



UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement

Programa de las Naciones Unidas para el Medio Ambiente

Программа Организации Объединенных Наций по окружающей среде

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TEEB/NO/2014/EOI-UNS

The Economics of Ecosystems and Biodiversity (TEEB)

CALL FOR EXPRESSION OF INTEREST TO PARTICIPATE IN THE EVALUATION OF MAJOR 'EXTERNALITIES HEAVY' GLOBAL INDUSTRY SECTORS

20 March 2014

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The United Nations Environment Programme (UNEP), through its TEEB Office, is looking for technical institutions to participate in the evaluation of major 'externalities heavy' global industry sectors, as part of a project on 'Advancing Natural Capital Accounting'.

Please find enclosed the Terms of Reference (ToR).

In order to participate in the call, please submit your detailed expression of interest, in PDF format, to teeb@unep.org by **23 April 2014 (17:00 CET)**.

All communications and queries related to this call should be sent to this email address and should clearly indicate the application ID (**TEEB/NO/2014/EOI-UNS**) and institution name in the subject title. E-mails should not exceed 8MB.

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Terms of Reference

Background

1. The Economics of Ecosystems and Biodiversity (TEEB) is a global initiative focused on drawing attention to the economic benefits of biodiversity including the growing cost of biodiversity loss and ecosystem degradation. TEEB presents an approach that can help decision-makers recognize, demonstrate and capture the values of ecosystem services & biodiversity. More information is available at <http://www.teebweb.org>.
2. UNEP, through its TEEB Office, has embarked on a project to advance Natural Capital Accounting for governments and businesses, supported by funding from the Government of Norway. Building on existing research, the project seeks to evaluate major 'externalities heavy' global industry sectors. The project overall is to focus on agriculture (namely livestock, maize, rice) and cement and, through this call, is to be extended to two additional, unspecified, sectors.

Tasks to be undertaken

3. All project deliverables are to be finalized imperatively by **31 December 2014**.
4. The objective of the project, as covered by this call, is to deliver an assessment of two major 'externalities heavy' global business sectors. Interested parties may bid for one or both sector evaluations. Proposed sectors should be complementary to known assessments currently underway but not replicate any of these assessments. For each sector, study sites are to be chosen at the discretion of the applicant, but should include at least one developing country.
5. The project will build on the methodological approach of the report *Natural Capital at Risk: The top 100 externalities of business* (Trucost, April 2013) which estimates, in monetary terms, the financial risk from "unpriced" natural capital inputs to production, across business sectors at a regional level¹. By using an environmentally extended input-output model (EEIO), the report also estimates at a high level, how these may flow through global supply chains to producers of consumer goods. It shows that some business activities do not generate a sufficient profit to cover their natural resource use and pollution costs. It argues that businesses and investors can take account of natural capital impacts in decision making to manage risk and gain competitive advantage.
6. Other relevant initiatives of which proposals under this call should not duplicate include:
 - a. Natural Capital Coalition – established in 2012, the Coalition is planning the (1) development of a generic "Protocol" for valuing natural capital in business decision making to enable better measurement, management, reporting and disclosure; (2) the development of sector specific guidance for the food/beverage and apparel sectors; and (3) the conducting of company specific pilot testing².

¹ See <http://www.teebforbusiness.org/how/natural-capital-risk.html>

² See Natural Capital Coalition Request for Proposals, February 2014.

- b. Natural Capital Declaration – a global statement launched in June 2012 demonstrating the commitment of the financial services sector to work towards integrating natural capital into financial products and services. Amongst other things, signatories agree to “Build an understanding of the impacts and dependencies of Natural Capital relevant to our operations, risk profiles, customer portfolios, supply chains and business opportunities” and to “Work towards building a global consensus for the integration of Natural Capital into private sector accounting and decision-making (...)”.
 - c. *Guide to Corporate Ecosystem Valuation*³ (World Business Council for Sustainable Development, 2011) – a framework which enables companies to consider the benefits and value of the ecosystem services they depend upon and impact, giving them new information and insights to include in business planning and financial analysis.
- 7. In addition to a ‘global’ estimate of sector externalities from published research, the project is to look at one *region* too. Evaluating business sector externalities *by region* grounds such exercises in location-specific analysis, and makes methodological assumptions easier to standardize and justify on the basis of regional comparabilities of geological, ecological and social contexts.
- 8. In carrying out the project, the following governance is recommended, although an alternative governance structure may be proposed in the bid submission:
 - a. *Leadership Group*: top companies producing 20%-30% or more of the region/ sector;
 - b. *Financing Group*: Typically half the funding for this exercise would be cash and in-kind support from the businesses themselves;
 - c. *Technical Group*: to investigate and decide: (i) valuation framework; (ii) preferred valuation methodologies for the typical externalities of that sector, addressing typical challenges; and (iii) recommended disclosure norms for businesses from that sector, and to carry out the evaluation of externalities;
 - d. *Peer Review Group*: academicians or established experts to review the results of the report and ensure its independence and quality; and
 - e. *Project Management Group*: including with representatives of UNEP.
- 9. Each assessment will take a differentiated approach by major segments of society such as rural and urban population, developed and developing countries, as well as gender. In this connection, Aichi Biodiversity target 14 is of particular importance. It calls for the restoration and safeguarding, by 2020, of ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.

Travel involved

- 10. No travel is anticipated for this assignment. Any travel of the consultant, for instance to conduct primary research, is to be costed into the proposed budget and organized by the selected technical institution. Extra-budgetary expenses are the responsibility of the technical institution.

³ Available at <http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=104>

Core Values

11. Integrity, Professionalism, and Respect for Diversity are the three core values that have to be upheld by all institutions contracted by the UN.⁴

Documentation to be submitted

12. UNEP invites interested parties to submit their expression of interest covering the above points and include the following in their submission:
- An indication of the sector(s) and region(s) suggested for analysis with due explanation; a methodological and logistical overview of how the project would be carried out; a presentation of expected challenges and how these would be managed
 - A detailed budget, including potential co-financing as indicated in paragraph 8(b) above; bearing in mind that the project is able to contribute approximately USD 100,000 per sector
 - A project timeline, bearing in mind that all deliverables are due by 31 December 2014
 - A governance structure for the project
 - Curriculum Vitae (CVs) of experts who would work on the project
 - Web links to examples of comparable products produced
 - Institution's legal status
 - Contact name and details (direct phone number and email address)

Contact information

13. All communications related to this task should be sent to: teeb@unep.org

⁴ Charter of the United Nations: <http://www.un.org/en/documents/charter/>