

Request for Proposals to develop a Framework for Regenerative Agriculture and Ranching Financing in Mexico

A. Background:

Under the Sustainable Prosperous Communities (SPC) Project, supported by USAID and implemented by The Nature Conservancy (TNC) Mexico and a consortium of partners, TNC and partners are looking to develop a common framework and associated monitoring protocols, with the goal of seeing it effectively integrated into financial instruments. The Framework aims to document practical guidance to maximize environmental impact and minimum standards for institutions looking for support in creating green finance mechanisms to expand regenerative agriculture while safeguarding native ecosystems.

SPC Activity seeks to increase the number of hectares under sustainable and profitable productive systems with access to markets, contributing to reduce deforestation and greenhouse gas (GHG) emissions while improving livelihoods of smallholder producers. To achieve this goal, one of the Project main strategies is to improve access to financial services for smallholder producers and mobilizing additional resources to the landscapes, by supporting the expansion of the financial products and services offered through incentives for financial institutions (FI). This work will be implemented through Coa, a blended finance initiative that mobilizes private capital through various de-risking and revenue enhancing mechanisms for FIs with the objective to expand finance available for regenerative transitions in the rural agricultural sector in Mexico, particularly for smallholder producers and their agricultural SMEs.

Regenerative agriculture is an approach to managing agri-food systems that integrates scientific and local knowledge to actively conserve and restore ecosystems and biodiversity in and around production areas, contributing to reduce the footprint, build resilience, and improve productivity, all while enhancing human health and livelihoods. The concept of regenerative agriculture is becoming increasingly popular among scientists, policymakers, practitioners, and private companies, and in national and international agendas. However, definitions and interpretations of the term are as diverse as the interests that promote it, which increases the potential for greenwashing and represents challenges to practically identify what type of investments contribute towards the process of establishing or supporting regenerative production systems.

B. Objective:

Develop a framework and practical guide and tools for financing regenerative agriculture and ranching activities in Mexico. The framework guides lenders and investors on how to incorporate key principles of regenerative agriculture, and deforestation and conversion free requirements in their decision-making process of financing the rural sector.



C. Guiding principles for the framework:

1. **Pragmatic and adjusted to local conditions:** Agronomy is a location-based science, so solutions must be adapted to local situations and constraints. We aim not to exclude any locally relevant approaches, and value innovation and creativity.
2. **Common principles:** should contain common principles and techniques that may be expanded on for specific crops and activities that contribute to income diversification.
3. **Collaborative and science-based:** use best local knowledge in collaboration with TNC, Coa Platform and partners, farmers, NGOs, national and international Ag research institutes.
4. **Tailored:** to the Mexican context, smallholder farmer needs, to Coa Financial Platform and to local FIs.
5. **Landscape impact in mind:** Individual farms are the building blocks of a regenerative food system. But interventions at landscape level are needed to help deliver additional impact and restore natural resources.

D. Activities:

1. Review and understanding of principles and practices of Regenerative Agriculture transition and, Deforestation and Forest Degradation Free Agriculture, in close collaboration with TNC technical teams and other experts.
2. Review of existing guidelines and frameworks, including development Banks' (e.g. IFC Performance Standards), Taxonomies for sustainable finance (including the recently launched Mexican taxonomy and FIRA's taxonomy), TNC existing frameworks (eg. Conversion Free, Regenerative Agriculture and Ranching), Frameworks for relevant certifications (e.g. Framework for Regenerative Organic Certified), among other relevant guidelines and frameworks that should be identified by the consultant.
3. Select, adapt and/or develop requirements for financing the transition towards Regenerative Agriculture:
 - a. Core Requirements that must be complied
 - i. Negative screening - Bad Practices + Legal compliance; Do no harm
 - ii. Minimum Good Agricultural Practices: Actions that enable regenerative agriculture transition
 - iii. Regenerative production practices and principles – agroecology
 1. Landscape scale alignment – deforestation free and production in suitable land
 - iv. Minimum social practices
 - v. Good Supplier/Sourcing Practices
 - b. Additional requirements/elements for greater environmental and socioeconomic impact
4. Consultation with Coa Financial Platform, FIs Producers, Ag input suppliers, Local Banks, FIRA, Multilateral Financial Institution on main needs and challenges to identify and finance regenerative practices.



- a. Develop practical grading system to identify where a farmer/project is in the regenerative transition: for example: Non engaged; Initial engagement; Engaged; Advanced; Leading
5. Develop a Framework and guidelines on how to enforce requirements and monitor compliance and practical templates/tools for implementation
 - a. Develop clear steps and suggested documentation and information needed to meet each environmental requirement.
 - b. Project assessment tool
 - c. For FIs – what should FIs request to their borrowers and how to periodically monitor
 - d. For the Financial Platform
 - i. What should the platform request to FIs
 - ii. Metrics to evaluate portfolio performance
 - e. Due diligence documentation for core elements
 - f. Due diligence documentation for additional for additional elements
 - g. KPIs at FIs level
 - h. Project Assessment tool
 - i. Validate and receive feedback from Financial Platform and FIs
6. Test and validate framework, guidelines and tools with the Financial Platform Coa, FIs, and other relevant stakeholders
7. Adjust framework, guidelines and tools

E. Deliverables and payment schedule:

Product	Deadline (after contract signature)	Payment
1. Detailed workplan and methodology	2 weeks	20%
2. Identification of requirements for financing regenerative agriculture transitions, including a report on context documents and guidelines reviewed and main findings	6 weeks	
3. Report of consultations with relevant stakeholders	10 weeks	40%
4. First draft of Framework and guidelines	10 weeks	
5. First draft of tools and templates to be tested	12 weeks	
6. Final version of the Framework, guidelines and tools, tested and validated	18 weeks	40%

Experience and qualifications of the consultant team

- At least 8 years of experience in sustainable finance, rural finance, environmental standards or related fields
- Knowledge and experience with sustainable agriculture, agroecological principles, and/or regenerative agriculture.

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- Expertise in sustainable finance
- Knowledge of international and national frameworks and standards for sustainable finance
- Knowledge of finance for the rural sector
- Experience and knowledge of the Mexican rural context
- Excellent writing and communications skills

F. Selection Process

TNC expects to select a consultant for this assignment through the following steps:

- Assess the proposals based on the qualifications described above and the proposed budget and timeline
- Interview the highest rated proposals
- Select a preferred consultant
- Negotiate an agreed contract for the assignment

TNC conducts its procurement activities in a nondiscriminatory manner with fair treatment given to all submissions. TNC reserves the right to reject any and all offers for any reason whatsoever, to waive technicalities, and to pursue purchasing in a manner that is in the best interest of the organization.

G. Proposal Elements

Interested parties should submit a written proposal in English by **June 7th, 2023** which includes the following elements, in English or Spanish:

- Proposed approach and timeline (maximum five pages)
- Relevant experience and qualifications of the organization (maximum two pages; more detailed information may be included as an attachment.)
- At least 1 example of presentations or reports developed for other projects which are related to those needed in this project
- Description of the staff and team that will conduct the work described above (maximum two pages), including availability in the project timeframe. Please also note any subcontractors, if applicable. Any subcontractors must be identified along with the defined work they will perform, and a description of the rationale for using a subcontractor. TNC will not refuse a proposal based on the use of subcontractors, but does retain the right to refuse the subcontractors selected. Selected consultant shall remain solely responsible for all subcontracted work.
- Budget for the assignment.

Questions regarding the RFP process and final proposals should be directed to Laura Calderón (laura.calderon@tnc.org).

