



## **TERMS OF REFERENCE**

# **CONSULTANCY FOR CLIMATE BUDGET TAGGING AND PUBLIC CLIMATE EXPENDITURE ANALYSIS IN TANZANIA**

**MAY 2026**

## 1. About FSDT

The Financial Sector Deepening Tanzania (FSDT) is a donor-funded financial sector market facilitator that aims to achieve poverty reduction through a transformative financial sector that offers inclusive and sustainable financial solutions to improve the livelihood, well-being, and empowerment of underserved Tanzanians. FSDT's work is guided by the Market Systems Development (MSD) approach, which aims to develop market systems that benefit the poor, offering them capacities and opportunities to improve their lives.

Currently, FSDT's main target markets are women and youth, who have been identified as the most financially excluded market segments in the country. FSDT is dedicated to supporting the financial sector in delivering inclusive, quality financial solutions that meet the financial needs of women and youth.

Through its catalytic function, FSDT hopes to achieve the following changes in the market:

- Improved policies, legal and regulatory frameworks that promote gender equality, as well as economic and financial opportunities for women and youth.
- Improved availability of relevant financial sector infrastructures that will equip the financial sector players and other stakeholders with the ability to meet the needs and aspirations of women and youth.
- Financial service providers developing and scaling innovative and responsive financial solutions/tools for women and youth to promote equality, empowerment, and wellbeing.
- Improved confidence and capability of women and youth to demand and use financial solutions.

## 2. Background

Public finance remains the backbone of climate action in developing economies, yet its effectiveness is increasingly undermined by poor visibility, weak tracking systems, and fragmented institutional frameworks. Globally, public actors still account for most climate finance flows to the most vulnerable countries. In Sub-Saharan Africa, public sources funded 95% of all adaptation finance in 2023, reflecting the near-complete absence of private capital in this space. Yet the scale of public flows masks a deeper problem: governments, including Tanzania's, lack systems to track, measure, and direct climate-related expenditures effectively.

Tanzania has made progress in establishing a policy framework for climate action, including the National Climate Change Response Strategy (2021–2026), the establishment of Climate Finance Units within Ministries of Finance, and the requirement for government projects to consider climate aspects. Despite these advancements, Despite the progress, the country faces a large financing gap for climate action. It is estimated to need about US\$500 million per year for climate adaptation. This gap remains an estimate as there is limited fiscal transparency on climate related expenditure. The National budget has yet to fully integrate climate change considerations into core public financial management tools, and the national budget system does not yet systematically tag climate-relevant expenditure.

The climate finance units were established to address gaps in the visibility and mobilization of climate finance, but technical capacity constraints remain a key bottleneck. The absence of climate budget tagging embedded within the Public Financial Management system limits the

government's ability to determine how much it is spending on climate, across which sectors, and whether such spending is reaching the populations most exposed to climate risks. Climate-relevant expenditures are spread across multiple ministries (i.e., agriculture, water, disaster risk management, and infrastructure), but are not systematically identified, coded, or reported. As a result, the government cannot confidently assess the scale, distribution, or effectiveness of its climate spending, nor determine whether actual disbursements align with planned commitments. Discussions with the Climate Finance Unit further highlight persistent technical capacity gaps, including limited personnel experience in applying climate budget tagging methodologies.

This creates a critical baseline data gap in public climate expenditure, limiting the government's ability to understand current spending levels, identify financing needs, and make informed adjustments to resource allocation. The implications extend beyond public finance. Public climate finance does not operate in isolation as it plays a central role in creating the enabling environment for private sector investment through infrastructure, social protection systems, regulatory frameworks, and de-risking mechanisms. When public systems lack the capacity to track, verify, and demonstrate climate-related expenditure and impact, the downstream effects constrain the broader financial ecosystem. Financial service providers face challenges in accessing concessional capital, as credible public climate finance frameworks are increasingly a prerequisite for investment.

### **3. Overall Objective of the Assignment**

The primary objective of this consultancy is to support Tanzania's Climate Finance Units and Ministry of Finance to strengthen their capacity for climate budget tagging, expenditure tracking, and reporting. The goal is to develop Tanzania's first verified national picture of government climate spending and establish the tools, methodologies, and institutional capacity needed to sustain this tracking function over time. The assignment will be conducted as a co-production exercise with the Climate Finance Units, ensuring that the methodologies, tools, and findings are government-owned from the outset and that knowledge transfer is embedded throughout the research process.

#### **Specific Objective of the Assignment**

1. Develop and pilot a climate budget tagging methodology suited to Tanzania's Public Financial Management (PFM) system, enabling the systematic identification, classification, and reporting of climate-relevant expenditure across ministries.
2. Conduct a climate public expenditure review to produce Tanzania's first verified analysis of government climate spending across a reference fiscal year, disaggregated by sector and ministry.
3. Assess the alignment between Tanzania's stated climate policy commitments (i.e., NCCRS 2021–2026, the NDCs, and Vision 2050) and actual budget allocations and disbursements, identifying gaps between policy intent and fiscal reality.
4. Assess the distributional pattern of public climate spending, examining the extent to which government expenditure reaches women, youth, and smallholder farmers in climate-vulnerable regions

5. Build the technical capacity of the Climate Finance Units through embedded training, practical application, and structured knowledge transfer to sustain, update, and expand the climate budget tagging function beyond the intervention period
6. Generate actionable recommendations for FSDT, the Ministry of Finance, and development partners to strengthen Tanzania's public climate finance architecture, improve expenditure tracking, and support the government's transition toward sustainable finance principles.

#### 4. Task and Responsibilities of Consultant

##### a. Inception, Methodology Development, and Workplan

The consultant shall:

- Conduct a comprehensive desk review of existing literature, government policy documents, prior public expenditure analyses, and relevant international methodological frameworks. This may include the UNDP Climate Public Expenditure and Institutional Review (CPEIR) methodology, World Bank climate budget tagging guidance, and comparable country experiences in Uganda, Kenya, Bangladesh, and the Philippines.
- Develop and document a detailed climate budget tagging methodology adapted to Tanzania's PFM system and budget classification structure, specifying: the definition of climate-relevant expenditure to be applied; the scoring or classification system to distinguish principal and significant climate objectives; the process for identifying climate-relevant activities across budget lines; and the interface between the tagging framework and Tanzania's Programme Budgeting System.
- Tailor the methodology to the contexts of Zanzibar and Mainland Tanzania, while collaborating with relevant stakeholders supporting climate budget tagging efforts in Tanzania to ensure complementarity, alignment, and avoid duplication.
- Consult with the Climate Finance Units, the Budget Directorate within the Ministry of Finance, and other key government institutions to ensure the proposed methodology is aligned with existing budget architecture and acceptable for institutional adoption
- Present the proposed methodology and workplan to FSDT and the Climate Finance Units for review and approval before proceeding to data collection.
- Produce an inception report setting out the approved methodology, reference fiscal year selection, stakeholder engagement plan, and detailed workplan.

##### b. Selection and Analysis of Reference Fiscal Year

The consultant shall:

- In consultation with FSDT and the Climate Finance Units, identify and agree on a reference fiscal year for the initial climate expenditure analysis, selecting the most recent year for which complete, reliable budget and expenditure data are available across all target ministries.
- Access and compile budget data for the reference fiscal year from the Ministry of Finance, relevant sector ministries, local government authorities, and development

partner systems, distinguishing between planned budget allocations and actual expenditure outturns.

- Apply a systematic data quality review to identify gaps, inconsistencies, and classification issues in the underlying budget data, and document these transparently in the methodology note.
- Where data gaps exist, apply clearly documented assumptions and triangulation methods to produce conservative, defensible estimates of climate-relevant spending.

### **c. Classification and Quantification of Climate-Relevant Expenditure**

The consultant shall, drawing on the approved methodology, classify and quantify climate-relevant expenditure within the reference fiscal year budget across four core analytical dimensions:

- Policy and budget alignment: Assess the degree to which Tanzania's stated climate policy commitments are reflected in actual budget allocations and expenditures. Identify where climate policy ambition is not backed by fiscal commitment.
- Budget execution versus planned commitment: Compare planned climate-relevant budget lines against actual disbursements across key ministries, identifying where execution gaps occur and which sectors consistently underspend relative to their climate-relevant allocations.
- Mitigation versus adaptation split: Disaggregate climate-tagged expenditure into mitigation-focused and adaptation-focused categories, assessing the balance against Tanzania's climate vulnerability profile and NDC adaptation priorities.
- Recurrent versus capital expenditure: Analyse the balance between recurrent and capital components of climate-relevant spending, and between central government and local government expenditure.

### **d. Institutional Framework Assessment**

The consultant shall:

- Map the roles, mandates, and operational capacity of key institutional actors in Tanzania's public climate finance governance architecture, including: the Climate Finance Units in the mainland and Zanzibar Ministries of Finance; the Budget Directorate; the National Planning Authority; relevant sector ministries and their planning departments; local government authorities; and development partner coordination mechanisms.
- Assess the effectiveness of current inter-ministerial coordination mechanisms for climate finance tracking and reporting, identifying key gaps, fragmentation risks, and coordination failures that limit the government's ability to produce a coherent national picture of climate expenditure.
- Evaluate the current capacity of the Climate Finance Units against the requirements of a functional climate budget tagging system, identifying specific training, systems, and staffing needs to be addressed through the capacity building component of this assignment.
- Review Tanzania's current legal and regulatory framework for climate finance and identify the regulatory changes or administrative instruments needed to formalise and strengthen climate budget tagging obligations

### **e. Climate Budget Tagging Framework Development and Piloting**

**The consultant shall:**

- Develop practical, government-ready climate budget tagging manuals tailored to both Mainland Tanzania and Zanzibar, specifying classification typologies, scoring criteria, tagging procedures, and quality assurance processes adapted to each jurisdiction's budget architecture and annual budget preparation cycle.
- Develop climate budget tagging tools compatible with the respective Programme Budgeting Systems in Mainland Tanzania and Zanzibar, including template budget coding structures, guidance notes for ministry finance officers, and worked examples for common climate-relevant expenditures across target sectors, ensuring methodologies are adapted rather than assumed transferable across the two systems.
- Pilot the tagging framework in a defined subset of ministries in both Mainland Tanzania and Zanzibar during the reference year analysis, applying and testing the methodology within each system's existing budget processes to assess operability and context-specific adjustments required.
- Document lessons from the pilots in both jurisdictions, refine the framework accordingly, and produce finalised tagging manuals and toolkits for each system, ready for adoption by the respective Climate Finance Units and phased rollout across additional ministries.

**f. Capacity Building and Knowledge Transfer**

The consultant shall embed capacity building throughout the assignment rather than treating it as a standalone activity:

- Conduct a structured training programme for Climate Finance Unit staff covering: the agreed methodology and its application in the Tanzanian context; climate budget tagging principles, classification systems, and quality assurance; data extraction and analysis from the Programme Budgeting System; and interpretation and communication of climate expenditure findings for policy audiences.
- Collaborate with CFU staff member throughout the data collection and analysis phases, ensuring direct knowledge transfer through practical participation rather than only formal training.

**g. Stakeholder Consultations and Validation**

The consultant shall:

- Conduct structured consultations with key government, development partner, and civil society stakeholders throughout the assignment, including Climate Finance Units (mainland and Zanzibar); Ministry of Finance Budget Directorate; National Planning Authority; key sector ministries; development partners, and bilateral donors with active climate programmes in Tanzania; and FSDT.
- Facilitate a mid-assignment validation workshop with FSDT and the Climate Finance Units to review preliminary findings, stress-test the tagging methodology, and confirm the analytical approach before drafting the final report.
- Facilitate a final stakeholder validation workshop to review and endorse findings and recommendations, ensuring national ownership and buy-in from government counterparts prior to publication.
- Incorporate stakeholder feedback systematically into the final analysis and recommendations.

## h. Final Report and Policy Recommendations

The consultant shall:

- Produce a comprehensive final report covering policy analysis, institutional analysis, and climate public expenditure analysis that is structured to be accessible to both technical and policy audiences.
- Develop actionable recommendations for: the Ministry of Finance and Climate Finance Units on formalising and scaling climate budget tagging; sector ministries on improving climate expenditure planning and reporting; and FSDT on policy engagement opportunities and intervention design;
- Develop a lightweight annual monitoring framework enabling the Climate Finance Units to track shifts in government climate expenditure on an ongoing basis without repeating the full CPEIR annually.
- Present findings and recommendations at a stakeholder dissemination event organised by FSDT and the Climate Finance Units.

## 5. Budget

The budget for this engagement shall not exceed USD 75,000, inclusive of taxes, and shall cover all consultancy costs, including key personnel inputs, in-country and international travel, and fieldwork costs. This budget is expected to be fully inclusive, and FSDT will not separately facilitate or reimburse transport expenses for in-country fieldwork or international travel costs incurred by the consultants.

FSDT is required by law to withhold tax at a rate of 15% for international companies and 5% for local companies. Additionally, international companies will be required to obtain Tax Identification Numbers (TINs) online in accordance with applicable regulations to support FSDT in fulfilling its withholding tax reporting obligations.

## 6. Deliverables

| Deliverable                 | Description   |
|-----------------------------|---|
| Inception Report            | Approved CPEIR methodology, climate budget tagging framework design, reference fiscal year selection, stakeholder engagement plan, and detailed workplan.   |
| Methodology Note            | Detailed technical documentation of the climate budget tagging methodology, classification typologies, scoring criteria, data sources, and limitations. Approved by FSDT and CFUs before analysis proceeds. |
| Climate Expenditure Dataset | Cleaned and structured dataset of government climate-relevant expenditure for the reference fiscal year, disaggregated by ministry,   |

| Deliverable                               | Description   |
|---|---|
|   | sector, and expenditure type, with full metadata and methodology documentation.   |
| Climate Budget Tagging Manual and Toolkit | Government-ready tagging manual, coding templates, worked examples, and guidance notes compatible with Tanzania's Programme Budgeting System. Reviewed and endorsed by the Climate Finance Units.                       |
| Mid-Assignment Validation Workshop        | Facilitation of workshop with FSDT and CFUs to review preliminary findings and validate methodology before drafting the final report.   |
| Draft Report                              | Comprehensive draft CPEIR report covering policy analysis, institutional analysis, climate public expenditure analysis, distributional assessment, and recommendations. Minimum 60 pages. Submitted to FSDT for review. |
| Final Stakeholder Validation Workshop     | Facilitation of stakeholder validation session to review and endorse findings and recommendations prior to publication.   |
| Final Report                              | Revised final report incorporating all stakeholder feedback, including full CPEIR analysis, tagging methodology documentation, recommendations, and annual monitoring framework.  |
| Dissemination Presentation                | Presentation deck and facilitation of findings dissemination event for government, development partners, and FSDT stakeholders.   |

*All deliverables must be submitted in English. The final report, dataset, and tools must be provided in editable formats (Microsoft Word and Excel). All data, tools, and materials produced under this assignment remain the intellectual property of FSDT and the Government of Tanzania. The consultant must not publish or publicly disclose any findings without prior written approval from FSDT.*

## 7. Eligibility Criteria

The following minimum eligibility requirements must be met for a proposal to be considered. Applicants must certify compliance and provide supporting documentation where applicable.

### a. Organisational Requirements

- Registered entity (firm, research institution, or consortium) with a valid business licence and demonstrated capacity to work in East Africa.
- Valid tax clearance certificate or equivalent compliance documentation.
- No disqualifiers: no sanctions, adverse regulatory findings, unresolved court disputes, unremedied audit qualifications, or material conflicts of interest.

### b. Technical Experience

- Demonstrated experience in public finance analysis, climate budget tagging, or public expenditure review, with a minimum of two (2) completed assignments of comparable scope in Sub-Saharan Africa or East Africa. Bidders are required to submit reference letters or completion certificates for similar assignments undertaken. These references should clearly demonstrate the scope, value, and relevance of the work performed. Failure to submit the required reference documentation may result in the bidder being deemed non-responsive and therefore excluded from further evaluation.
- Proven familiarity with internationally recognised climate public expenditure methodologies, including the UNDP CPEIR methodology, World Bank climate budget tagging frameworks, or equivalent approaches.
- Demonstrated experience working with government public financial management systems, including Programme Budgeting Systems or equivalent national budget management tools.
- Prior engagement with government finance ministries, budget directorates, or climate finance institutional units in a research, advisory, or capacity building capacity is strongly preferred.
- Experience applying gender and inclusion lenses to public expenditure analysis is an advantage.

## 8. Proposal Submission Instructions

### Proposal content

Proposals should be a maximum of 10 pages (excluding annexes) and must be written in English. Technical and financial proposals must be submitted separately. Proposals should include the following:

#### Technical Proposal

- Contact information of the bidder, including name, title, organization, mailing address, phone number and e-mail address
- Details of your organization, including name of contracting entity and legal status, ownership and regulatory authorizations
- Technical approach: how the consultant proposes to execute the assignment, including the proposed CPEIR methodology, climate budget tagging approach, data sources, analytical framework, and quality assurance measures.
- Demonstrated track record: an overview of at least three comparable public expenditure or climate finance research assignments, including client, scope, and outcomes.
- Team composition: Proposed roles for all key personnel, clearly indicating relevant qualifications and experience.
- Workplan and milestone schedule aligned with scope of work outlined in this TOR.

#### Annexes (not counted toward page limit)

- Supporting documentation demonstrating eligibility (registration certificate, tax clearance, etc.).
- CVs of all proposed key personnel.
- Samples or summaries of at least two comparable prior assignments.
- Overview of the firm's key quality assurance, data management, and confidentiality policies.

#### Financial Proposal

- Financial proposals must be submitted electronically and separately from the technical proposal.
- Financial proposals should be TZS for local companies and US Dollars for international companies.
- Provide a detailed and transparent budget breakdown with all line items clearly specified, including daily rates for key personnel, field costs, and any reimbursable expenses.
- FSDT will not facilitate transport expenses for in-country field work and international travel costs for the consultants.
- Financial proposals will be evaluated net of local taxes. This consultancy will be subject to local taxes. It is the sole responsibility of the consultant to meet all applicable tax liabilities.

### **Submission of Bids**

**The deadline for submission of the proposal documents is 5 pm, 22<sup>nd</sup> May 2026.** All submissions shall be made electronically via the designated procurement email address provided below. Physical submissions will not be accepted.

Any queries relating to these ToRs should be submitted in writing to FSDT under the following address, all questions and answers will be shared with all short-listed bidders. The deadline for any queries is seven days before the tender submission deadline.

**Procurement Manager,**

**The Financial Sector Deepening Tanzania,**

**2<sup>nd</sup> Floor De Ocean Plaza,**

**Plot 400 Toure Drive,**

**P.O. Box 1559 Oyster Bay, Dar es Salaam, Tanzania**

**+255 222 602 873/5/6**

**[procurement@fsdt.or.tz](mailto:procurement@fsdt.or.tz)**

## 9. Technical Proposal Scoring Grid

Review all submitted proposals (technical and financial) and score them using the following table.

| Criterion                                    | Description & Link to Scope  | Max Score |
|--|--|-----------|
| <b>1. Relevant Experience</b>                | <p>Demonstrated experience in undertaking Climate Public Expenditure and Institutional Reviews (CPEIRs), climate budget tagging assignments, public expenditure reviews, climate finance governance assessments, or comparable public financial management (PFM) assignments.</p> <ul style="list-style-type: none"> <li>• Experience should include adaptation or implementation of climate budget tagging methodologies within government budgeting systems and familiarity with Programme Budgeting Systems.</li> <li>• Experience in East Africa or Sub-Saharan Africa, particularly in public climate finance governance and institutional strengthening, will be considered an advantage.</li> </ul> <p>Bidders are required to submit reference letters or completion certificates for similar assignments undertaken, clearly demonstrating the scope, value, and relevance of the work performed. Failure to submit the required reference documentation may result in the bidder being deemed non-responsive and excluded from further evaluation.</p> | 35        |
| <b>2. Technical Approach and Methodology</b> | <p>Quality, robustness, and practicality of the proposed climate budget tagging and climate public expenditure analysis methodology. Assessment will consider the proposed approach to climate expenditure classification, mitigation versus adaptation analysis, budget execution analysis, recurrent versus capital expenditure analysis, fiscal year selection, treatment of data limitations, and alignment with Tanzania's Programme Budgeting System. The methodology should demonstrate clear adaptation to both Mainland Tanzania and Zanzibar contexts and reflect understanding of institutional adoption requirements.</p>  | 25        |
| <b>3. Team Composition and Expertise</b>     | <p>Qualifications, seniority, and relevance of proposed key personnel, including expertise in climate finance, public financial management, budgeting systems, institutional analysis, climate policy, capacity building, and data analytics.</p> <ul style="list-style-type: none"> <li>• Experience working with Ministries of Finance, climate finance governance systems, or climate expenditure tagging reforms will be considered an advantage. The proposal should clearly specify roles, level of effort, and availability commitments of key personnel.</li> </ul>  | 20        |

|   |   |     |
|---|---|-----|
| <b>4. Work Plan and Timeline</b>                    | Realism and detail of workplan; clarity of milestones and deliverable schedule; approach to stakeholder engagement and government co-production   | 10  |
| <b>5. Understanding of Assignment and Value-Add</b> | Demonstrated understanding of climate expenditure tracking challenges, climate finance governance gaps, and institutional coordination constraints within Tanzania's public finance system. Assessment will also consider any additional value-add proposed beyond the TOR requirements, such as integration with digital budgeting systems, dashboarding tools, benchmarking against international best practice, legal institutionalisation pathways, or phased national rollout recommendations. | 10  |
| <b>Technical Subtotal</b>                           | -   | 100 |
| <b>Financial Proposal</b>                           | Cost-effectiveness (value for money): reasonableness of budget, breakdown (staff, travel, overheads), alignment with scope. Scored post-technical: (Lowest responsive bid / Bidder's bid) × 20.   | 100 |

- For the technical proposal to be considered further, a minimum technical score of 70 out of 100 is required. Only financial proposals from bidders scoring at least that level will be evaluated.
- For financial proposals submitted in USD, an exchange rate of USD 1 = TZS 2,600 will be applied for evaluation purposes.
- The total financial cost in USD will be weighted according to the formula:
  - (Lowest total financial cost/ Bidder's total financial cost) x 0.2
  - Total technical marks are weighted by a factor of 0.8.
- The weighted technical and financial scores for each proposal that passes the minimum technical threshold will then be added to produce a total score. The preferred bidder will be the one producing the highest total combined score.
- The winning bidder will be notified of their selection, and other bidders will be informed of the outcome.

## 10. Other Matters

### **Confidentiality**

All information contained in the terms of reference and attachments is provided on a strictly confidential basis solely for the use of Tenderers in connection with a competition for the supply of services for the above contract. It is a condition of this competition that Tenderers (and any sub-contractors) shall:

- take all reasonable measures to protect this confidentiality and avoid the unauthorized use, disclosure, publication, or dissemination of confidential information.
- not use this information other than for preparation of a tender, and shall disclose it only to officers, directors, or employees on a specific need to know basis; and
- Not disclose, publish, or otherwise reveal any of the information contained herein except with the specific prior written authorization of FSDT.

### **Conflict of Interest**

Tenderers (and any subcontractors) must disclose in their tender details of any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest if they were awarded this contract. Where Tenderers identify any potential conflicts, they should state how they intend to avoid such disputes. FSDT reserves the right to reject any tender which, in its opinion, gives rise to, or could potentially give rise to, a conflict of interest.

### **Taxation**

The winning bidder will be responsible for paying withholding tax and all other tax liabilities as per Tanzanian Tax laws. Any such tax amounts shall be the responsibility of the consultant.