

Feasibility Analysis to Decarbonize Value Chains Sustainable Prosperous Communities Project Terms of Reference

1) Context

The 2016 UNFCCC Paris Agreement laid the framework to address the ambitious goal to limit climate change to 2°C. In 2017, TNC and partners¹ assessed the role of nature in mitigating climate change through a set of 20 forest, wetlands, peatlands, grasslands, and agricultural lands pathways. Those pathways, called Natural Climate Solutions -NCS-, have the potential to mitigate 11 billion tons of carbon globally or a third of the GHG emissions needed to meet the Paris Agreement goals. NCS represents an opportunity to unleash the potential of nature to mitigate climate change, while generating co-benefits, such as environmental services, crucial for rural development.

Wide efforts from public, private and social sectors are needed to make the systemic changes to decouple the current social development trend from their GHG emissions. Despite being one of the global pioneers on designing the REDD+ framework (including laws, policies, and capacities), Mexico has not yet been able to engage the rural sector on a nation-wide low carbon trajectory, part of which can be met via NCS.

Global corporations have increasingly shown their interest on playing an active role to address climate change through NCS and several of them have made public their climate mitigation commitments. New tools, criteria², and policies among other initiatives are providing responses on how to translate those corporate engagements into concrete actions to decarbonize value chains that generates real climate change mitigation.

In 2021, an NGO consortium led by TNC started the USAID-funded Sustainable and Prosperous Communities (SPC) project in southern Mexico. The project aims at providing on-the-ground support to small land holders to improve their livelihoods through developing capacities, and access to market and finance on six key value chains (forestry, coffee, cocoa, cattle, honey, and ecotourism). The project offers an opportunity to explore and test the new approaches on decarbonizing value chains for producers and buyers. Since this is a novel and very dynamic area of work, this consultancy will provide an assessment of the opportunities that will guide the climate mitigation component of the SPC project.

2) Objectives of the consultancy

The Sustainable a Prosperous Communities project aims at increasing the number of hectares to reach a goal of 350,000 hectares under sustainable, profitable, and integrated productive systems, contributing to GHG emissions and deforestation reductions while improving 40,000 small land holder producers livelihoods.

¹ <https://www.pnas.org/doi/10.1073/pnas.1710465114>

² <https://tfciguide.org/wp-content/uploads/2022/05/TFCI-Guide-English.pdf>

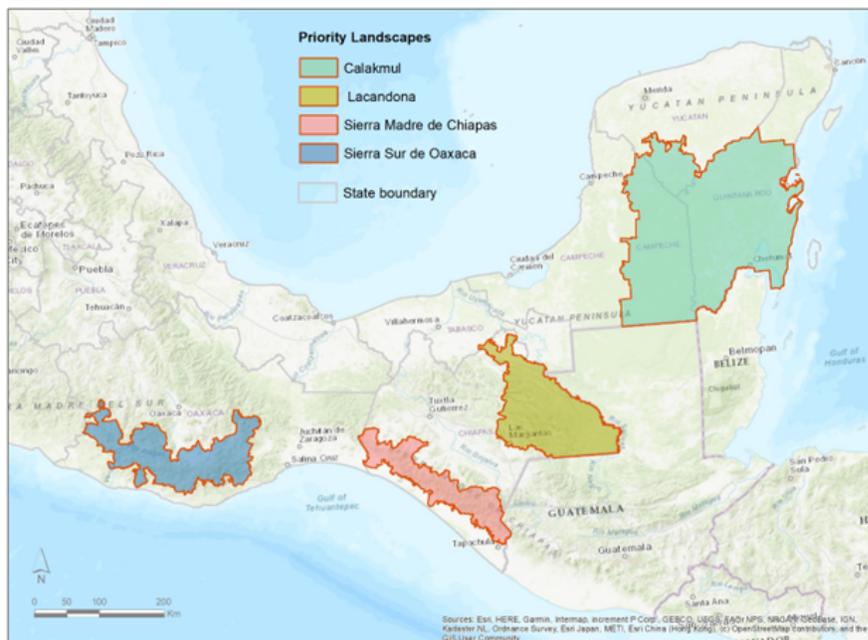


- Identify in the region of the project³ current private sector's decarbonizing commitments associated to SPC's key value chains⁴ and provide a comparative analysis to select candidates for a pilot.
- Identify the potential tools, standards, or approaches that could be applied in the context of the SPC project to decarbonize selected value chains and provide a comparative analysis on the feasible use.
- Provide a recommendation on the types of project approach associated to companies with climate commitments interested to decarbonize at least two value chains and a road map indicating activities to be implemented by the SPC project.

3) Approach and scope:

3.1) Assessment of private sector decarbonization commitments

This product will help TNC better understand and get the most up to date assessment of the type of commitments made by ethical market actors to contribute to climate mitigation related to and in the context of the value chains implemented by the SPC project. Those commitments could refer to requirements in the supply chain (zero deforestation production, certification requirements, etc), or reduction of the companies' carbon footprint (emission reduction targets). The six value chains addressed by the SPC project are: timber, coffee, cocoa, honey, cattle and ecotourism. The project implementation regions (map 1) are: Calakmul and surroundings (south of Yucatan State, East of Campeche and South of Quintana Roo), La Lacandona and Sierra Madre in Chiapas, and Sierra Sur de Oaxaca.



Map 1. Areas of implementation of the Sustainable and Prosperous Communities project.

³ The states of Campeche, Chiapas (Sierra madre and Lacandona forest), Oaxaca (Sierra Sur), Quintana Roo & Yucatán

⁴ Forestry, coffee, cocoa, cattle, honey, and ecotourism



The assessment will cover global, national or local companies that have operations or potentially operate in any of the areas of implementation of the project. The assessment will include a comparative analysis of the commitments that will help TNC to select the one that fits better with the SPC project and better understand how to address it.

3.2) Comparative analysis of tools or standards to measure value chains decarbonization

An assessment of different approaches to measure the decarbonization of value chains will cover some of the methods such as voluntary carbon standards, Science Based Target initiative (SBTi) FLAG⁵, WRI's GHG protocol⁶, Insetting Program Standard⁷, New Zealand primary sector ETS He Waka Eke Noa⁸, among others to understand their requirements and eligibility criteria. A comparative analysis of the methods will allow TNC to select the one that fits the best with the selected company's commitments.

3.3) Road map to pilot the decarbonization of at least 2 SPC's value chains

Based on decisions made with the SPC consortium that will take into account the context in Southern Mexico, the specific commitments and interests of the companies, and stakeholders involved with the given company and its supply chain, the consultant will identify enabling conditions and barriers in order to propose and implementation approach. The consultancy will develop a road map to implement a pilot to decarbonize at least 2 value chains implemented by the project.

4) Deliverables

4.1) Work plan with a timetable that details the regular calls with TNC, the methods and interviews with local stakeholders and corporates.

4.2) Report on climate mitigation commitments made by ethical market actors relevant to the SPC's geographies and value chains detailing:

- Name of the company
- Climate mitigation commitment and associated key performance indicators
- Product/commodity related to the commitment and relevant to SPC
- Geographic scope of the company (global, national, local)
- Description of the value chain related to the product/commodity
- Key actors within the supply chain and their interests

⁵ <https://sciencebasedtargets.org/sectors/forest-land-and-agriculture>

⁶ <https://ghgprotocol.org>

⁷ https://www.insettingplatform.com/wp-content/uploads/2020/09/INSETTING_PROGRAM_STANDARD_IPS_V2.0_Final.pdf

⁸ <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/he-waka-eke-noa-primary-sector-climate-action-partnership/>



- Bottlenecks, barriers, and constraints in the value chain that inhibit sustainable production
- Enabling conditions or opportunities for the company if it implements its commitments
- Description of scopes 1, 2 & 3
- Relevant policies and financial flows (e.g. subsidies, etc)
- Possible relationship and roadmap for collaboration with SPC project

4.3) Comparative analysis of tools or standards to measure value chain decarbonization that includes:

- Readiness to use
- Requirements and for small land holder producer and for the buyer company
- Traceability requirements
- Third party verification
- Cost of implementation
- Potential financial benefits for small land holder producers or community enterprises

4.4) Road map to pilot the decarbonization of at least 2 SPC's value chains that includes:

- A concept note highlighting the compliance of the SPC value chain with the requirements of the selected tool or standard.
- Identification and description of the value chain component that will require actions under the SPC project.
- A proposed timeframe to implement the method in the context of the SPC project that includes A detailed proposed project approach and methodology, including SMART goals, main interventions, key actors including those that will interact with the corporate, phasing and timeline, and expected milestones/outputs.
- A description of the result achievable in the context of the SPC project.

4.5) Final report and a presentation summarizing the main findings and recommendations

5) Qualifications or Specialized Knowledge/Experience Required

The consultant team will have proved knowledge and experience in:

- Assessment of private companies' climate mitigation commitments and other ethical considerations
- Experience on analysis of value chains
- Experience assessing and/or implementing climate mitigation standards
- Desired knowledge on southern Mexico rural sector
- Desired English and Spanish
- Experience implementing sustainable production activities within one or more of the relevant value chains
- Relationships with key companies in the relevant value chains



6) Call for Applications

Please send by **August 5th 2022** to the contract manager Yves Paiz (ypaiz@tnc.org) the following information:

- CV of the consultant team
- Cover letter highlighting the expertise on the topics covered by the ToR
- Methodological proposal on how the scope of work will be developed, especially describing the comparative analysis methods to be used, and the consultation process with TNC and the SPC consortium.
- A timetable describing the activities to be implemented in 6 months.
- Budget

