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**EUROPEAN FOREST INSTITUTE**

**TENDER SPECIFICATIONS**

**PROCUREMENT REFERENCE NUMBER 1-15.2-2020-EFITAP**

**Task-force for Nature related Financial Disclosures (TNFD)**

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## 1. TERMS OF REFERENCE

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### 1.1. Background

The Paris Climate Accord, agreed in December 2015, marked a critical turning point in recognition that climate change represents a systemic risk to the global economic system. The creation of a Task-force for Climate Related Financial Disclosures (TCFD) was a key part of the surrounding process and has been instrumental in beginning to align financial capital with the climate commitments set out in the Accord.

But climate change is just one pillar of this systemic market failure. The release of the 1st UN Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report in April 2019 made clear that the world's natural capital is in sharp decline, and that without rapid and systemic change, biodiversity loss and landscape degradation will severely disrupt the world economy. The crises of climate and natural capital must be addressed in parallel. Taken collectively, the global systemic financial risk related to loss of ecosystem services and landscape degradation, is increasingly thought to be at least as great as climate risk - not less, as is often perceived. These risks also disproportionately affect developing nations and the poor, where most of the world's natural capital exists.

As with climate change, the role of the financial sector in addressing biodiversity and natural capital impacts and threats is profound but often unrecognised. Driving finance away from facilitating the depletion of nature's services, and promoting financing of curative and regenerative natural capital initiatives, is an essential stepping stone towards achieving the "Global Deal for Nature", as proposed by the World Economic Forum (WEF) and World Wildlife Fund (WWF) at Davos in January 2019. Aligning private capital towards achieving the Convention on Biological Diversity's (CBD) Aichi Targets and UN's Sustainable Development Goals (SDGs) will be essential if these goals are to be met.

To achieve this, a process is needed whereby the systemic risks related to the dependency and impact of Financial Institutions (FIs) on nature will become better understood and eventually reportable under a new disclosure framework. In response, a number of initiatives and frameworks have emerged aiming to catalyse more cooperative action in the corporate sector, and more recently within the financial sector. This proposed financial sector framework would seek to consolidate these initiatives, building on the work of the TCFD and closely aligning with the work of the EU High Level Expert Group on Sustainable Finance and the emerging work of the Network for Greening the Financial System (NGFS). Initially, reporting would be voluntary but later, this could be on a mandatory basis, within a future integrated financial reporting framework. Reporting under the TCFD is already mandatory under Article 173 of the French Energy Transition Law, and this position is likely to be adopted in other countries.

### 1.2. Introduction

In that frame, a group of international organizations<sup>1</sup> initiated a work during 2019, towards announcing a Task Force for Nature related Financial Disclosure (TNFD) and its Framework for Nature (F4N) at the Chinese hosted CBD COP 15 in October 2020 - with a view to more formally launching the Task Force at the UK hosted UN Climate Change Conference of Parties (UNFCCC COP 26) in November 2020.

Current context and opportunities are encouraging for advancing a new disclosure framework notably using:

1) Governmental leadership: 2020 is a "Super Year" with Government momentum to act on mitigating natural capital risks building, as we approach CBD CoP 15 in Kunming, China, and with the UK hosting the UNFCCC COP 26 in Glasgow. There is growing inter-governmental interest, being led by the UK, France, and the Netherlands

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<sup>1</sup> <https://www.fsb-tcfd.org/>

and engaging China amongst others, for more effective policy-making around the management and mitigation of financial risks related to unsustainable use of biodiversity and natural capital. The UK government is engaged with counterparts in France to agree a proposal to the Chinese government to commit to setting up a Working Group in support of private sector-led action to mitigate financial system risks related to natural capital. Interest has been expressed by several other governments, including Switzerland, Costa Rica, and Singapore, as well as OECD, UN bodies such as UNDP and CBD. Civil Society groups such as WEF, World Business Council for Sustainable Development (WBCSD) and WWF are also engaged. Real opportunity exists to extend these cooperative and collaborative measures ahead of Kunming, providing the political signals that can enable meaningful private sector led action for change. It will be important to seek the engagement of governments and the financial sector in developing countries, especially those with high levels of threatened natural capital, the degradation of which adversely affects the poor.

2) Working group planned: An initial plan is in place to announce a working group on nature-related financial risks at the WEF in 2020 that could lead to the establishment of the proposed TNFD. The OECD supported by leading French financial institutions and the WEF are supportive of plans to use events at WEF 2020 to launch a working group on nature related financial risks. Recent indications of proactive support from the private sector, for example from Axa and Mirova, indicate private sector appetite to lead on this, as well as to help further galvanise inter-governmental commitments to action on natural capital through 2020 and beyond. The working group would be the vehicle for the formation of an envisaged TNFD, which would set the disclosure and reporting required. The IUCN World Congress in Marseille, France in June 2020 could be instrumental for advancing in this process.

3) Data and tools improving rapidly: The essential data sets and tools needed by the Financial Sector to report on nature are now emerging - for example the Natural Capital Finance Alliance's (NCFA) ENCORE platform and the work of UNDP's Biofin Workstream. Major service providers such as Standard and Poors and MSCI have been moving to buy-up environmental data providers, like Trucost. Environmental, social and governance (ESG) datasets are moving to the heart of Bloomberg's Terminal strategy, as their core customers start to recognise the importance of these metrics. The Amazon fires of 2019 has led to a heightened sense of urgency and risk, with 230 Investors representing USD \$16.2 trillion in assets under management responding with a call for Corporate Action on Deforestation. Demand from investors and lenders is expected to continue increasing rapidly. The sector is also building on progress by the corporate sector, with groups such as the Natural Capital Coalition (NCC) making great strides on corporate reporting. These are essential building blocks for FIs to fully understand their own exposure through their investments and lending.

In this regard, supporting efforts to catalyse private and public sector cooperation to achieve a cross-sector international governmental commitment towards coordinated action on a transition to sustainable use of biodiversity and natural capital in the global economy would promote meaningful change within the private sector and help accelerate market reforms to address deforestation and forest degradation at national and international levels. A key part of this process will be to deliver a natural capital reporting framework for the financial sector to better communicate to stakeholders the natural capital related risks and opportunities embedded in investment and lending portfolios. Better targeted investment and lending that minimises risks to nature will contribute to a reduction in the disproportionate risks and impacts faced by developing nations and to some of the world's poorest people who are dependent on natural capital, such as tropical forests, for their livelihoods.

The Forest Governance, Markets and Climate (FGMC) programme is DFID's flagship forestry programme – a global initiative with the broad aim of bringing about governance and market reforms that reduce the illegal use of forest resources and benefit poor people who depend on forests for their livelihoods. Encouraging the integration of natural capital in sustainable investment solutions fully aligns with the overarching objectives of FGMC.

This assignment will be carried out under the Rapid Response Technical Assistance Projects (EFITAP) of the European Forest Institute (EFI) funded under FGMC programme. The objective of EFITAP is to mobilise quickly TA-action in response to specific needs identified to support forest governance reforms. The Task Force to be established through this assignment will directly contribute to raise the political profile of nature-based disclosure in the context of the international events scheduled in 2020 and support the ongoing debate on the inclusion of financial risks associated with deforestation. In the longer term, the disclosure framework to be developed based on the work of the Task Force will pave the way to end the funding of activities associated with unsustainable production of palm oil, soy and other key commodities through mandatory requirements as defined in the French legal framework and currently discussed in the UK and the EU.

EFI will engage a Contractor to undertake the following assignment:

### **1.3. Objective**

The objectives of this assignment are to reinforce governments and private sector positions to establish the conditions for:

1. Private sector leadership and commitment, along with multi-governmental support, including from some relevant emerging economies and / or developing countries, to set up a Taskforce for Nature related Financial Disclosure (TNFD) that will develop a reporting framework for the financial sector to disclose nature related impacts, risks, dependencies and opportunities.
2. External communication of the importance of nature-related risks for the financial sector by major financial institutions and regulators and wider sector recognition of the importance of action on nature related financial risks
3. Increased investment by the private sector and the donor community into data, tools and systems to create a solutions ecosystem that can facilitate enhanced disclosure and standardised reporting on nature.

The main outputs of this assignment are:

1. Creation of a private sector led working group for nature related financial risks.
2. Production of a business case document synthesising the latest evidence base for the potential materiality of nature related impacts and dependencies
3. Support for a private sector led coalition to convene the launch of a TNFD at CBD CoP 15 in Kunming and/or at UK hosted UNFCCC COP 26.

### **1.4. Scope and tasks**

The scope of this assignment is

#### **Task 1: Creation of a private sector led working group for nature related financial risks (NFRs)**

The Contractor will

- 1.1. Catalyse global private and public sector commitment to align objectives around mitigating NFRs leading to the announcement of the proposed working group at WEF, Davos, 2020;
- 1.2. Work with the private sector, civil-society partner organisations and government Ministries on the organisation of the launch event
- 1.3. Develop communications materials and products around the launch and post-launch of the working group and TNFD (deliverable 1);

- 1.4. Coordinate with partner organisations, such as UNDP, OECD and UNEPFI to ensure the promotion and inclusion of emerging market and developing nation public and private sector participants in the working group and TNFD;
- 1.5. Support for the identification of the Chairperson, members, structure of the working group and in setting and confirming the terms of reference for the working group participants and TNFD. (deliverable 2)
- 1.6. Support in the identification and secure commitment a host organisation and potential providers of funding for the working group activities until handover to the TNFD
- 1.7. Work with the Natural Capital Coalition, We Value Nature, Business for Nature and Climate Disclosure Standards Board (CDSB) to build non-financial private sector support ahead of, during and post-WEF

**Task 2: Production of a business case document synthesising the latest evidence base for the potential materiality of nature related impacts and dependencies**

Building on a draft already submitted to the UK Treasury by DEFRA, the Contractor will:

- 2.1. Work with Oxford Smith School and UN World Conservation Monitoring Centre to draft and finalise a report detailing the financial materiality and systemic risks of nature and the loss of ecosystem services to the financial sector (deliverable 3)
- 2.2. Identify relevant authors and contributors, oversee and coordinate production and design of written content (deliverable 4)
- 2.3. Provide communications around the report(s) launch at OECD Biodiversity Finance Conference in Paris in April 2020 event and/or IUCN World Conservation Congress in June (deliverable 5)

**Task 3: Support for a private sector led coalition to convene the launch of a TNFD (Task Force for Nature-related Financial Disclosures) at CBD CoP 15 in Kunming and/or at UK hosted UNFCCC COP 26**

The Contractor will

- 3.1. Attend key events such as the OECD Biodiversity Finance Conference, IUCN Annual Summit, UNEPFI Global Roundtable and CBD COP 15 to promote TNFD and build support and identify additional individual and organisational champions for TNFD announcement
- 3.2. Engage with investor and banking networks such as the Principles for Responsible Investment and Principles for Responsible Banking and, through partner organisations, commercial sector networks to define involvement in TNFD launch event and momentum building ahead of UNFCCC COP 26
- 3.3. Work with partner organisations, plan and carry out regional financial sector roadshows. (Deliverable 6)
- 3.4. Use participation in key platform events to identify levels of support for and willingness for participation in TNFD.
- 3.5. Support planning and composition of TNFD liaising between NFR working group, financial and non-financial private sector networks, government ministries, civil society partners, academia and regulatory bodies to identify and secure the involvement of TNFD secretariat, chairperson and members
- 3.6. Support the identification of potential sources of funding for TNFD from Governments, Development Finance Institution and the private sector.
- 3.7. Support high level engagement process with government Ministries in UK, France, China and other countries to build momentum for possible IUCN & CBD announcements and momentum building up to CBD COP in China and UK hosted UNFCCC COP 26 launch of TNFD.
- 3.8. Engage financial sector networks to identify additional champions and secure leading financial sector organisational support for the initiative ahead of, during and post WEF

- 3.9. Arrange to co-host at least one financial sector event with NGFS (Network for Greening the Financial System) in 2020, working with the team to plan and organise the conference, including communications around the event (deliverable 7)
- 3.10. Post-event follow-up with attendees around identified lines of enquiry and assess options for a financial sector statement of support in conjunction with feed-back from wider financial sector engagement (deliverable 8)

**Timing and deliverables**

The Contractor will perform the tasks over a period of up to 24 months ideally starting 1<sup>st</sup> quarter of 2020 with a closing no later than end of 2021, according to the following.

Task	2020 1 <sup>st</sup> quarter	2020 2 <sup>nd</sup> quarter	2020 3 <sup>rd</sup> quarter	2020 4 <sup>th</sup> quarter	2021 1 <sup>st</sup> quarter	2021 2 <sup>nd</sup> quarter	2021 3 <sup>rd</sup> quarter	2021 4 <sup>th</sup> quarter
Task 1								
Task 2								
Task 3								

In addition of deliverables identified in outputs section above, the Contractor will provide quarterly progress reports (including a section dedicated to quarterly work plan) and a final report. The detail content of the reports will be agreed with EFI at the inception of the service.

All reports/deliverables are to be produced in English and the final reports will take into account comments provided by EFI on the draft reports. Following submission of the final reports EFI will arrange editing and the Contractor will need to respond where clarifications may be required during this editing process.

Final reports will be submitted in electronic version (MS Word and pdf format, with any data tables in Excel format to provide a clear understanding of the analyses done, and with all pictures, charts etc. from the report and annexes also provided separately in their original file format). When preparing graphs, charts and maps, attention should be paid to the colours and patterns selected so that they can be read in non-colour printouts. Where maps are included in reports, care should be taken to show internationally accepted borders between countries. Sources and references for information, data and statistics used should be properly cited. All tables, maps and graphs should include titles in English.

The template for financial proposal (annex 7) includes a “work plan budget” of EUR 55,000, which is directly managed by the contractor. It is meant for travel costs (including per diems) and operational costs (engagement events, publications etc.). Use of the work plan budget needs a prior approval from EFI and is estimated in the quarterly work plans.

## 2. TENDER DOCUMENTATION

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### 2.1. Administrative Documentation

The tender shall include the following documentation, properly filled out and signed:

- Cover letter (Annex 1)
- Identification form (Annex 2) including supporting documentation
- Bank identification form (Annex 2a)
- Declaration on Exclusion Criteria and Absence of Conflict of Interest (Annex 3)
- Nomination of Experts form (Annex 4)
- Minimum criteria declaration (Annex 5)

The consortium agreement (Annex 6) shall be included, properly filled out and signed, if the tender is submitted jointly by a consortium of economic operators. The consortium agreement (Annex 6) shall not be included if the tender is submitted by a single Tenderer proposing subcontracting of tasks.

### 2.2. Technical Proposal

In order to evaluate the tender against the minimum criteria and the award criteria A.I. – A.II in section 3.1. and 3.2., the Tenderer shall submit a technical proposal consisting only of the following elements:

**1) A nomination** of the following Experts to carry out the tasks in the Terms of Reference:

Mandatory

- **one Team Leader (Expert)**
- **one or more Experts on sustainable finance**

The Technical Proposal shall include CV's of the nominated Experts.

The Tenderer shall be able to certify the information contained in the CV's for the nominated Experts at EFI's request.

Optionally

- **one or more additional Experts relevant for the implementation of the service**

The Technical Proposal shall include CV's of the nominated Experts.

The Tenderer shall be able to certify the information contained in the CV's for the nominated Experts at EFI's request.

**2) A description** of no more than 10 pages – **making reference to the Terms of Reference and the previous experience of the nominated Experts** – demonstrating understanding of:

- Current or forthcoming processes aiming to align financial capital with the climate commitments set-out in the Paris Climate accord as well as in addressing biodiversity and natural capital impacts and threats.
- Current or forthcoming initiatives and opportunities of financial institutions and private sector to increase transparency on how they manage their nature-related risks as well as establish policies and measures to shift funding to low-risk supplies of forest-risk commodities, including for illegal timber

- 3) A description of no more than six pages on the Tenderer's methodology for the assignment – building upon the Terms of Reference and the experience of the nominated Experts – addressing the following elements:**
- Overall approach to catalyse government level support for private sector led action on the unsustainable use of biodiversity and natural capital in particular
    - a) to deliver a natural capital reporting framework for the financial sector to better communicate to stakeholders the natural capital related risks and opportunities embedded in investment and lending portfolios
    - b) to increase disclosure and transparency around financial flows financing deforestation and land degradation in developing countries, and the reallocation of finance towards more sustainable business activities
    - c) to better target investment and lending that minimises risks to nature contributing to a reduction in the disproportionate risks and impacts faced by developing nations and population dependent on natural capital, for their livelihoods
  - Analysis and overall approach to target stakeholders and partners;
  - Identification of assumptions and response to associated risks regarding the implementation of the service;
  - Timing and sequence of activities and deliverables, indicating the approximate allocation of time per nominated Expert for each activity.

### **2.3. Financial Proposal**

The Tenderer shall submit a financial proposal, which shall be completed by using the form in annex 7 and by following the instructions therein. The maximum value of the contract covering all costs related to the implementation of the assignment is EUR 250,000 (including travel and operational costs of work plan budget).

The full general conditions applicable to the payment of fees and per diem as well as the reimbursement of costs can be found in annex 8 (draft contract).



### 3. EVALUATION OF TENDERS AND AWARD OF THE CONTRACT

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#### 3.1. Minimum Criteria

The **Tenderer** nominated must meet the following criteria:

N°	Criteria description
M.I.	Demonstrated experience in supporting governmental and/or multilateral efforts to achieve cross-governmental commitment in sustainable use of natural resources and/or biodiversity and/or natural capital in the global economy.
M.II.	Experience from last three (3) years of implementing one or several contracts with similar services with an overall budget of at least EUR 250,000.

The **Team Leader** nominated must meet the following criteria:

N°	Criteria description
M.III.	Advanced university degree (Master's degree or equivalent) in public administration, environmental law, forestry, natural resources management or a relevant, directly related discipline.
M.IV.	Ten (10) years' demonstrated experience leading and coordinating support to policy dialogue and analysis in natural capital, climate change and tropical forests.
M.V.	Experience in developing and supporting innovative approach for public-private finance initiative and instruments in relation to natural capital, climate change and tropical forests.
M.VI.	Understanding, speaking and writing English as demanded with respect to all tasks covered by the Terms of Reference in this Tender.

One or more **Expert(s) in sustainable finance** must meet the following criteria:

N°	Criteria description
M.VII.	Advanced university degree (Master's degree or equivalent) in public administration, finance, business management or a relevant, directly related discipline.
M.VIII.	Ten (10) years' demonstrated experience supporting private and/or public initiatives and dialogues in climate change, natural capital and responsible investing.
M.IX.	Understanding, speaking and writing English as demanded with respect to all tasks covered by the Terms of Reference in this Tender.

**Tenders not fulfilling the minimum criteria will be rejected.**

**3.2. Award Criteria**

Tenders fulfilling the minimum criteria will be evaluated using the following award criteria:

<b>A. Technical component (maximum 75 points)</b>		
<b>N°</b>	<b>Award criteria</b>	<b>Max points</b>
<b>A.I.</b>	<b>Understanding of:</b>	<b>40</b>
i.	Current or forthcoming multilateral processes aiming to align financial capital with the climate commitments set-out in the Paris Climate accord as well as in addressing biodiversity and natural capital impacts and threats.	20
ii.	Current or forthcoming initiatives and opportunities of financial institutions and private sector to increase transparency on how they manage their nature-related risks as well as establish policies and measures to shift funding to low-risk supplies of forest-risk commodities, including for illegal timber	20
<b>A.II.</b>	<b>Proposed methodology for the implementation of the tasks</b>	<b>35</b>
i.	Overall approach to catalyse government level support for private sector led action on the unsustainable use of biodiversity and natural capital in particular a) to deliver a natural capital reporting framework for the financial sector to better communicate to stakeholders the natural capital related risks and opportunities embedded in investment and lending portfolios b) to increase disclosure and transparency around financial flows financing deforestation and land degradation in developing countries, and the reallocation of finance towards more sustainable business activities c) to better target investment and lending that minimises risks to nature contributing to a reduction in the disproportionate risks and impacts faced by developing nations and population dependent on natural capital, for their livelihoods	20
ii.	Analysis and overall approach to target stakeholders and partners;	5
iii.	Identification of assumptions and response to associated risks regarding the implementation of the service;	5
iv.	Timing and sequence of activities and deliverables, indicating the approximate allocation of time per nominated Expert for each activity	5

The Technical component (TC) is calculated according to the following formula:

$$TC = A.I. + A.II.$$

**Tenders must receive a score of more than half of the maximum Technical component to be considered qualitatively acceptable.**

**Tenders not considered qualitatively acceptable will not be considered further.**

**B. Financial component (maximum 25 points)**

**Tenders presenting a total financial proposal (Fo) including costs of work plan budget superior to the maximum contract value of EUR 250,000 (two hundred and fifty thousand) will not be considered further.**

For tenders being considered, the Financial component (F) is calculated according to the following formula:

$$F = (Fmin / Fo) \times 25$$

where

**Fmin** is total sum in the tender in the evaluation with the lowest total financial proposal; and

**Fo** is the total sum in the financial proposal being considered.

**C. Most economically advantageous tender**

A combined score (CS) will be calculated according to the following formula:

$$CS = TC + F$$

The Tenderer with the highest combined score (CS) for Technical component (TC) and Financial component (F) will be awarded the Contract.

Where two or more tenders have an equal combined score the contract will be awarded according to the highest score for the financial component (F).

## **ANNEXES**

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Annex 1	Cover letter
Annex 2	Identification form
Annex 2a	Bank identification form
Annex 3	Declaration on exclusion criteria and absence conflict of interest
Annex 4	Nomination of Experts form
Annex 5	Minimum criteria declaration
Annex 6	Consortium agreement
Annex 7	Financial Proposal form
Annex 8	Model contract