

## ATTACHMENT 1 – TERMS OF REFERENCE

### 1. Introduction

The International Union for the Conservation of Nature (IUCN) seeks a consultant or consulting agency to undertake a market analysis on opportunities and barriers to conservation finance in the six partner countries of Central Africa Forest Initiative (CAFI): Cameroon, Central African Republic, Democratic Republic of the Congo, Equatorial Guinea, Gabon and Republic of the Congo.

In this assignment, the term “conservation finance” is used to refer to “return-seeking private and public investments that intend to generate positive and measurable conservation benefits”, as defined in the CPIC Conservation Finance Report 2021.

### 2. Background

The Nature+ Accelerator Fund is an innovative blended finance mechanism, bridging the current gap in conservation finance by providing small-ticket seed funding to early-stage projects (from US\$100K to US\$5M). The Fund focuses on the most impactful greenfield/frontier deals, a landscape traditionally dominated by donor grants and philanthropic funding, helping projects to unlock additional private capital later in the more advanced stage. It aims to grow the investable pipeline for the whole market with up to US\$160M co-investment and follow-on investment opportunities in the following four areas of investment:

- **Terrestrial Conservation and Restoration:** nested / jurisdictional REDD+ projects, biodiversity and conservation credits, multiple revenue stream landscape approach;
- **Marine Conservation and Coastal Resilience:** Sustainable aquaculture, fisheries improvement projects, circular economy, blue carbon, mangroves, marine protected areas, and coral reef restoration;
- **Sustainable Agriculture:** regenerative agriculture, agroforestry, access to market and reduced intermediation, and soil carbon sequestration credit; and
- **Nature-based Innovation:** logistics, service providers, technology and financial service that can have tangible benefits for nature conservation.

However, certain regions remain under-represented in the investment portfolio. This is particularly the case with the Central African region, which harbours significant global biodiversity and climate mitigation potential but are challenging for private investors. The region represents high political and regulatory risks due to unclear land rights, political and economic instability, low ESG management capacity, etc. Other barriers identified at micro/project level include: high search cost to identify investable projects, lack of track records, lack of viable collateral to reduce financing costs and risks, limited scalability/replicability, and lack of capacities to monitor impacts. For these reasons, investors have had little success in financing sustainable business opportunities in Central Africa despite interests in its global conservation importance.

In order to address these barriers and accelerate project pipeline development in Central Africa for Nature+ Accelerator Fund, a Technical Assistance Facility (TAF) was established with a 5-year grant funding from CAFI Secretariat. This study forms part of the activities conducted by the TAF.

### 3. Objectives

The objectives of this assignment are as follows:

- To identify country- and sector- specific barriers for scaling up conservation finance in CAFI partner countries;

- To analyse projects in CAFI partner countries which can potentially be invested by the Nature+ Accelerator Fund;
- To inform stakeholders including TAF and CAFI on recommended actions to address these barriers; and
- To foster enabling environment for conservation finance in CAFI partner countries by disseminating the main findings of the analysis among global, regional and local stakeholders.

#### 4. Scope of work

The consultant will undertake following activities in close collaboration with the TAF for Nature+ Accelerator Fund, led by IUCN Enterprise and Investment Team.

The task is expected to be completed through consultations with key actors of conservation finance, such as project developers, national authorities, partner institutions of the Nature+ Accelerator Fund, and similar investment initiatives.

- 1) Review project documents, regional and national strategies and initiatives, and other relevant materials, and analyse the trends of conservation finance in the six CAFI partner countries.
- 2) Identify project developers, investors, SMEs, NGOs, key international and local organizations, and communities of practice relevant to scaling up conservation finance in the Central Africa region, including organizations potentially eligible for TA support or investment by the Nature+ Accelerator Fund.
- 3) Organize and conduct interviews and consultations with the key stakeholders identified above to analyse the following:
  - potential projects with high conservation impacts and replicability, aligned with CAFI strategies, thematic and geographical priorities;
  - existing grant and non-grant financing mechanisms (e.g. types of financiers, investment thesis, financial tools, typical ROI) and subsequent evolution of funded seed projects;
  - approach to sourcing of project pipelines and existing support;
  - main factors which contribute to screening out of projects by investors;
  - needs and gaps for financial, technical and capacity support.
- 4) Based on the above interviews and literature reviews, conduct in-depth analysis on the projects and investment barriers for each CAFI country, from the perspectives of: progress to date, best practices, lessons learned, and remaining gaps.

The analytical framework can include, but are not limited to:

- **Macro level risks:** political stability, currency risks, corruption risks
  - **Policies and regulations:** land tenure and forest governance policies, permits and authorizations, PPP/concession mechanisms, PES and jurisdictional REDD+ schemes, certification schemes, offtake agreements, revenue models and pricing
  - **Institutional barriers:** mandate and capacity of national governments, sub-national authorities, project developers (e.g. entrepreneurship, ESG management), regional and local financing institutions
  - **Safeguard and impact requirements:** regulatory framework on E&S safeguards, data availability
- 5) Identify strategies and actions to address the barriers, and develop recommendations on:

- short-term supports which can be provided through TA to accelerate project pipeline development for Nature+ Accelerator Fund (such as capacity building of stakeholders);
  - other types of supports to be provided beyond TA (e.g. additional financial solutions, policy and regulatory reforms).
- 6) Produce and present the final report describing the main findings of the assignment, including the in-depth analysis of CAFI countries' project profiles and of investment barriers at both micro and macro level.
  - 7) Conduct at least one external presentation session on the main findings of the assignment to the stakeholders of the Central African region (location to be determined later, travel cost will be covered by the IUCN in case of involvement of travels).

## **5. Duration of the assignment**

The assignment is expected to be completed within 3 months from the signing of contract.

## **6. Language**

The final report should be delivered in both English and French.

English will be the main working language during consultation meetings. Additional language, namely French, can be used in meetings depending on the preference of participants.