



REPUBLIC OF ZAMBIA

ASSESSING FINANCING, INCENTIVES AND BENEFIT SHARING OPTIONS AND CONSIDERATIONS FOR REDD+ ZAMBIA

Terms of Reference for a national consultancy assignment (Firm/Consortia)

BACKGROUND

Zambia is among the first pilot countries for the climate-change mechanism REDD+, which stands for reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries. The readiness stage for this mechanism entails the participatory development of a national REDD+ Strategy, which will comprise policy reforms, investments and a related REDD+ implementation framework, with due monitoring and safeguard systems, in line with agreements and negotiations under the United Nations Framework Convention on Climate Change (UNFCCC). In essence, REDD+ is an international mechanism that intends to enhance the value of standing forests and incentivise sustainable forest management through a multi-stakeholders approach and a green development perspective. Zambia is fully engaged in advancing REDD+ and a partner member of UN-REDD (a United Nations collaborative programme, comprising FAO, UNDP and UNEP).

A UN-REDD Zambia national programme for REDD+ is underway, with a financial allocation of US\$ 4.49 million, in order to advance the national REDD+ readiness process. The Programme's goal is to prepare Zambian institutions and stakeholders for effective nationwide implementation of the REDD+ mechanism. The Programme's objectives are: (a) to build institutional and stakeholder capacity to implement REDD+; (b) to develop an enabling policy environment for REDD+; (c) to develop REDD+ benefit-sharing model; and (d) to develop Monitoring, Reporting and Verification (MRV) systems for REDD+. A total of six outcomes are envisaged: (1) Capacity to manage REDD+ Readiness strengthened; (2) Broad-based stakeholder support for REDD+ established; (3) National governance framework and institutional capacities for the implementation of REDD+ strengthened;

(4) National REDD+ strategies identified; (5) MRV capacity to implement REDD+ strengthened; and (6) Assessment of Reference Emission Level (REL) and Reference Level (RL) undertaken.

The REDD+ readiness phase is on-going with a number of analytical work to be finalized, which will feed into the formulation of the REDD+ strategy and future REDD+ implementation. As part of supporting the building of the REDD+ Strategy, the consultancy to explore and assess financing, incentives and benefit sharing opportunities and options for REDD+ Zambia, is being undertaken to provide some of the critical pillars for the strategy and future implementation of REDD+ in Zambia.

Approach

The following terms of reference represent the core primary step towards achieving the stated goal and objectives below. Inter-related and complementary analytical clusters of studies are being undertaken, the outputs of these studies will provide the elements and content for informing the REDD+ strategy. It is expected that a multi-disciplinary team will conduct these studies.

It is worth noting that financing, incentives and broader benefit sharing are closely inter-linked and mutually re-enforcing. For example, financing mechanisms that are created for REDD+ should have accompanying systems for administering the finances in a way that benefits the country and incentivises communities and key stakeholders to address REDD+. Financing can be for such activities such as enforcement, adding value to forests, including sustainable forest management activities, payment for environmental service programs, and research and development. In addition, a REDD+ financing mechanism will be expected to effectively align incentives across all levels. It can simultaneously incentivize national policy reforms including those that engender and local forest management actions. Essentially, therefore, the synergies amongst these three themes would be explored in this assignment. A conceptual or analytical framework linking the thematic area under discussion would be defined.

In line with the above-mentioned, this consultancy is being commissioned to achieve the objectives outlined below.

OBJECTIVES

The main objective is to explore and assess financing, incentives and benefit sharing opportunities and options relevant to REDD+ implementation in Zambia.

MAIN TASKS

In line with the objectives of work indicated in the previous section, the main tasks of the consultancy team will comprise the following:

FINANCING

- a. Take stock of the major existing, new and emerging global (and or regional) funding mechanisms for REDD+. The consultant will screen/assess the potential of each as a source of finance for REDD+ and related initiatives, identify entry points and opportunities for Zambia;
- b. Assess and analyse existing and potential financial resources for REDD+ from domestic sources including budgetary approaches, decentralized approaches, targeted funds (e.g. forestry fund, the interim environmental fund and other national funds amongst others), foreign direct investments, official development assistance (ODA) as well as an assessment of their delivery mechanisms;
- c. In line with point (b) above, outline those with potential to support REDD+ implementation;
- d. Review on-going work on climate finance readiness and similar initiatives including options for a sustainable financing mechanism for REDD+ activities taking into account, the draft climate change policy and the government approach to addressing climate change ;
- e. Assess amount of resources mobilized through the domestic carbon tax, the determinants of resource allocation and recommend how REDD+ can benefit from higher allocations of budget resources;
- f. Consider scenarios of the levels of finance that may be channelled through carbon trading as well as current and potential financial benefits that could be accrued in the forest management including eco system services;
- g. Assess and develop options for the design of an effective, efficient, equitable and results-based management system to mobilize and channel REDD+ finance in Zambia;
1. Assess the risks that may be linked to the broader REDD+ safeguards particularly in the areas of managing financial risks, reporting and ensuring full and effective participation (liaise with safeguards team);
- h. Identify and analyse the potential bottlenecks/constraints to accessing resources for REDD+ in Zambia. (e.g. institutional, policy and capacity constraints) either from domestic or external sources;
- i. Based on the above, propose recommendations for the REDD+ strategy including :
 - a. Options for a sustainable, equitable and fair funding mechanism for REDD+ activities and implementation in Zambia including modalities for administering this;
 - b. Identification of various financial instruments that could be used for financing REDD+ in the country;
 - c. Lessons and experiences on funding mechanisms and their delivery mechanisms that Zambia can draw from; including those that are performance based;

- d. Recommend the institutional arrangements for management and provision of oversight of REDD+ financing mechanisms taking into account the current government approach to climate change.

BENEFIT SHARING

REDD+ is based on incentives from the transfer of financial benefits, and can, if well designed, implemented and enforced, generate additional benefits such as enhanced governance, more secure (tenure) rights, improved environmental services, and income from REDD+ related activitiesⁱ. Thus, beyond financing, this assignment seeks to look at broader and long-term benefits from REDD+ that can be created by creating incentives. The creation of these incentives and the benefits that accrue from it should be used in a manner that helps to improve accountability, transparency and equity in terms of participation, access and fair distribution of costs and benefits. As such, benefit sharing mechanisms, in its broad sense, needs to be looked at different levels in order for it to target the right actors and be tailored approximately to meet the needs and interests of these actors. REDD+ programs will need to create sufficient incentives for actors to actually change land use practices that drive deforestation and degradation as well as the benefits that accrue to this.

In line with the above, the second part of the consultancy seeks to:

1. Identify carbon and non-carbon benefits that the local communities obtain from the forests (ecosystems) in Zambia in the different ecosystems in Zambia;
2. Examine how non-financial/non-monetary incentives can contribute to fair and equitable benefit sharing in REDD + implementation;
3. Take stock of programmes, initiatives and experiences that provide incentives related to REDD+, and examine the most appropriate and applicable in the national context and how such initiatives can be replicated in Zambia from a benefit sharing point of view;
4. Conduct an analyses of existing and emerging benefit sharing mechanisms in on-going REDD+ related programmes and how this can inform the design of a benefit sharing mechanism for Zambia;
5. Based on the above, provide recommendations for the REDD+ strategy including
 - Practical benefit sharing options at different levels and how this can be targeted and tailored to various constituencies;
 - How non-monetary incentives can best used in the Zambia context to motivate change in behaviour in REDD+ implementation;
 - Recommend the institutional arrangements for management and provision of oversight of REDD+ benefit sharing mechanism.
 - Best or good practices that can be used to help improve accountability, transparency and equity in terms of participation, access and fair distribution of costs and benefits and safeguard the rights of communities including;

- How the various laws of Zambia can provide for non-carbon benefits in order to ensure equity distribution (liaise with safeguards team and see work on legal preparedness Zambia Country Study);
- A set of options for defining carbon rights and benefit-sharing arrangements that balances the interests of government, the private sector and local communities (liaise with safeguards team and see work on and legal preparedness);
- Lessons and experiences on benefit sharing mechanisms that Zambia can draw from; including those that are performance based.

PROPOSED TIME FRAME AND DELIVERABLES *

The assignment will have the duration of 50 working days. A proposed time frame follows.

Deliverables	Timelines
Inception report including a complete methodology and approach to the task	2 days after signing of contract
Inception workshop in Lusaka	1 day
Interviews, focus meeting, field visits– all resulting in a progress report (with power-point summary) and preparation of draft report	35 days
Internal Review, Revision of Report and Stakeholder validation	5 days
Final consolidated report providing options and considerations for sustainable financing and accompanying benefit sharing mechanism for REDD+ in Zambia. The consolidated report should have two technical annexes on: <ul style="list-style-type: none"> ○ Technical Annex on Financing Options for REDD+ ○ Technical Annex on Benefit Sharing Options for REDD+ 	5 days after stakeholder consultative meeting
Preparation of Policy Brief	2 days

*The report should be submitted in draft in both electronic and printed.

1. Team Composition and Required Qualifications

A team of experts will be contracted to undertake the assignment. Specifically, the team members will have the following profiles:

1. International Finance Expert:

- At least a Masters Degree in Business Administration, Finance, environmental economics or a development-related subject
- An internal finance expert manager with demonstrated experience in international financing, carbon finance and markets, investment analysis ;
- Demonstrated strong knowledge of financing sources, mechanisms and instruments; Broad knowledge of REDD+ and its role in climate change discussions and approaches;
- relevant experience in research in the area of forest governance and public financial management in the natural resource sector;
- Demonstrated in assessing laws and policies related to fiscal management, economics and finance.
- Prior experience from Sub-Saharan Africa preferred.

2. National Resource Economist, forestry and REDD+:

- At least a Master's Degree in Natural Resource Management, Forestry, Natural Resource Economics a development-related subject;
- Demonstrated experience and strong knowledge in REDD+ and related areas in Zambia, such as general forest management, incentive and benefit sharing models;
- Experience in the designing benefit sharing models in programmes and projects, preferably in the climate change/forestry area;
- Broad knowledge of climate change mitigation and/or adaptation in Zambia;
- Broad knowledge of political and economic development in Zambia and how REDD+ fits in with that;
- Excellent organizational skills;
- Fluent written and spoken English.

Helpful Information and Resources

1. Institutional and Context Analysis

Studies on

2. Legal Preparedness for REDD+
3. Stakeholder Assessment and Engagement Plan
4. Preliminary Study on Drivers of Deforestation
5. Assessment of previous, ongoing and planned forest management activities with potential for REDD+
6. Drivers of Deforestation and threatened forest
7. Economic Context of REDD+
8. Past and current practices related to REDD+
9. Green House Gases Inventory and Reporting methodology
10. Development of Reference Emission Levels
11. Soil Survey Design and Methodology Development
 - a. Support for estimation soil organic carbon- linked to ILUA II

¹ Equitable Benefit Sharing: Exploring Experiences and Lessons for REDD+ in Tanzania