

Terms of Reference for Potential Study Agreement

Global Study - Carbon and Nature-positive Eco-tourism that benefit people and planet

This document serves to provide an overview of the proposed study relevant to the Subnational Climate Fund (SCF), context on data availability and goals of the mandate, as well as an estimated scope of work requested from the consultant. Final details of the mandate should be covered by the subsequent proposal submitted by the consultant.

1. The Subnational Climate Fund

The SCF is a blended finance impact fund formed to pursue attractive risk-adjusted returns for private investors while generating measurable and certified environmental and social impacts. The Fund is focused exclusively on pursuing investments in mid-size climate infrastructure in various developing countries across Latin America and the Caribbean, Africa, the Mediterranean, and Asia. The Fund is managed by Pegasus Capital Advisors, a commercial Private Equity impact fund manager and further benefits from a separate, grant-funded Technical Assistance (TA) facility managed by The International Union for the Conservation of Nature (IUCN) and implemented by the Catalytic Finance Foundation, IUCN, and Gold Standard.

2. Context of Study

The SCF promotes investment in sustainable tourism and is currently providing TA for relevant projects. It is therefore proposed to prepare a global white paper study on how ecotourism can be carbon and nature-positive that benefit people and planet using a range of case studies for global knowledge-sharing purposes. The study is primarily focused on the tourism industry of hotel developers and operators and considering key stakeholders such as local communities, tour operators, etc.

The study will discuss the challenges and opportunities relevant to eco-tourism, such as the below:

Challenges	Opportunities
<ul style="list-style-type: none"> ➤ Tourism can be associated with high carbon emissions due to transport, buildings, food waste, etc. ➤ Poorly managed tourism can impact the environment and biodiversity. ➤ The tourism sector is at risk from climate change, due to extreme weather events, etc. ➤ Customers are increasingly seeking sustainable travel options. ➤ Many tourist locations are rich in cultural heritage which can be sensitive to impact. ➤ Unsustainable tourism operations are becoming less profitable. ➤ Livelihoods may be impacted by unsustainable tourism. ➤ Lack of tourism may encourage communities to make a living from less sustainable means, such as resource exploitation. 	<ul style="list-style-type: none"> ➤ A range of measures can be implemented to reduce the carbon footprint of tourist operations, resorts, etc. ➤ Impacts on the environment can be avoided through appropriate management. Conservation may be encouraged through tourism. ➤ Tourism destinations can become more climate resilient by implementing climate adaptation measures. ➤ Carbon and nature-positive tourism is attractive to such travellers by supporting environmentally friendly practices and conservation efforts. ➤ Impacts on cultural heritage can be avoided through appropriate management. Protection may be encouraged through tourism. ➤ Carbon and nature-positive tourism may operate at a premium to less sustainable practices. ➤ Sustainable tourism can provide more resilient work opportunities. ➤ Tourism can help prevent unsustainable activities such as resource exploitation, by providing alternative income sources.

The definition of eco-tourism adopted for the study should comply with the SCF investment criteria, included in Annex A.

3. Scope of Work

Develop a global study white paper to address ‘Investing in Carbon and Nature-Positive Tourism that benefit people and planet’ using the United Nations World Tourism Organisation’s (UNWTO) SDG tools and guidance as the frameworks. Other relevant standards may include the Global Sustainable Tourism Council criteria and relevant Gold Standard and IUCN Guidance. The target audience will be investors and project developers, as well as civil society. The report chapters will generally comprise the below and structured in accordance with the UNWTO frameworks. Relevant KPIs will also be identified:

- Mitigating Climate Change: How carbon-positive tourism can reduce or offset emissions.
- Conserving Biodiversity: How nature-positive tourism can focus on preserving and enhancing biodiversity.
- Sustainable Development: How carbon and nature-positive tourism can align with the principles of sustainable development by promoting economic growth, social inclusion, and environmental protection.
- Enhancing Resilience: How carbon and nature-positive tourism strategies help enhance the resilience of destinations by reducing vulnerability to climate-related risks and promoting adaptation measures.
- Meeting Consumer Demand: How carbon and nature-positive tourism initiatives can respond to the growing demand for sustainable and responsible travel options.
- Preserving Cultural Heritage: How carbon and nature-positive tourism can preserve and respect cultural diversity and support cultural traditions and livelihoods.
- Economic Benefits: How adopting carbon and nature-positive practices can also yield economic benefits for stakeholders.

The study will include case studies, including two projects from the SCF pipeline, and conduct literature reviews, interviews, etc. The outcome of the study is to present key findings and lessons learned from the tourism industry at large and provide guidance for practitioners on how to design and implement ecotourism following existing frameworks and standards, incl. guiding principles and measures/ activities that can be implemented.

The study is anticipated to include core goals SDG13 (climate action), SDG14 (life below water) and SDG 15 (life on land), but likely a range of others such as SDG 5 (opportunities for women), SDG8 (prevention of natural resource exploitation through jobs), SDG7 (renewable energy installations), SDG9 (sustainable infrastructure), etc.

The following guidance will be adopted for the study:

- *Achieving the Sustainable Development Goals Through Tourism – Toolkit of Indicators for Projects* (2023, United Nations World Tourism Organisation) – primary study framework.
- *Harmonized ESG Framework for Tourism Businesses, provisional version under development*
- *Gold Standard Global Goals Climate Adaptation Framework* (2022, Gold Standard) – climate adaptation considerations and other relevant *Gold Standard methodologies*
- *Global Sustainable Tourism Council Criteria for Industry*

Additional guidance may also be implemented including relevant standards developed by IUCN.

4. Deliverables

The final deliverable will be a white paper study report concisely detailing the climate and nature benefits of eco-tourism. The final report will be submitted in English/Word Format, using the SCF's layout (will be provided). The structure should include at least the following elements:

- Executive Summary
- Study findings and conclusions, covering the scope of work outlined in section 3
- A table of acronyms
- Bibliography

5. Indicative Timeline

Work is expected to commence immediately after the consultant is appointed. The work is expected to be completed within three months after signing the service contract. The delivery of services and reporting timeframes are anticipated to be as follows:

Pre-Feasibility Study on <i>Typha Australis</i>	
Activity / Deliverable	Indicative timeline
Selection and appointment of consultancy firm, signature of service contract.	June 2024
Kick-off meeting Establish communication channels for initial information exchanges, confirm the project schedule.	June 2024
Draft/Final report provided to Catalytic.	August/September 2024

6. Form of Proposal & Requirements

Please prepare a brief proposal for the performance of this work, including the scope of work, project team and qualifications, and estimated costs.

- 1) Scope of Work:** The scope of work should include a description of the specific activities that will be performed to accomplish the required tasks identified in Section 3. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as "Optional Tasks".
- 2) Project team and qualifications:**
This should include the name of the principal staff members and any sub-contractors, and a brief description of their role within the project team. Qualifications of staff should include relevant technical capabilities, full CVs, specific previous experience like this assignment, specific in-country experience and knowledge of the local language(s).
- 3) Estimated costs:**



A total time and expenses cost estimate (not to be exceeded), in **US Dollars**, must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented in tabular format and should include Direct Labour Costs (number of hours or days per staff and their associated unit costs) and Indirect Labour Costs (i.e. travel, sub-contractors, etc.). Please note that Catalytic is exempt from VAT. Your financial proposal should therefore not include VAT. If field visits are necessary, travel costs will be covered by the SCF separately from the consultancy fee.

4) Conflicts of interest:

As part of the proposal, the Consultant shall also confirm that they do not have a conflict of interest and that they are able to provide an adequate, accurate and objective review.

7. Submission

The final proposals should then be submitted before 7 June 2024 to [**project@catalyticfinance.org**](mailto:project@catalyticfinance.org)

Annex A:

SCF Eligibility Criteria:

1. The project is located in a beneficiary country that signed a Non objection Letter to SCF (country list available [here](#)).
2. SCF Global has received a mandate letter or similar from the relevant subnational authority to develop and seek financing solutions for the project or has evidence from the project proponent that such a mandate will be provided (this can be provided at later stage).
3. The expected total capital contribution by SnCF Global for the project is between USD5,000,000 (five million US Dollars) to USD75,000,000 (seventy-five million US Dollars).
4. The project targets one or more of the following sectors: water and sanitation; restorative agriculture/aquaculture; urban development solutions; waste optimization; renewable energy generation and energy efficiency, including energy efficiency retrofits.
5. The project does not fall under the Exclusion List in the ESMS (see below).
6. ES categorization is B or C:
 - Category A: Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.
 - Category B: Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.
 - Category C: Business activities with minimal or no adverse environmental or social risks and/or impacts.
7. The project is expected to contribute positively to climate action (SDG 13) and positively contribute to at least two other SDGs, such as (but not limited to) SDG improved health (SDG 3), gender mainstreaming (SDG 5), clean water and sanitation (SDG 6), access to clean energy (SDG 7), job creation (SDG 8), sustainable communities (SDG 11), biodiversity (SDG 14 and 15).
8. The project aligns with the Host Country's Nationally Determined Contributions under the Paris Agreement.
9. Preliminary financial analysis yields an attractive expected target gross IRR for the project.
10. The project sponsor is a private or PPP entity seeking an Equity investment.
11. The project is a "greenfield" project where the capital contribution will support new activities, improvements, and constructions.