

Request for Proposals: Supporting the South African Government to Develop an Investment Plan for the Implementation of 2030 Sectoral Emissions Targets

November 2024

ABOUT THE NDC PARTNERSHIP

The NDC Partnership is a global coalition of countries and institutions working to mobilize support and achieve ambitious climate goals while enhancing sustainable development. Through the Partnership, country members leverage their resources and expertise to provide countries with the tools they need to implement their NDCs and combat climate change to build a better future. Hosted by WRI, the UNFCCC Secretariat, and the UN Office for Project Services, the NDC Partnership has members in all regions of the world, with staff in Washington DC and Bonn, Germany.

ABOUT THE SECTORAL EMISSIONS TARGETS

Sectoral Emission Targets (SETs) are greenhouse gas (GHG) emission reduction goals set for specific sectors or sub-sectors. These targets can be either qualitative or quantitative and are established for three rolling 5-year periods. They are reviewed every five years in alignment with the NDC. SETs are part of the key provisions of South Africa's climate response (as formulated in the recently-promulgated Climate Change Act) and as such, will play a critical role in ensuring that each sector contributes effectively to the overall reduction of GHG emissions in the country. Key policies and measures (PAMs) such as regulations, incentives (such as the carbon tax), and standards drive the implementation of these targets across various sectors.

The primary purpose of SETs is to guide sectors in adopting measures that will collectively reduce South Africa's GHG emissions. They serve as benchmarks to track progress, promote accountability, and ensure that the country meets its climate change mitigation commitments. This engagement session will highlight how SETs contribute to a sustainable and low-carbon economy, emphasizing the role of sectoral collaboration in achieving these targets. The SETs are developed for sectors such as the energy, transport, agriculture, industry, mining, human settlement, and environment and forestry.

BACKGROUND

South Africa has followed a collaborative approach with line departments to determine draft Sectoral Emissions Targets. The draft SETs are mostly devised based on existing plans for PAMs to be

developed and/or implemented, depending on the specific context of the sector. This assumes that implementing SETs would not cost the government any additional amount that already planned for. That said, the Long-Term SETs for the period 2031-2050 will require development of additional policies and measures that will respond to enhanced NDC ambition.

The draft SETs were published in April 2024 for public comment, and they are currently being revised for final allocation intended for the end of 2025. A key concern that came out of the initial public engagement process (ending in June 2024) was the ability of line departments, and broader government, to adequately finance the sectoral emissions targets for implementation within the time frame provided. It was decided that the original assumption that budgeting to implement the PAMs was not the correct assumption due to significant financial constraints being placed on national government to implement and that in many sectors the track record for implementation has not been great, partly due to lack of funding and an economy that is not recovering at the rate expected.

As part of the next phase of revising the draft SETs, it is necessary to have an accompanying investment plan that can clearly state the resource needs to implement the SETs and supporting information as to where the financing may come from. An investment plan for SETs is crucial for aligning financial resources with the allocated SETs, this will ensure that South Africa's climate change goals are met in a sustainable, economically beneficial, and socially inclusive manner. The investment plan will provide a roadmap for funding the action plans required in different sectors to achieve long-term emission reductions, contributing to the national and global efforts to mitigate climate change.

SCOPE OF WORK AND ACTIVITIES

The aim of this RfP is to communicate the needs of DFFE for a service provider to assist in developing an investment plan based on the revised draft SETs. The final plan will accompany the revised draft SETs report to effectively communicate the draft SETs and the required investment needs in each sector to be able to achieve its SET.

The work must:

- Culminate in the development of an investment plan for SETs for the 2026 to 2030 period.
- Use the outputs from the DFFE socio economic analysis (leading to the draft SETs) as a basis to describe the key needs for implementing SETs timeously, including:
 - Investment needs and corresponding financing,
 - Employment opportunities,
 - Skills enhancement and development,
 - Possible negative socio-economic impact and mitigation measures, and
 - Unlocking untapped emission reduction opportunities.
- The investment needs can be communicated in relative terms comparing the investment needs of each of the 4 scenarios used for developing the draft SETs¹.

¹ The scenarios include the With Existing Measures (WEM), existing and planned Policies and Measure (PAM) based on engagements with line departments, and varying degree of ambition for implantation.

- Recognize existing investment plans targeting the Just Transition, Just Energy Transition Investment Plan and other climate change mitigation related investment initiatives from both state and non-state actors.
- Consideration of both the direct investment needs for implementing PAMs as well as the indirect investment needs such as infrastructure needs (e.g. transmission infrastructure needed as increased renewable energy capacity is built on the national grid). The direct investment needs can be described qualitatively where information is unavailable.

A. Assess the investment needs for implementing SETs based on the scenarios provided

The service provider will map the investment/resource needs to the implementation of PAMs across the scenarios. The DFFE Integrated Emissions Model (IEM) emission reduction potentials and socio economic analysis outputs from the various scenarios will be used as a base. Additional investment needs pertaining to the indirect resource needs to ensure SETs are implemented will be estimated through desktop analysis and consultation with sector experts. The Service Provider is expected to consider the benefits of implementing the PAMs as well, such as the return on investment where relevant or other Co-Benefits (e.g., improved air quality, lower traffic congestion, increased road safety, etc.). Specific metrics to quantify needs and impacts/benefits will be provided by DFFE. Additional investment plans will be assessed for each scenario to determine realistic investment needs. When estimating investment needs, gaps or uncertainties of the costs must be transparently communicated, where assumptions are made. The service provider is expected to identify and propose incentive-based measures where necessary to drive the implementation of measures stipulated in the investment plan, the service

When describing the investment needs per scenario, these may be communicated in relation to the other scenarios (e.g. x% additional costs would be needed in scenario B, compared to scenario A).

Task outputs to include:

- A brief report to explain the methodology used to identify investment needs (and benefits) and a list of key PAMs under consideration for each sector.
- A detailed list of investment needs per PAM and sector and for each SETs scenario.
- An update of the socio-economic scenarios and results based on varying degree of ambition for implantation of policies and measures (PAMs).

B. Overview of possible sources of finance for implementing SETs

The purpose of this task is to provide as much information as possible on how the financial requirements for implementing SETs can be met. All types of financial sources and instruments should be considered including grants, concessional loans, bonds, ESCOs, DFIs, etc. Describe the role of the different funding instruments that will enable the implementation of the investment plan for various scenarios that have been identified in (i) above.

The Service Provider is to engage with relevant financial institutions and government entities to get their inputs what is and what is not possible to finance the SETs. These may include the National Treasury, SA Reserve Bank, Presidential Climate Commission, the Presidency, and the banking association. DFFE will assist with coordinating meetings. A total of 6 engagements is forecasted for this exercise.

Each engagement will take about 3 hours maximum. All engagements shall be conducted virtually. The comments received from stakeholders shall be used to inform the content of the SETs investment plan.

Task Output to include:

- Progress update of this work.
- The outcome of this work will feed into the final investment plan described below.

C. Finalize a draft investment plan

The work conducted in the above tasks will be integrated into a draft investment plan. This will be clearly written, using graphics where possible to concisely communicate the investment plan necessary to implement the different scenarios of SETs. DFFE will work closely with the service provider to package the results. Ultimately, the Service Provider has to produced a Summary for Policy Makers that integrates the results from the SETs reports, the updated Socio-economic report and the SETs investment plan.

Task Output to include:

- Final draft investment plan
- Summary for policy makers
- Supporting presentation

Deliverables:

1. SETs Investment plan - Methodology report
2. SETS socio-economic update report
3. Financing needs for each PAM and each sector
4. Stakeholder engagement report (meant to solicit feedback on the draft SETs investment plan)
5. SETs Investment Plan report (and deck of slides)
6. Summary for Policy Makers (and deck of slides)

PROJECT MANAGEMENT

The Consultant will report to the Department of Forestry, Fisheries and the Environment in the Chief Directorate – Climate Change Mitigation and Specialist Monitoring Services in coordination

CONTRACT TERMS

- Estimated start date: 25 November 2024
- Estimated end date: 20 December 2024

TEAM OF EXPERT REQUIREMENTS

Team Leader:

- Masters Degree in public policy, environmental economics
- 10 years of experience in advising governments on mitigation policies
- At least led two similar analysis

- Excellent knowledge of South Africa economic context and climate policy
- Ability to analyze and interpret complex political environments and power dynamics in key mitigation sectors
- Excellent verbal/written communication skills in English and proficiency in at least one local language.
- Proven ability to deliver required products within agreed timeframes

Economist Modeler/Analyst

- Masters Degree in environmental economics
- 10 years of experience in integrated modeling and assessment of environmental policies
- Familiarity with the key sectors
- Excellent knowledge of South Africa economic context and climate policy
- Ability to analyze and interpret complex political environments and power dynamics in key mitigation sectors
- Excellent verbal/written communication skills in English

Infrastructure Specialist

- Masters Degree in environmental economics
- 10 yr experience in large infrastructure projects (public or private) and mitigation constraints
- Familiarity with financing sources and instruments
- Excellent knowledge of South Africa economic context and climate policy
- Ability to analyze and interpret complex political environments and power dynamics in key mitigation sectors
- Excellent verbal/written communication skills in English

PROPOSAL REQUIREMENTS

Prospective vendors should submit:

- Description of proposed project management structure (lead team/project manager, sub-contracted organizations, local experts, etc.)
- CVs of team members
- Examples of and references for similar previous work (with URLs and contact details)
- Proposed implementation approach/project monitoring plan
- A proposed budget with a breakdown of costs sufficient to assess reasonableness and compliance with our funder requirements.
- A proposed schedule for deliverables
- Advanced degree in any discipline, preferably in environmental economics, climate science, programming, public policy (climate/environment), sustainable development, or a similar subject
- Demonstrated experience in advising Governments on mitigation policies
- Familiarity with green infrastructure financing
- At least 10 years of experience in issues related to infrastructure projects, modeling, and economic analysis skills across the economy in South Africa and/or sub-Saharan Africa.
- Demonstrated skills in managing and aligning diverse stakeholder groups, including development agencies, non-state actors / civil society, financial institutions, the private sector, and others.

- Excellent writing, editing, digital and oral communication skills.
- Fluency in English.
- Priority will be given to South Africa based entities.

EVALUATION AND SELECTION

Evaluation Criteria

The following elements will be the primary considerations in evaluating all proposals submitted in response to this RFP:

- Completion of all required elements;
- The extent to which the vendor's proposal fulfills WRI's stated requirements as set out in the RfP;
- Experience with similar projects;
- Overall cost of the vendor's proposal;
- Debarment and sanctions – WRI will not consider proposals from vendors that are presently debarred by the U.S. government or named on any restricted parties lists;
- Sustainability – WRI values sustainability and all other factors being equal, will favor a proposal to more sustainably perform the work.
- The bidder offering the best overall value will be selected.

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Selection Process

No proposal development costs shall be charged to WRI / all expenses are to be borne by the bidders. WRI may award the bidder offering best value without discussion. However, WRI reserves the right to seek bidder clarifications and to negotiate with those bidders deemed to be within a competitive range.

PROPOSAL SUBMISSION

Please send your proposal documents to:

- Mr. Harrison Addo-Obiri, Country Engagement Specialist, NDC Partnership Support
Harrison.Addo.5@ndcpartnership.org
- Ms. Christine Luttmmer, Project Manager, NDC Partnership Support
Christine.Luttmer@ndcpartnership.org

All proposals must be received by **5:00pm EST on Wednesday, 20 November 2024** in electronic format to the contacts listed above.

"This RFP will remain open until the earlier of either (i) WRI's receipt of a minimum of three (3) proposals *or* (ii) ten business days.

WRI may, at its discretion and without explanation to the prospective vendors choose to discontinue this RFP without obligation to such prospective vendors or make multiple awards under this RFP