additional requirements for the state level authorities in order to access the innovative and additional financing sources in terms of capacities, awareness, sustainable practices, etc.

Work package E: Define and elaborate investment plan for the state and showcase this by delving deeper into one prioritized sector of the State.

This work package builds on all the above mentioned work packages. It shall elaborate an investment plan that the State can have for implementing the activities in the SAPCC with an overall aim of contributing to the NDC targets. This work package will also show case how the investment plan can be applied by delving deeper into one of the prioritized sector as an example.

The work package shall include but is not limited to:

1. Elaborate and investment plan for the State looking at various sources of financing
2. Develop a case study and show case how this investment plan will work for a specific sector prioritized for funding in the State

5. Deliverables

I. Develop investment plans for the States of Telangana and Punjab taking into consideration the priorities of the state;
II. Develop a case study for each state in one of the prioritized sectors showing how this investment plan could be implemented.
III. Develop a template for assessing contribution of SAPCCs to NDC. Demonstrate with a case study.
IV. A deck of slides on the findings of the report for both the States (hence 2 sets of deck of slides);
V. Protocols of the stakeholder consultations, expert interviews and workshops conducted;
VI. Information briefs on investment plans and case studies.

6. Timeline

Duration: 100 person days spread over 6 months from May, 2017 till October , 2017.

The assignment is expected to start in May 2017. Consultants are requested to propose a work plan with duration of 6 months. It should lay out the expected timing of deliverables, other milestones and proposed workshops, as per these terms of reference.

Since open tender is a two stage process, (i.e.)

(i) Bids will be assessed against eligibility of firms
(ii) Firms who qualify the 1st stage, will be then evaluated in the technical assessment grid

7. Team profile

The consultant team should comprise experts with demonstrable climate policy and finance experience and capacity. Please indicate in the technical offer, how many man days are going to be assigned to each team member. *Consortia is encouraged to apply which may include groups of individuals, think tanks and consultancies.*

It is suggested that the consultancy team provides expertise as described below. The profile of the key experts is as follows:

1. Team Leader

- Advanced degree in Economics, International Development/Relations, Environmental Economics or a related field from a recognised and reputable institution;

- At least 15 years of professional experience of climate policy, economics, climate finance; and expertise in economics of low carbon emissions growth;
- Knowledge and experience of the Indian climate policy landscape;
- Demonstrable experience of working on financing climate actions;
- Profound knowledge on investment plans for both climate change mitigation and adaptation, existing programmes of the government and their inter-linkages with climate change;
- A proven track record in performing risk analysis and investment due diligence for financing climate change programmes in India;
- Strong knowledge on what type of enabling legal environment is necessary to attract public and private investors;
- Profound experience in designing capacity development and institutional development strategies.

2. Climate Finance Expert:

- Advanced degree in Economics, International Development/Relations, Governance and Institutional Analysis, Environmental Economics or a related field from a recognised and reputable institution;
- At least 15 years of professional experience in finance strategy/policy in the country, experience in developing financing instruments;
- Proven experience in conducting assessment of Climate Public Expenditure, Institutional Reviews and Medium Term Expenditure Frameworks;
- Excellent knowledge of financing sources and instrument including but not limited to national, international and private sector sources like NCEF, CAMPA, CSR, Finance Commission Grants, Green bonds, VGF, PRGF, etc.;
- Experience in accessing finance (grant proposal writing, stakeholder relationship building and other relevant processes) and collaborating with government agencies, donors and/international development partners, and non-government organisations;
- Experience and understanding of country level issues and concerns in access to resources and developing in-country capacity development and needs;
- Profound knowledge about the public-private partnerships, market and non-market based mechanisms;
- Proven experience of training and capacity building activities of beneficiary counterparts in climate finance;
- Demonstrable experience to develop and implement resource mobilisation plans and strategies.

Other required skills and experiences:

- Experience working with the government and private sector on climate change policy in India, (desirable: experience in the states of Telangana and Punjab);
- Experience from participation within multidisciplinary expert teams in at least 2 climate finance assessment projects;
- Recognized expertise in assisting policy makers in their choice of appropriate regulatory policies, laws and instruments to support climate change action;

- Fluency in English.