Terms of Reference

Sovereigns Climate Initiative

**Name of Programme Team: WWF-UK Sustainable Finance Policy team**

**Overarching purpose:**

The overall aim of this project is to deliver a report on the most effective lever(s) for financial institutions and investors to influence sovereign countries to deliver on their Paris Agreement Nationally-Determined Contributions (NDCs) and required net zero climate action.

**Background:**

*WWF is one of the world’s largest independent conservation organisations, active in nearly 100 countries. Our supporters – more than five million of them – are helping us to restore nature and to tackle the main causes of nature’s decline, particularly the food system and climate change. We’re fighting to ensure a world with thriving habitats and species, and to change hearts and minds so it becomes unacceptable to overuse our planet’s resources.*

Through the UN COP climate process, global agreements exist focused on limiting global temperature rise. Countries have submitted Nationally Determined Contributions, and should be planning how to achieve a net zero emissions future.

However, progress towards net zero remains elusive and politically complex, and it is not straightforward to determine the extent to which individual countries are on track relative to their own NDCs and to overall temperature goals. Entities like [Climate Action Tracker](https://climateactiontracker.org/countries/usa/) and [Net Zero Climate](https://zerotracker.net/) attempt to assess the state of play per country, [PCAF](https://carbonaccountingfinancials.com/en/newsitem/pcaf-launches-the-2nd-version-of-the-global-ghg-accounting-and-reporting-standard-for-the-financial-industry) has produced a methodology for the carbon accounting of sovereign debt, and the UK asset owner-led [‘Assessing Sovereign Climate Risks & Opportunities’ (ASCOR)](https://www.ascorproject.org/) initiative is in the process of designing an [open-source tool](https://transitionpathwayinitiative.org/publications/112.pdf) to help investors assess sovereign-level climate information.

For companies, the concept of explicit transition plans, per individual corporate, is underway with the intention of driving focus, and action towards targets. For countries, targets are already set – but the question remains as to how they plan to deliver these targets, and the most effective methods investors have for influencing sovereigns to do so. NDCs demonstrate commitment, but few countries have provided details on how they will deliver and finance such commitments. Government-level Transition Plans could play an important role in improving transparency around sovereign climate action – and ultimately in delivering the goals of the Paris Agreement.

**Project scope and objectives:**

The overall aim of this project is the delivery of a report for public use, outlining findings based on the scope and focus described below.

*Deliverable report*: MS Word format, approx. 15-20 pages. Report can contain tables and/or infographics.

*Scope –*

The focus of this initiative is to explore the most effective levers available to finance sector participants, including investors, for influencing sovereign action in support of the net zero transition (including the potential role of sovereign transition plans). The scope of the work is to seek to answer the following three questions:

1. **What are currently the most effective tools for financial institutions to understand countries’ delivery of net zero goals – and could they be improved, in support of broad-based transparency?**

* How far do current initiatives get us?
* Is more information needed from sovereigns on their net zero transition beyond what is already being reported/available? If so, what more is needed?
* Is the current information reported in a way that can be compared across countries, or do the tools exist to make such comparisons/progress assessments? If not, how could this be done?

1. **If information is missing and/or not reported, what role might sovereign transition plans play to fill the gaps?** 
   * Are there fundamental elements/principles that a country-level transition plans could cover and if so, what are they?

* How could sovereign transition plans support:
  + ASCOR country climate assessments?
  + SBTi and AOA sovereign debt methodologies?
  + Financial Institution and private sector transition plans and management?
  + Reporting for Country NDC obligations?
* What oversight/governance would be needed, and how could that be achieved?
* How could widespread adoption by countries be achieved?
  + With respect to big emitting countries? (see also Q3)
  + Would capacity building/support be needed?

1. **What levers do finance sector participants, including investors, have to drive sovereign climate progress, including to assess the robustness of a country's climate strategy, and provide incentives for action by sovereigns (or to hold to account)?**
   * What are the main ways in which financial institutions interact with and influence sovereigns? Are there institutional/market norms-embedded areas of focus and connection?
   * What role does sovereign debt play (and green, social, sustainable, sustainability-linked government/municipal debt)?
     + What expectations might finance sector participants set for new sovereign debt issuance?
     + Are there examples of good practice that could be referenced?
     + Are there important links to sovereign credit ratings? How does/might this affect investment flows?
   * How can private sector finance be leveraged to accelerate countries’ transitions?
   * Can/should financial market participants work with sovereigns to overcome perceived investment gaps or systemic blockages?
   * What are the linked drivers/incentives for countries from their perspective?
   * Are there key priority sovereign nations on which financial markets should focus – either for overall positive impact on climate mitigation (on a global scale), or in need of local climate adaptation support?

* **Case studies** to highlight situations and levers:
  + UK case study
  + Developing World/Global South case study

*Key deliverables –*

Full consultancy period: August, September, October (to 20th Oct)

First draft delivery: Consultancy mid-point (estimate ~8th September)

Final paper delivery: 20th October 2023

**Roles and responsibilities**

WWF-UK is leading this piece of work, with close participation of our Finance Sector partner, with whom we are working to transform the finance sector, engage people, and build climate-resilient communities. We believe that WWF, a credible and neutral organisation led by environmental values, is best positioned to produce a persuasive and impactful piece.

The supplier shall:

* be under the direction of the WWF staff managing this project;
* commit to regular check-ins with WWF (at least fortnightly) and inform WWF if and when issues arise between these check-ins;
* carry out the necessary research and report-writing

WWF shall:

* Work closely with the selected supplier;
* Provide feedback on draft versions of the research and report;
* Be on hand to answer queries;
* Provide final sign-off of the report.

WWF Finance Sector Partner may:

* Assist in assessment of proposals and selection of consultant;
* Be informed of project progress and consulted if issues arise;
* Provide feedback on any draft versions of the research and report;
* Facilitate introductions with industry experts.

**Submission of Proposal**

Proposals should include:

1. relevant background of the supplier/consultant(s) involved; plus CVs of consultants who will participate in the project. Please indicate if you intend to have a team working on the project and give an estimate of working days (availability) per consultant. Please state if you will have a project lead to manage the relationship.
2. a cost estimate for the project (please also include any applicable charity discounts you may offer). All prices must be clearly labelled in percentage terms or for fixed pricing in Pounds

Sterling (£) and be inclusive of all costs including Value Added Tax or the equivalent Sales

Tax. Budget: £0 - £72,000 inc VAT.

1. a detailed timeline for delivery by 20th October 2023
2. a brief overview of your organisation’s environmental and social positions (including links if available to your CSR policies, DE&I situation and gender pay gap information, any stated climate and nature targets or objectives, and position with respect to any client policy).
3. Please complete the Supplier Sustainable Procurement Questionnaire, which will be sent to you alongside this document.

The proposal should be no longer than four sides, excluding CVs of participating consultants.

Proposals will be assessed using a selection of criteria, likely including: fit to brief, previous experience of consultancy, how quickly the work can be completed, value for money, credible proposed methodology.

**Closing date to submit proposals:** 25th July 2023 at 12pm noon

**Delivery of final report**: 20th October 2023

**Date of Terms of Reference poster:** 10th July 2023

**Commissioned by:** WWF-UK, Living Planet Centre, Brewery Road, Woking, GU21 4LL

**Contact details for questions:** Nitika Agarwal via [NIAgarwal@wwf.org.uk](mailto:NIAgarwal@wwf.org.uk) (please cc Nathan Leeming: [nleeming@wwf.org.uk](mailto:nleeming@wwf.org.uk))

**Email address for submissions:** Nathan Leeming via [nleeming@wwf.org.uk](mailto:nleeming@wwf.org.uk)

* **All question and submission emails should use the Subject line of ‘Sovereigns climate initiative proposal’.**
* Please send your completed proposal and supporting documentation to the email address stated above, by **12pm on 25th July 2023** at the latest.

**Contracting with WWF-UK:**

It is our requirement that an appointed external partner adopts our standards terms and conditions for engaging with us. These are included within the tender documents. ***Please confirm your acceptance to work under these terms.* The contract will need to be signed by 11th August latest**, to allow work to commence the following week.

WWF-UK asks all suppliers to comply with the Supplier Code of Conduct and WWF-UK 3rd Party Expenses Policy. Both documents are enclosed within the tender pack. *Please confirm your acceptance of both.*

All contracted suppliers are required to register on Panda Purchasing (WWF-UK’s PO and invoice system). *Should you be successful in your bid, please confirm you will be willing to register on the system.*