



TERMS OF REFERENCE

An assessment of financial flows in TRIDOM landscape

1. Background

Spread over Cameroon, the Republic of Congo and Gabon, TRIDOM gets its name from the initials of Dja, Odzala and Minkébé - three famous protected areas, each in a different country. The huge TRIDOM forest covers 178,000 km², or 10% of the whole Congo Basin rainforest. TRIDOM holds the largest – though declining - elephant population in the Congo Basin and harbours most of the biodiversity typically found in central Africa's rainforests, including a very large great population of both western gorillas and central chimpanzees. Most of TRIDOM has a human population density of 1-2 inhabitants per km², with people living in small towns and villages along the sparse road network. An estimated 10,000 Baka indigenous people inhabit TRIDOM. WWF has been contributing to the management of three national parks, developing the landscape approach, supporting anti-poaching capacity and application of wildlife law, developing community management systems, stakeholder platforms and private sector collaboration, monitoring wildlife and human impact, and supporting sustainable rural livelihoods. TRIDOM is one of WWF's priority landscapes in the Congo Basin.

Economic aspirations of the governments of the three countries and current unsustainable legal and illegal activities could lead to a strong degradation of natural habitats in TRIDOM, including loss of its charismatic megafauna and serious carbon emissions. WWF therefore is developing a landscape approach to guide this process towards responsible development. WWF's work in TRIDOM is structured around 5 inter-connected strategies:

Strategy 1: Assuring access to resources. Food security for local communities, including bushmeat, fish and non-polluted fresh water.

Strategy 2: Strengthening rights position for Indigenous Peoples and local communities. Formal systems to allow communities to exercise their rights to access natural resources. Effective FPIC¹ process in establishment of new Protected areas and management of existing PAs.

Strategy 3: Promoting sustainable production. Promote responsible production methods inside TRIDOM (e.g. logging concessions covering 30,000 km² provide effective protection for (managed) natural forests and wildlife FSC certified logging. Iron ore mining and infrastructure projects to apply a "no-net loss or net gain of biodiversity" policy, and minimize the biodiversity impact of proposed hydropower projects. Agriculture follows responsible best management practices (e.g. shaded cacao) and large scale deforestation for agriculture is avoided.

Strategy 4: REDD+ or other carbon payment mechanisms to prevent further deforestation (through increased PA coverage and improved PA connectivity by the creation of corridors) and reduce Greenhouse Gas (GHG) emissions from TRIDOM.

¹ Free, prior and informed consent (FPIC) refers to the principle that indigenous peoples have a right to give or withhold consent to actions that will affect them, especially actions affecting their traditional lands, territories and natural resources.

Strategy 5: Biodiversity conservation. 9 million ha of suitable forest habitats for great apes and elephants secured and protected through formally protected areas (IUCN cat I-VI),, off-sets and logging concessions under improved management. Elephant poaching is drastically reduced through implementation of the Zero Poaching framework.

In relation to WWF's strategies, the main industrial drivers of negative impacts on ecosystems in TRIDOM are:

1. Unsustainable logging and forestry practices
2. Large-scale infrastructure development including hydropower
3. Conversion of land for large-scale agriculture expansion and extraction of minerals.

WWF works closely with the governments and concerned ministries of the three countries, as well as many other partners, to combat these drivers. Currently, the teams do not have a clear insight or overview of the sources of capital that are financing the industries or economic activities that are mostly responsible for degrading ecosystems. As access to capital is a key factor determining investment decisions, it is crucial to understand and, as much as possible, quantify the financial flows to those industries and activities in order to devise a strategy to influence them. Ultimately, the goal should be to link access to capital to environmental impact and we suggest the following lines of work with:

- public sector FIs to:
 - Leverage better investments and policy change.
 - Ensure other financial sectors apply their safeguards and standards.
 - Induce innovation and policy change with their investments.
- private sector FIs to:
 - Mainstream ecological considerations in their portfolios, help create awareness among their clients or companies they invest in, and influence them to adopt better business practices
 - Invest in individual or collective action assets related to sustainable production, such as sustainable agriculture and infrastructure

FI scope for this study

International, regional and national public and private financial institutions, potentially sources of future investments or other investments in companies, governments or projects that are part of the three key industrial drivers of negative impact on ecosystems in the TRIDOM landscape: unsustainable logging and forestry practices, large-scale infrastructure development including hydropower, conversion of land for large-scale agriculture expansion and extraction of minerals. These financial institutions may include:

- Lending institutions: development banks, corporate banks and investment banks
- Investment institutions: investment funds, institutional investors (insurance companies and pension funds), sovereign wealth funds & retail investment
- Insurance and reinsurance institutions
- Others as relevant

Level of detail of the study

The assessment will identify FIs and other investors that are investing or will invest in the key industries listed above and FIs that are investing or will invest in concrete projects (e.g., hydropower). Identifying the FIs that invest in the sectors and geographies that match our project area is a prerequisite for WWF to increase awareness amongst such investors on ecological impacts and influence future investments (projects). Identifying concrete (planned) projects and related FIs allows WWF to change project designs.

2. Objectives

Overall objective: to obtain a better understanding of the financial flows to the sectors in the TRIDOM region which will help WWF develop a strategy to influence key investors.

The specific objectives are to:

- Identify the major current and future actors in the finance sector that invest, provide loans or insurance to sourcing and supplying companies in TRIDOM.
- Assess the exposure to financial risks associated with ecologic impacts of the institutions and opportunities to provide financial instruments (equity, loans and bonds) which will be invested in assets that are beneficial to ecological resilience in the TRIDOM
- Identify potential pressure points with the key players and potentially successful ways to engage with these institutions.

3. Activities:

- a. Revise approach and develop a detailed work plan
- b. Prepare an overview of the data available and accessible through databases and a network of contacts. This overview will be presented in a short report which also includes an estimate of the accuracy (completeness) of the assessment of financial flows that can be done based on this data and advise on how to proceed with the steps c. to f. hereunder.
- c. Identify financial flows focusing on the full supply chain: key companies (1st and 2nd tier suppliers) and their sourcing companies to identify approximately 50% of capital directed into each key sector (national, regional and international). By:
 - i. Gathering information through traditional financial sources and resources where available.
 - ii. Conduct interviews with local experts/informants from local industries, ministries and banks or with foreign institutions where necessary. On-site where possible, or by telephone. One trip to the region may be required.
- d. For each key FI or investor quantify financial exposure per sector and recommendations on ways of engagement.
- e. Synthesise data and compile lists of top FIs or investor per sector.
- f. Produce a report to document these findings.

Sources

We are aware of the fact that international, national and regional investors finance a large part of the sectors and companies in the region. These entities are not listed and do not necessarily disclose their financial transactions, making it necessary to access other information sources. There are several financial data vendors available. A previous similar study commissioned by WWF indicated the following sources essential, indicated by FI type.

- International commercial FIs – Dealogic
- Domestic commercial FIs – financial statements
- International development FIs – their own databases (but Dealogic to help identify key players)
- Domestic development FIs – financial statements

Other relevant sources include DFI database, WWF-SIGHT, development agency reports, central banks reports and databases, consultancies (in particular PwC and EY), stock exchange websites, financial media, websites, industry association databases, CSR/sustainability reports, sustainable finance platforms and rating agencies. There is a possibility that the accessible information will not be sufficient,

in which case there is a chance that WWF decides not to continue after the first step specified under Activities.

4. Deliverables:

The expected products from the present ToRs are:

1. Proposed detailed work plan with defined timelines and research approach according to the present terms of reference
2. Report with an overview of available data, which includes an estimate of the accuracy of the assessment that can be done, based on this data. In other words; with what percentage of confidence can we indicate the top 5 FIs for each sector based on available data? Based on this estimate, the core team will decide to go ahead with steps b. to f. defined under the Activities section
3. One technical report with:
 - a. Identified financial flows, quantified if/when possible, related to key companies and sectors.
 - b. Identified key players from the private and public finance sectors responsible for these financial flows (50% of capital directed to each sector, per country, and regionally) at present or in the future, including key Dutch and European players. Whenever possible, institutions will be ranked in order of importance/influence within a sector (e.g. mining/extractives, agricultural expansion, forestry, infrastructure development). Priority identification and/or ranking should be justified.
 - c. Profile of the leading public and private financial institutions identified, including:
 - Environmental and social criteria considered in their capital allocation, lending, and business decision making, going beyond project funding.
 - Principal regulations, initiatives and principles to which they are signatories (e.g. UN PRI, UNEP FI Banking Principles, Equator Principles, etc.)
 - Investment policies per sector and region.
 - Main opportunities to bring them to sustainable finance.
 - Main barriers to their engagement with sustainable finance.
 - d. Offer recommendations on how to engage with these institutions and mainstream ecological impacts in their investment decisions and lending policies and promote investment that contributes to better management of natural systems and governance.
4. All primary information collected on investments and investors should be deposited in a file made accessible to TRIDOM actors.

5. Timeframe & budget

The contract should be concluded within a period of 6 months from initiation. The budget for the proposal should be between 20.000 and 30.000 euro. The consultant needs to specify two costs in the budget: one for step a-b/deliverable 2 and one for steps c-f/deliverable 3.

6. Requirements & Desired Characteristics:

- Proven experience and knowledge of the finance sector related to the drivers of land-use change and loss of natural capital and the sectors mentioned.
- Network of contacts within the FIs providing financial instruments to the sectors in the TRIDOM region preferred.

- Excellent contacts base in the private financial sector and robust networking abilities.
- Excellent spoken and written English, good knowledge of French (able to read French documents).
- Availability and readiness to travel.

Assumptions

- The consultant to coordinate closely with the WWF TRIDOM Network Coordinator, as well as the WWF Landscape Finance Coordinator and the Landscape Finance Lab team, who will be working on a parallel set of activities to influence investment.
- The WWF team has a reliable overview of the key sectors and companies in the supply chains that negatively impact ecosystems in TRIDOM. The consultant will conduct an assessment of FIs that are investing or will invest in these sectors and/or companies.
- The team will be involved in this evaluation and guide the consultant in his work. The team will proactively assist the consultant in collecting the necessary data.

How to apply?

All candidates interested in carrying out this study should submit their application on single PDF file including:

- A cover letter indicating the consultant's experience with similar assignments;
- Curriculum Vitae (CV)
- A detailed technical (max. 5 pages) and financial offer (one for step a-b/deliverable 2 and one for steps c-f/deliverable 3) with a clear presentation of the proposed methodology.
- A timeline with key deliverables.

Applications must be submitted no later than March 4th, 2019 to the following address wwfgab@wwfgab.org with copy to pdewachter@wwf.panda.org and npoolen@wwf.nl

With subject line : TRIDOM financial flows