



National Disaster Risk Management Fund

A company set up under section 42 of the Companies Act, 2017

Making Pakistan Resilient

INVITATION- REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES- FIRMS SELECTION FOR:

Pakistan-Implementation of Framework for Voluntary Carbon Markets

Country: Islamic Republic of Pakistan
Project Name: Pakistan Hydromet and Climate Services Project (PHCSP)
Implementing Agency: National Disaster Risk Management Fund
Credit No: IDA: 6246- PAK
Project ID No: P163924

The **Government of Pakistan** has obtained a “**Credit**” from the International Development Association (IDA) towards the cost of Pakistan Hydromet and Climate Services Project and intends to apply part of the proceeds of this credit to payments for subject “**Consulting Services**”, to be procured under this project. The Project aims at strengthening delivery of reliable and timely, climate and hydro-meteorological services besides enhancing community resilience to shocks. Shocks include socio-economic disruptions caused to communities by climate risks, health emergencies, food security and natural disasters.

National Disaster Risk Management Fund now invites eligible Consulting Firms to indicate their interest in providing the Services. Interested Consultants must provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are:-

1. **Technical Competence:** A firm registered for at least past 10 years with proven track of experience in completing at least two assignments of comparable scale and complexity by providing requisite information i.e. project description, cost of the project, client, duration and type of association/JV (if any) and demonstrated competency in program development, data analysis, consultations and country wide program design and implementation.
2. **Management Competence:** Firm should have adequate capacity and established protocols for ensuring quality of outcomes;
3. **Staffing Capacity:** Firm shall have adequately qualified and skill staff, permanent/ intermittent staff, pool of panel of experts as per the scope of work. (specific CVs and nominations are not required at this stage)

Terms of Reference (TORs) for above consulting assignments can be accessed by the interested firms from websites, www.ndrmf.pk and www.ppra.org.pk. Further information may be obtained at the address given below during office hours from 0900 to 1700 hours (Pakistan Standard Time (PST)). This REOI is also available on the websites www.ndrmf.pk and www.ppra.org.pk.

An attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” setting forth the World Bank’s policy on conflict of interest, the same shall be observed while participating in the procurement process. The Consulting Firm shall be selected using Quality and Cost-based Selection in accordance with the procedures set out in Section VII - Para 7.3 of the World Bank’s Regulations. In addition, the whole procurement process will be governed under the World Bank “Procurement Regulations for IPF Borrowers” July 2016 [Revised November 2017, July 2018 and November 2020] which can be perused at the website:<https://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-new-framework#framework>.

Expression of Interests, should reach Deputy Manager Procurement on or before **7th October, 2022** at 12:00 pm through surface mail or in person, same will be opened on same day at 12.30 pm. Name of Consultancy applied for must be mentioned clearly on the top right corner of envelope.

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INVITATION- REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES- FIRMS SELECTION FOR: Development of Net Zero Target and Pathways for Pakistan

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Project Name:	Pakistan Hydromet and Climate Services Project (PHCSP)
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Terms of Reference

Development of Net Zero Target and Pathways for Pakistan

A. Background

As required from all parties of the Paris Agreement Pakistan submitted its updated NDCs at COP26, where an ambitious climate target was set by the country. Pakistan declared its intention to set a cumulative ambitious conditional target of an overall 50% reduction of its projected emissions by 2030, with a 15% reduction from the country's own resources and a 35% reduction subjected to the provision of international grant finance. To achieve the target, Pakistan aims to shift to 60% renewable energy, 30% electric vehicles by 2030, increase in protected areas from 12% to 15%, ban coal imports as well as expand nature-based solutions. The updated NDC have also identified and added new sectors such as youth, gender and blue economy for enhanced contributions. The revised NDC envisage a broader approach to adaptation, addressing adaptation needs in several sectors and stressing the loss and damage component.

In addition to the NDCs, in order to better frame the efforts towards the long-term goal, the Paris Agreement also invites countries to formulate and submit long-term low greenhouse gas emission development strategies (LT-LEDS) which would provide the long-term horizon to the NDCs. Unlike NDCs, they are not mandatory. Nevertheless, they place the NDCs into the context of countries' long-term planning and development priorities, providing a vision and direction for future development.

The Government of Pakistan, represented by the Ministry of Climate Change, has recently expressed its interest to join the 2050 Pathways Platform and lay the foundations for its LTS. It is planned that a Long-term vision will be declared by COP27, while the strategy will be prepared and adopted within a year. A Net Zero goal and strategy will complement the Long-Term Vision and Strategy of the Government of Pakistan, as a responsible leader on climate ambition across the globe.

The Glasgow Pact – a formal outcome of COP26 – encouraged all parties to develop long-term strategies that demonstrate progress towards the achievement of the Paris Agreement temperature goal. Pakistan's Net Zero Strategy will be coupled with sustainable economic growth while reducing the pressure on the environment and natural resources, with specific targets for every sector. The increment in GHG emissions over the years and sectoral breakdown of Pakistan's GHG emissions are both shown below.

Figure 1 NATIONAL GHG INVENTORIES 1994, 2012, 2015 & 2018 BY SECTOR (MT CO₂ Eq.)

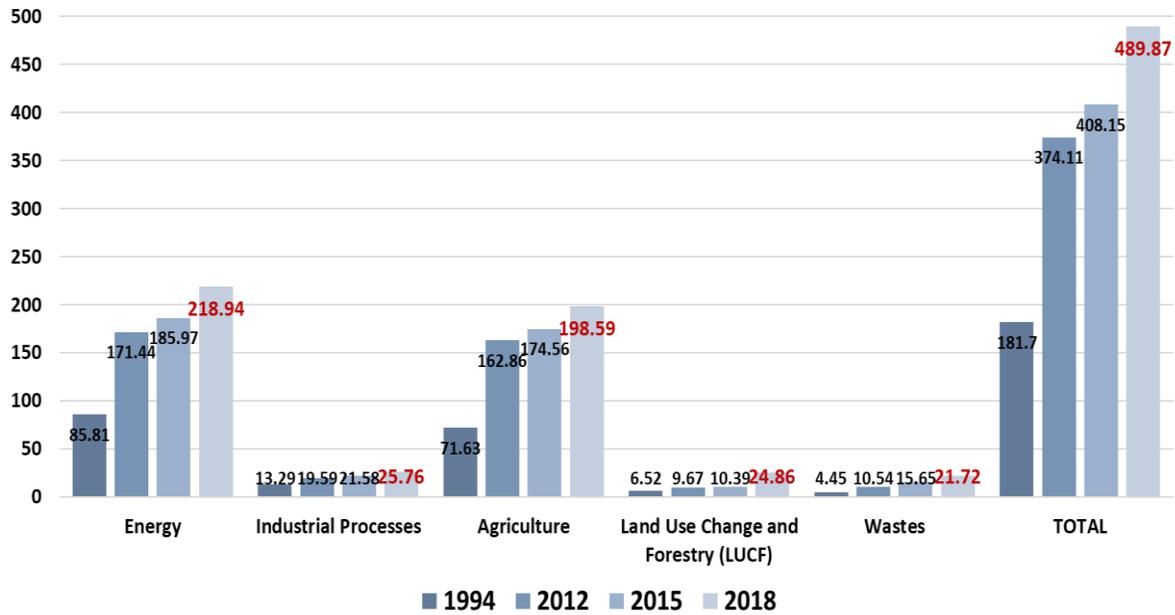
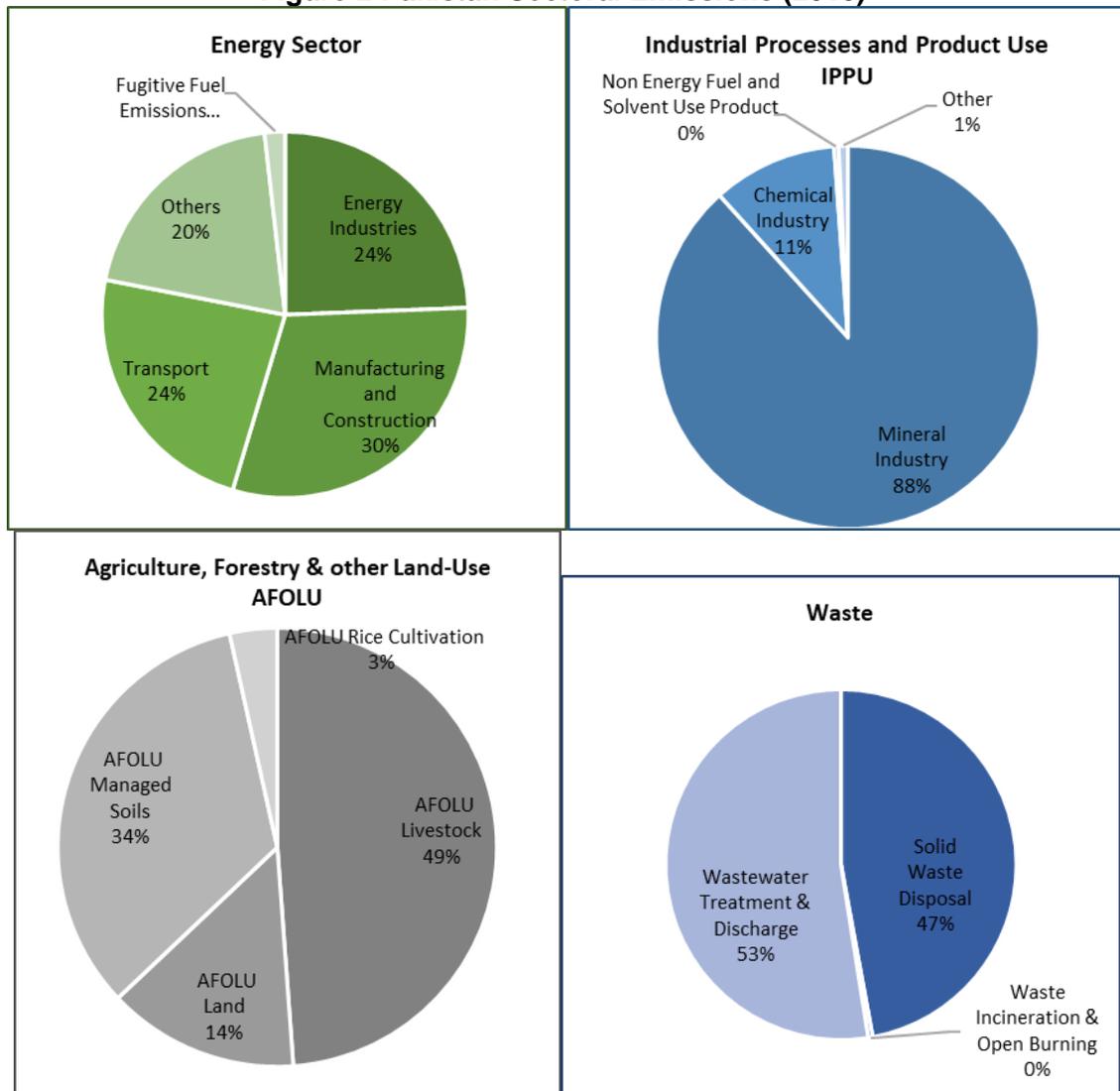


Figure 2 Pakistan Sectoral Emissions (2018)



There are several reasons that are expected to cause hindrances in achieving the net zero commitments such as lack of funds (international as well as local), weak institutions, need for capacity building, lack of training and awareness of climate change issues and limited access to technology.

The road to net zero becomes a reality if the net zero targets are informed by the evidence on the opportunities and associated risks, risk mitigation strategies and high stakeholders' buy-in on plan, priorities and investments. Globally, countries that are making progress on net zero or carbon neutral future are taking the actions programmatically for each transition in prioritized sectors¹. Therefore, a roadmap underpinned by the feasibility analysis is the key to finalizing realistic net zero targets.

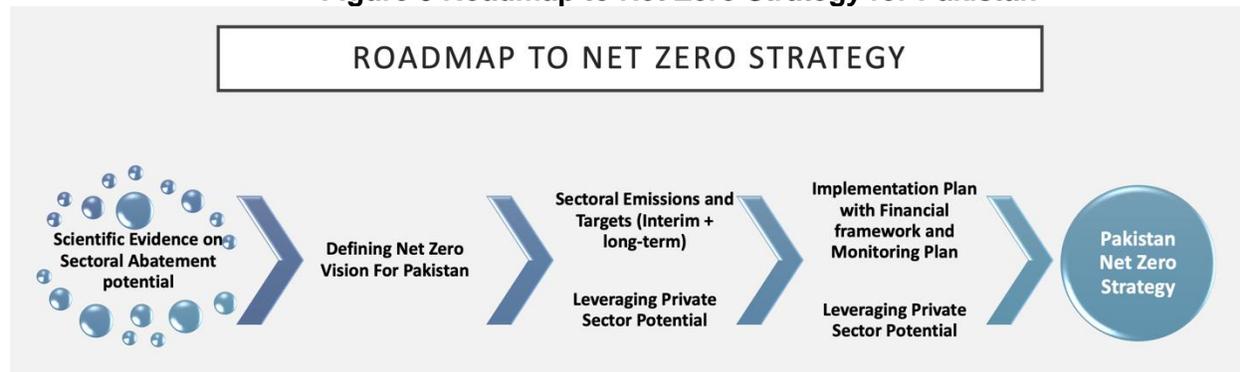
B. Objective of the Assignment

The goal of the framework is to delineate a plan to set realistic Net Zero target for Pakistan aligned with its NDC 2021 that highlights the importance of “Just Transition”, Vision 2025 and sustainable development targets that are designed to deliver inclusive socio-economic benefits. The activity plan will adopt a bottom-up approach where stakeholders will be involved every step of the way to fulfill following objectives:

- Building scientific evidence to inform net zero vision
- Setting up long-term ambition backed up by sufficient near-term actions
- Leveraging private sector potential to achieve net zero vision

The objectives of the framework will be achieved through following underpinning actions:

Figure 3 Roadmap to Net Zero Strategy for Pakistan



A. Scientific Evidence on Sectoral Abatement potential

To initiate the analysis, there will be a need to conduct desk reviews and stakeholder consultations to identify the assessment needs, research questions and to define the scope of the analysis. The analysis will also be used to generate evidence on sectoral decarbonizing pathways, finance requirement, skill requirement, technology requirements and will inform the forthcoming actions in the activity plan.

B. Defining Net Zero Vision for Pakistan

The important element of the strategy is to have a vision for Pakistan's future. This activity will build on a simple question

“Where Pakistan wants to be in 2040, 2050 and 2060?”

¹ <https://blogs.worldbank.org/ppps/how-can-developing-countries-get-net-zero-financeable-and-affordable-way>

Country's vision must represent the national consensus and should represent an inclusive future. Hence, the vision must be set by consulting wide range of stakeholders from public to private sector. This can be achieved after the first activity has already commenced and minimum evidence for defining a net zero future for Pakistan becomes available. This can be done by holding a workshop with an objective to first brainstorm the opportunities for net zero future and making it a reality following with setting the vision for a net zero future and deciding on guiding principles to reach that vision. It is important that the discussion also sets the stage for upcoming activities and explores the topics of interim targets, implementation plans, finance mobilization and public private partnerships. These events are important from awareness and capacity building point of view also where relevant stakeholders are made aware of the government's plan aligned with the goals of the Paris agreement. This will also ensure high stakeholders' buy-in and will mitigate the risks associated with political volatility in future.

C. Sectoral Emissions and Targets

Deciding realistic sectoral targets must be informed by the assessment of the risks and uncertainties which activity A will fulfil. Following that another round of stakeholder consultation will need to be organized to decide the sectoral targets to achieve the vision decided in activity B. This round of engagement will essentially find the answer to a simple question that

“What is the role of each sector in achieving net zero vision?”

The interim sectoral targets will be important for transitioning systematically as it allows for the government to assess and understand the new system and make changes accordingly. This also highlights the need to monitor progress and delivery against net zero vision for continuous improvements. This will be covered in activity D.

D. Implementation Plan with Financial framework and Monitoring Plan

A national effort needs to be initiated to plan province- and region-wise implementation plans to overcome the challenges, and mitigate the possible risks. The relevant national ministries including Ministry of Climate Change, Ministry of Commerce and Textile, Ministry of Energy, Ministry of Federal Education and Professional Training, Ministry of Finance, Revenue and Economic Affairs, Ministry of Housing & Works, Ministry of Human Rights, Ministry of Industries and Production, Ministry of National Food Security and Research, Ministry of National Health Services, Regulations and Coordination, Ministry of Planning, Development and Reform, Ministry of Maritime Affairs, Ministry of Railways, Ministry of Science and Technology, Ministry of Statistics and Ministry of Water Resources, should all support their relevant provincial counterparts to design an implementation plan with clearly defined roles and responsibilities.

The plan will also include the plan for diversifying financial means to achieve sectoral targets while addressing the challenges of tapping different financial opportunities like carbon trading, direct finance from Green Climate Finance, Nationally Appropriate Mitigation Activities facility, etc.

Finally, the decision on monitoring the progress and clarity on responsible agency for reporting progress against set indicators will be important. The ministries will have to make sure that the reporting indicators align with the international reporting and required local capacities for regular reporting is built and strengthened.

Another important decision to make here would be on a timeline to review the progress and review new evidence on climate science, technology and transition to make changes to interim targets and implementation plans. This will allow for robust planning to realistically approach net zero vision for Pakistan.

E. Leveraging Private Sector Potential

Net zero goals require multi-stakeholder approach and global evidence suggests that private sector involvement becomes tangible to achieve this objective as it accelerates the execution of targets. Net zero Economy index shows that a 12.9% of annual global rate of decarbonization is essential to limit warming to 1.5 C where 2020 stats shows the performance five times slower than what is required². The Index also notifies the boosted role of private sector in existing rate of decarbonizing where 3000 private sector's net zero commitments came in year 2020 along with 120 countries representing 25% of global CO₂ emissions and 50% of GDP.

The role of private sector in supporting government to achieve Net Zero ambition will also need to be defined and clarified. This will allow for government to focus on their part of the commitment while monitoring compliance of the private sector against their commitment.

F. Net Zero Strategy Scenarios Development

To establish a baseline and understand the financial requirements for Pakistan to achieve a goal of Net Zero, three scenarios will be developed that would effectively inform on different transition pathways for the country to achieve its climate ambition goals.

- *Existing Policy Scenario*
- *Energy Transition without Financial Support Scenario*
- *Low Carbon Development and Net Zero Scenario*

G. Overview of Sectoral Measures and Reduction Targets by 2030 and beyond

Through primary and secondary research conducted throughout this activity, target setting for sectoral emission reduction will be done through emission modeling and reporting.

C. Reporting Requirements and Time Schedule for Deliverables

Deliverables	Target Due Dates (estimated)	Payment Percentage
Develop and submit an Initial Activity and Action Plan as required by ToRs and Scope of Work, for approval by Ministry of Climate Change	15 November, 2022	20 %
Develop and Submit a Comprehensive Literature Review and Stakeholder Consultation Reports	30 th November, 2022	10 %
Net Zero Vision Workshops and Consultations conducted in all provinces and a final target document established after periodic consultation with relevant stakeholders	01 March, 2023	10 %

² <https://www.pwc.co.uk/services/sustainability-climate-change/insights/net-zero-economy-index.html>

Develop realistic sectoral targets by conducting risk assessments and sectoral consultations with relevant stakeholders	01 August, 2023	10%
Develop province- and region-wise sectoral implementation plans incorporating a financial framework and monitoring plan after relevant consultations	01 November, 2023	10%
Develop a draft document detailing the role of private sector and finance in achieving Net Zero ambition as well as Monitoring and Evaluation Framework for the reporting of emissions by private sectors	01 January, 2024	20%
Develop and model three different scenarios on potential transition pathways for Pakistan, with decade emission reduction goals, targets for each sector defined and elaborated, financial requirements and enabling structures.	01 May, 2024	10%
Submit final draft report, presentation, strategy and framework for all identified sectors with sectoral measures, emission reduction targets for different scenarios and pathways for Pakistan to successfully achieve a Net Zero Goal	01 September, 2024	10%
		100%

D. Duration of the Work

The duration of the assignment will be 2 years after award of contract.

E. Key Expert –The person month input of key expert and support staff is given below.

S #	Title	Positions	Origin	Person Months
	Key Expert Staff			
1	Climate change Planning and Policy Specialist	1	National	24
2	Climate Change Modeling Specialist	1	National	18
3	Communication and Outreach Specialist	1	National	24
4	Energy Transition Expert	1	National	24

5	Sector Specialists (Agriculture and Forestry, Waste, Transport, Industry)	4	National	24
Sub – Total Key Experts		8		114
	Support Staff			
6	Project Manager	1	National	24
7	Research Analysts	2	National	24
8	Administration and engagement support	2	National	48
Sub – Total Support Staff		5		96

Terms of Reference

Pakistan-Implementation of Framework for Voluntary Carbon Markets

A. Background

1. The voluntary carbon market (VCM) is where private individuals, corporations and other actors issue, buy and sell carbon credits outside of regulated or mandatory carbon pricing instruments. Voluntary carbon markets allow carbon emitters to offset their unavoidable emissions by purchasing carbon credits emitted by projects targeted at removing or reducing GHG from the atmosphere. Each credit – which corresponds to one metric ton of reduced, avoided or removed CO₂ or equivalent GHG (MtCO₂e)– can be used by a company, organization, or an individual to compensate for the emission of one ton of CO₂ or equivalent gases. When a credit is used for this purpose, it becomes an offset. It is moved to a register for retired credits, or retirements, and it is no longer tradable.

2. Article 6 of the Paris Agreement provide governments with the flexibility to cooperate with other countries in the implementation of their NDCs “to allow for higher ambition in their mitigation and adaptation actions” (Article 6.1 Paris Agreement). After six years of negotiations, COP26 in Glasgow produced a strong Paris Agreement rulebook for international cooperation through carbon markets. Voluntary Carbon Market activities, therefore, need to comply with the Paris Agreement Article 6 rules that were finalized in November 2021. A mechanism was also produced, under Article 6.4, for corresponding adjustments, that is the transfer of GHG emissions reductions or removals from one country to another. Nations are also encouraged to develop their own registry of corresponding adjustments to avoid double counting retired credits. Pakistan needs to develop national GHG inventories to record VCM activities and their subsequent impact.

3. Robust emissions reduction actions and carbon sequestration through afforestation are central to Pakistan’s NDCs. It sets a cumulative conditional target of an overall 50% reduction of its projected emissions between 2015 and 2030, with a 15% reduction using the country’s own resources, and an additional 35% subject to international financial support. As Pakistan is among the top tiers of countries affected by climate change so the priority actions stress renewable energy technology and carbon trading through voluntary carbon markets. Voluntary carbon market is an encouraging opportunity that would allow Pakistan to meet its Nationally Determined Contributions (NDCs) targets of reducing emissions by up to 50% below Business as Usual (BAU) by 2030 through tapping into voluntary emissions trading schemes. Indigenous designs for local voluntary carbon markets needs public-private collaboration with taking to account all the relevant stakeholders. Pakistan, therefore, needs to address its political climate to scale VCM in Pakistan:

- Lack for data on carbon credit potential makes it difficult to evaluate the benefits
- Outdated census and environmental reports limit a governments technical ability to engage with International Carbon Standards
- Political uncertainty within Pakistan translates to an unattractive market

B. Objective of the Assignment

4. The main objectives of the assignment are:

- To establish a conducive governing regime to provide regulatory and political certainty to VCM transactions
- Provide provisions for accounting the credits in the NDC
- Establishing a digital trade infrastructure to deliver greater transparency, efficiency and risk mitigation for buyers and sellers
- Capacitating the relevant stakeholders on VCM standards and structure of carbon credits
- Accrediting government programs to participate in VCM

5. The following actions are proposed to achieve the objectives of VCM framework for Pakistan.

- a. VCM Governance platform
 - i. Stakeholder mapping and organogram
 - ii. Developing TORs for the platform
 - iii. Roles and responsibilities for monitoring and reporting progress by the governance platform
 - iv. Possible financial mechanism to support platform activities

- b. Streamline the process for setting a Regulatory regime for Government to provide regulatory and political certainty to VCM transactions
 - i. Conduct need assessment for creating a regulatory regime that allows for forging an alliance with an internationally recognized standard-setting body to govern the various registration, validation, monitoring, verification, methodology assessment and approval processes.
 - ii. Identify the institutes responsible for provisions/guidelines/standards, schedule of delivery, costs and supporting agencies

- c. Establishing MRV and GHG Registry systems aligned to international standards
 - i. Conducting a case study analysis for MRV and registry developed by different countries especially from developing country can be referred to create similar system in Pakistan.
 - ii. Establishment of an MRV/GHG registry team of experts from different sectors (recruitment, training and establishment of entity/team)
 - iii. Development of MRV/registry requirements, including monitoring guidelines and procedures, and including if required a legal foundation for the MRV and registry
 - iv. Development of Institutional framework and administration
 - v. Establishment of a digital MRV and GHG registry
 - vi. Verification of GHG registry by an approved verification body

- d. Plan for stakeholders outreach and training underpinned by need-assessment
 - i. Conduct an assessment to identify the level of awareness of different stakeholders on VCM in different NDC sectors
 - ii. Identify gaps that need to be fulfilled through capacity building on range of subjects from definition of VCM and role of VCM for climate action (adaptation and mitigation) to the understanding of roles of different entities (governance platform, regulators, facilitators, buyers, sellers, intermediaries, verifiers, etc.), and understanding of systems, programs and legislation to support processes for authorization, transfers, accounting and reporting
 - iii. Develop activity plan to hold the awareness raising of different stakeholders and responsible agency based on i and ii

- e. Accreditation of Government Programmes and Credit Accounting in the NDC
 - i. Define the process for projects by government to get certified against the VCS programs utilizing existing cooperation like VERRA
 - ii. Define the process for Credit Accounting in the NDC based on the Paris Rule book

C. Target Group

6. The deliverables are targeted to build public sector capacity and prepare them to offer a transparent, verifiable, and environmentally robust VCM for private sector to participate in. Therefore, the activities are targeted for both public and private sector including:

- Government
- NGOs/CBOs/Community(ies)
- Industry/Cooperate sector
- Civil Society

D. Reporting Requirements and Time Schedule for Deliverables

Deliverable	Actions required	Timeline (estimated)
1.1 VCM Governance Platform functional	1.1a Stakeholder mapping and organogram	Six month after signing of the contract
	1.1b Developing TORs for the platform including <ul style="list-style-type: none"> i. identification of possible financial mechanism to support platform activities ii. Roles and responsibilities for monitoring and reporting progress by the governance platform 	
1.2 Need Assessment report on regulatory regime for VCM	1.2a Conduct need assessment for creating a regulatory regime that allows for forging an alliance with an internationally recognized standard-setting body to govern the various registration, validation, monitoring, verification, methodology assessment and approval processes.	Eight month after signing of the contract
	1.2b Identify the institutes responsible for provisions/guidelines/standards, schedule of delivery, costs and supporting agencies	
1.3 MRV and GHG Registry established aligned to international standards	1.3a Conducting a case study analysis for MRV and registry developed by different countries especially from developing country can be referred to create similar system in Pakistan.	2 years after signing of the contract
	1.3b Establishment of an MRV/GHG registry team of experts (recruitment, training and establishment of entity/team)	
	1.3c Development of MRV/registry requirements, including monitoring guidelines and procedures, and including if required a legal foundation for the MRV and registry	
	1.3d Development of Institutional framework and administration	
	1.3e Establishment of a digital MRV and GHG registry	
	1.3f Verification of GHG registry by an approved verification body	

