

Terms of Reference for a Consultant Firm

AFRICAN DEVELOPMENT BANK

CLIMATE CHANGE & GREEN GROWTH DEPARTMENT (PECG)

1. Background

The African Development Bank is the premier pan-African development institution, promoting economic growth and social progress across the continent. The Climate Change and Green Growth Department (PECG) under the Power, Energy, Climate Change and Green Growth Vice Presidency is responsible for coordinating the implementation of the Bank's Climate agenda. In this regard, the Department support the Bank's Regional Member Countries implement their Nationally Determined Contributions (NDCs) as well provide internal support to mainstream climate action across the Bank's business operations and investments under the High 5 priority areas; including the commitment to scale up climate finance to US\$ 25 billion by 2025. To deliver on this mandate, PECG has established several special initiatives including, the Africa NDC Hub, the African Financial Alliance on Climate Change (AFAC), the Adaptation Benefits Mechanism (ABM), etc, aimed at mobilizing finance and technical assistance to transition Africa toward green and inclusive growth.

The African Financial Alliance on Climate Change

The African Financial Alliance on Climate Change (AFAC) was launched by the African Development Bank in 2018. It aims to put the financial sector at the center of Africa's climate agenda by bringing together Africa's key financial institutions, including central banks, insurance companies, sovereign wealth and pension funds, stock exchanges, as well as commercial and development banks, to mobilize private capital flows towards continent wide low-carbon and climate resilient development.

AFAC primarily intends to foster climate action by promoting: **i)** knowledge sharing, **ii)** climate risk mitigating financial instruments, **iii)** climate risk disclosure, **iv)** and climate finance flows. Since 2018, AFAC secretariat has conducted various capacity-building trainings, and knowledge-sharing events to raise awareness on climate threats to the financial sector, investment prospects, and emerging trends in sustainable finance. In November 2021, AFAC co-published with the Global Center on Adaptation (GCA) and UNEP FI a [baseline study](#) to assess the integration of climate-related risks in the prudential, financial, regulatory, and supervisory frameworks of a selection of nineteen African countries and identify potential levers to incentivize further internalization. This study provides a starting point for an in-depth analysis and classification of these institutions in order to map the landscape for green and sustainable finance in Africa and enable benchmarking against global best practices.

Awareness of climate-related financial risks has been growing in the past years. Climate risks were officially put on the agenda of financial regulators and supervisors in 2015 when the Bank of England outlined the connection between climate change and its related impacts on economic systems, financial markets and their stability. Since then a series of high-level global groups have emerged including the creation of the Task Force on Climate Risk and Financial Disclosure (TCFD); The Network of Central Banks and Supervisors for Greening the Financial Systems (NGFS) and the Coalition of Finance Ministers, where Principle 5 priority areas for action are to: (1) create national roadmaps for greening the financial system; (2) increase transparency and disclosures of climate-related financial risks; (3) assess the link with financial stability through stress testing; (4) identify strategies to incorporate climate change and climate risks and

opportunities into investment decisions; (5) promote sustainable finance; and (6) address the high cost of capital for adaptation & resilience in developing countries.

2. Objectives of the assignment

Under the general supervision of the Task Manager for AFAC secretariat, the Consulting Firm will conduct an in-depth analysis and classification of Africa's financial institutions based on their level of integration of environmental risk regulations and climate-related risk frameworks.

3. Main activities and deliverables

The main deliverables will include:

- i. Inception report
- ii. Analysis report
- iii. Presentation of report findings to AFAC constituency.

4. Administration/Reporting

The Consulting Firm will work under the overall guidance of the Director of the Climate Change and Green Growth Department in collaboration with the Department for Financial Sector Development and the immediate supervision of the task manager for this undertaking.

5. Duration of the assignment

The Consulting Firm will work on a full-time basis for a period of two (2) months, from December 2021 to February 2022. The assignment will be home-based.

6. Qualifications and Experience required

PECG invites Consulting Firms to indicate their interest in providing the above-described services. Interested eligible Consulting Firms or associations of Consulting Firms shall provide information on their qualifications and experience demonstrating their ability to provide the services (documentation, references for similar services, experience in comparable Assignments, availability of qualified staff including CVs of proposed team members, etc.). The firm should be able to bring together a range of expertise relevant for the assignment and provide an experienced Team Leader.

7. Eligibility Criteria

Eligibility criteria, establishment of the short-list and selection procedure shall be in accordance with the AfDB: "Procurement Policy for Bank Group Funded Operations, October, 2015" which is available on the Bank's website at <http://www.afdb.org>. Please note that interest expressed by a Consulting Firm does not imply any obligation on the part of the Bank to include it in the shortlist.