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## Terms of Reference

### Research on climate change initiatives in South Africa

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Prepared by FinMark Trust

## 1. About FinMark Trust

FinMark Trust (FMT) is an independent trust whose purpose is to make financial markets work for the poor by promoting financial inclusion and regional financial integration. FMT does this by conducting research to identify the systemic constraints that prevent consumers from accessing financial markets, and by advocating for change based on research findings. Thus, FMT has a catalytic role, driven by its purpose to start processes of change that ultimately lead to the development of inclusive financial systems that can benefit all sectors.

## 2. Background and contextual information

Climate change increasingly poses challenges for the survival of human beings and wildlife having severe impacts such as extreme heat, food scarcity, storms, droughts, rising sea levels, melting glaciers, and loss of plant and animal diversity. Addressing the effects of climate change is a global priority that is being championed by governments, private institutions, and civil society through various policies as well as mitigation and adaptation strategies. The two main approaches to combating climate change involve reducing the flow of heat-trapping greenhouse gases into the atmosphere and adapting to the climate change that is already in the pipeline. Several actions have to date been undertaken in this regard including the move away from a reliance on fossil fuels, investments in renewable energy, promoting green financing, switching to sustainable transportation, decreasing the overall use and consumption of carbon-intensive products, and protecting natural habitats. Although climate change is widely understood as working towards a 'greener' planet, it is critical to understand the climate crisis as a systemic problem. Being more than just an environmental issue, solutions to climate change require political, social, and economic action.

International agreements on climate change can be traced back to the Montreal Protocol of 1987 which was globally ratified and resulted in the elimination of almost 99 percent of substances that destroy the ozone layer. This was subsequently extended to countries agreeing to reduce the production of greenhouse gases that exacerbate climate change through the Kigali Amendment in 2016. In 1992 the United Nations Framework Convention on Climate Change (UNFCCC) established an annual forum for 192 participating countries to discuss efforts to stabilise the level of greenhouse gas emissions. It is through these discussions, termed Conference of the Parties (COP), that the Kyoto Protocol and the Paris Agreement were put in place. These agreements instituted the first legally binding climate treaty and required all participating countries to sign emissions-reduction pledges, respectively. The significance of fighting climate change and preserving the planet's natural habitats was further highlighted in the 2030 Agenda for Sustainable Development adopted by the United Nations.

Although it is acknowledged that Africa (in its entirety) contributes significantly less to greenhouse gas emissions, the continent is faced with some of the most severe consequences of the phenomenon while having relatively less capacity to combat the impact of climate change compared to other parts of the world. In response to the adverse effects of climate change, the SADC region participates in

international conventions such as the UNFCCC, the Ramsar Convention on Wetlands which targets the preservation of wetlands, and the Convention on Biological Diversity which seeks to protect biodiversity from climate change effects. The SADC Climate Change Strategy and Action Plan was adopted in 2015 with the aim of outlining and coordinating regional and national actions to address and respond to the effects of climate change.

South Africa is a significant contributor to global climate change via greenhouse gas emissions due to its economy that is energy-intensive and driven heavily by fossil fuels. Given the country's socioeconomic context where an estimated 62,6 % of the total population were living in poverty in 2022<sup>1</sup> and due to an intensifying water crisis, South Africa is extremely vulnerable to the effects of climate change. The negative effects of climate change have disproportionately impacted poor people who bear the brunt of droughts, sudden weather changes and excessive rains. To address this the South African government has developed policies and strategies aimed at both reducing emissions as well as mitigating the negative socio-economic consequences of climate change. This is highlighted in the national climate change response<sup>2</sup> objective which states that South Africa will "build the climate resilience of the country, its economy and its people and manage the transition to a climate-resilient, equitable and internationally competitive lower-carbon economy and society in a manner that simultaneously addresses South Africa's over-riding national priorities for sustainable development, job creation, improved public and environmental health, poverty eradication, and social equality." This objective calls for all sectors of society to contribute to the agenda through innovative solutions that are environmentally effective, socially just, financially sustainable and aligned to the country's developmental agenda. An example of initiatives aligned to this objective include the South African Cities Network's Community Recycling Program which has the dual impact of reducing the effects of climate change while also addressing the problem of unemployment through the promotion of waste collection.

The financial sector plays a key role in combating the negative consequences of climate change. Through mechanisms such as green financing, the sector is able to leverage financial instruments and policies, including green credit, green bonds, green insurance, and carbon credits, to steer the flow of capital towards priorities that have environmental benefits<sup>3</sup>.

It is considering the above as well as our commitment to participate in enabling sustainable futures by implementing projects aimed at achieving critical environmental outcomes while considering the needs of people most affected by climate change that FMT developed this research project.

### 3. Objectives

Finmark Trust (FMT) seeks to appoint a service provider to conduct a research study on climate change combatting initiatives that exist in South Africa with a specific focus on the financial sector's contribution towards such initiatives and the extent of support provided by these initiatives to low-

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<sup>1</sup> The World Bank 2023, *South Africa Macro Poverty Outlook*.

<sup>2</sup> National Climate Change Response White Paper

income consumers and MSMEs. The research study should pay a particular focus on community recycling initiatives with a view to identify areas where FMT can add value to these initiatives. This will require outlining SA's carbon credit market and exploring how it can add value to recycling and other environmental projects that involve and affect the poor directly.

The insights obtained from the research study described above will be used by FMT to design a programme that will contribute towards combatting climate change while also driving positive economic and social impact for the poor consumers and small businesses.

#### 4. Scope of Work / Approach

The appointed service provider should produce a comprehensive research report that examines government-led, private sector, and civil society initiatives targeting climate change (including recycling) at national, provincial, and local levels. The report should at a minimum cover following key elements:

- 4.1 An overview of South Africa's climate change combatting initiatives especially those that impact and involve the poor and MSME's;
- 4.2 An overview of the role that the financial sector plays in supporting these climate change combatting initiatives;
- 4.3 An outline of the existing recycling projects that support low-income individuals and MSMEs, highlighting the extent to which these projects improve livelihoods and promote income generation;
- 4.4 A detailed overview of how South Africa's carbon credit market, its functioning, and the extent to which it can be used to support recycling projects and other community greening initiatives;
- 4.5 Recommendations on the role FMT can play in either supporting existing initiatives or embarking on new ones.

#### 4 Output/ Deliverables

A comprehensive research report detailing the aspects outlined in section 4 above. The research report should include an outline of the methodological approach employed in collecting the research findings. The final report should include a detailed overview of the sources consulted with in obtaining the insights included in the research.

#### 5 Proposal Content

Organisations/Individuals should submit a detailed technical and financial proposal. The technical proposal is expected to be clear and concise and should be a **maximum of 5 pages**. It should include:

- 5.1 The methodological approach to be implemented in conducting the research study;
- 5.2 A detailed workplan indicating the timelines for conducting the research study;
- 5.3 Evidence of technical capacity to undertake this study (skills and qualifications);

- 5.4 Name and qualifications of staff members responsible for overseeing the work and for undertaking the work;
- 5.5 A detailed financial proposal outlining the costing for each activity, broken down by professional fees and expenses.

## 6 Safeguarding

The selected service provider has the responsibility to consider and be aware of potential safeguarding issues and the project's potential to integrate gender dimensions and contribute to the advancement of gender equality in addressing the Terms of Reference and be able to demonstrate due diligence in relation to the protection and safeguarding of children and vulnerable groups as per strategies designed to support and manage ongoing risk and abuse, exploitation or neglect of participants in this research project.

## 7 COVID-19

The selected service provider and FinMark trust recognize the need to minimize the spread of the Corona Virus and the parties will agree on appropriate non face to face methods of communications and completion of required tasks to ensure that work on the project is able to continue effectively. The situation, however, will be closely monitored by both parties on an ongoing basis.

## 8 Required skills and qualifications

Applications from interested parties must provide evidence of the technical capacity to undertake this exercise. This includes capacity to deliver the output in the timeframe provided, as well as prior experience on a similar exercise (research in environmental issues). Required skills / qualifications include the following:

- 8.1 University qualification/s in Environmental Science or other relevant field;
- 8.2 A minimum of ten years of relevant experience in research, design, and analysis;
- 8.3 Experience and understanding of sustainable development and environmental policy;
- 8.4 Excellent computer literacy, including report writing skills;
- 8.5 Excellent communication, written and verbal skills in English is essential.

## 9 Selection criteria

Contract selection criteria and award will be made based on the following scoring mechanism:

	Criteria	Weighting
1	Qualifications	30%
2	Experience in conducting similar research	20%

	Criteria	Weighting
1	Qualifications	30%
3	A succinct proposal responding to the ToR requirements	20%
4	Budget	30%
	<b>Maximum score</b>	<b>100%</b>

## 10 Submission and timing

**Proposals:** Proposals for the project should be submitted by close of business on **23 April 2024** at 17:00 (SAST) by email to [akhonam@finmark.org.za](mailto:akhonam@finmark.org.za). The successful bidder will be notified by **10 May 2024**.

**Timing:** It is envisaged that the project duration will be **8 weeks** from the date of contract signature.

The selected consultant must be prepared to meet with FMT on a date to be announced, for a briefing. Once the selection process has been completed, FMT will issue a contract confirming the appointment of the consultant. Any queries relating to the preparation of the application should be referred to [akhonam@finamrk.org.za](mailto:akhonam@finamrk.org.za).

In line with FMT's policy of transparency, answers to queries from one candidate will be circulated to all who indicated their intention to submit a proposal.

### Guidance notes to bidders

*FinMark Trust reserves the absolute right to use its discretion in the interpretation of these award criteria. The following notes are intended to provide broad guidance only on how proposals will be evaluated. Bidders may be required to clarify their proposals by way of a telephone call or presentation.*

*"Relevant, demonstrated competence of firm(s) in this area" - you should aim to demonstrate how the firm's collective past experience can be applied (or adapted) to address the specific brief set out in the terms of reference. You are welcome to describe the firm's general experience of financial sector development issues (e.g. in other geographies or topical areas) but the evaluation will focus particularly on the application of that experience for the specific task at hand.*

*"Demonstrated expertise of key individuals to be involved in this project" – the evaluation places considerable emphasis on the role and demonstrated expertise (i.e. track record) of the key individuals to be involved on the project rather than on the expertise of the firm itself.*

*"Use of local professional capacity (consulting, analysis, coordination etc.)" – FinMark Trust wishes to ensure that local capacity is used and developed. International firms are therefore encouraged to partner with local organisations.*

*"Content, quality and originality of proposal" – proposals should address the brief set out in the terms of reference in a comprehensive manner. Bidders should aim for innovation as well as professional presentation. Whilst similar, relevant experience in other markets will be an advantage for a bidder, each market is different and so proposals need to reflect the particular characteristics of that market, as well as the challenge set by the terms of reference.*

*"Fee basis" – value for money, as well as absolute cost, will be taken into account.*

## 11 Important to note

If no communication has been received from FMT after 1 month of your submission, please consider yourself as unsuccessful.