

# REQUEST FOR PROPOSALS

---

## INVESTOR EXPECTATIONS ON CORPORATE USE OF NATURE BASED SOLUTIONS

### 1. ABOUT IIGCC

*IIGCC is the European membership body for investor collaboration on climate change. We are an investor-led network of 270 asset owners and managers from 16 countries, representing over €35 trillion in assets. Our mission is to mobilise capital for the low carbon transition and to ensure resilience to the impacts of a changing climate by collaborating with business, policy makers and fellow investors.*

### 2. INTRODUCTION

Nature-Based Solutions (NbS) have been identified as having a vitally important role in addressing climate change despite having numerous implementation and sustainable development challenges. In the IPCC's special report on 1.5°C, all pathways that limit global warming to 1.5°C with limited or no overshoot project the use of carbon dioxide removal (CDR) on the order of 100–1,000 GtCO<sub>2</sub> over the 21st century.

Private sector uptake of natural climate solutions is also growing, with an increasing number of companies across different sectors employing NbS as a decarbonisation lever - with varying degrees of credibility and transparency.

Given the importance of NbS to climate mitigation and adaptation, and their associated risks and challenges, IIGCC has initiated a workstream to inform investor engagement with companies and identify how NbS should be credibly and sustainably deployed by different sectors.

### 3. PROJECT OBJECTIVE

The desired outcome is a working paper to inform investor engagement with companies on NbS. This paper should address two key areas:

- 1. Determine what is plausible:** mapping what quantum of NbS is feasible under different limiting factors (varied academic literature review), technical options, and what emissions abatement role can they play in 1.5C scenarios.
- 2. Allocation of NbS by sector:** Set the ground-rules for companies on where NbS can be used, i.e. a deeper dive into these above sectors where NbS is identified as a viable lever for a company's decarbonisation strategy, setting out strenuous expectations around how they can be used, including the use of third party standards etc.

### 4. SCOPE AND APPROACH

#### Information-gathering process

This project should be mainly conducted through secondary research using available datasets, studies and literature, complemented by primary research to address evidence gaps if necessary,

15/02/2021

and supplemented by interviews with relevant experts, including NGOs and relevant companies across different sectors (maximum 8 companies) as necessary.

## 5. Deliverables

The deliverable should consist of a concise report addressing the components set out below. It should be succinct, clear and in plain English. Visuals (charts, schemes) are preferred over lengthy text but data should be well contextualised.

### 1. Introduction:

- Document purpose: set out the objective of the document, clarify the quantum of NbS feasible and how companies in different sectors can use or invest in NbS
- Context: provide a short history of why this issue has become important (e.g. wave of corporate commitments, initiatives to scale-up their use/market) and how the Paris Agreement frames the role of carbon extraction
- Application: set out how investors will use this document (as an engagement tool with companies)

### 2. Supply: Overview of what Nature Based Solutions are; the potential role they can play in the transition to net zero

*This section should ensure that it includes any assumptions, interdependencies and data issues*

- A summary of how relevant 1.5-degree scenarios (e.g. IEA, IPCC, European Commission) anticipate scaling NbS and their carbon abatement potential
- An assessment of the minimum and maximum level of NbS availability for a 1.5-degree scenario (IPCC/IEA/European Commission)- What NbS amount can be realistically delivered considering different limiting factors. Academic literature review (preferably a review based on as several academic papers)
- A summary table of the types of NbS or land-use based approaches to carbon extraction that can be considered (including covering side benefits) and the carbon abatement potential by type
  - Assumptions of tonnes of CO<sub>2</sub> of abatement potential per sq. Km by tropical forest, mangrove, agricultural crops, alpine/subalpine, boreal, temperate, secondary, swamp) – preferably explained in simple visual way)
  - Abatement potential by type of nature-based project
    - Forest-based (reforestation, afforestation, avoided deforestation, land regeneration)
    - Soil carbon sequestration and biochar
    - Combinations of NBS with other technologies (e.g. BECCS)
  - Cost by type of NbS (approximate global cost or references of specific projects)
    - Investment required per unit of land or unit of CO<sub>2</sub>e abated (e.g. \$M/restored sq.Km of forest or by t CO<sub>2</sub> per sqm)
    - Breakdown of cost (e.g. land purchase, equipment, overhead, maintenance, security, depreciation, water management, other)
    - Total investments required to materialise the CO<sub>2</sub> abatement attributed to climate scenarios (One paragraph is fine).

15/02/2021

- Summary of risks and implications for use of NbS
  - Permanence of sequestered carbon in NbS over time.
  - Clearing land for bioenergy
  - Market controversies (accounting of carbon sequestered, verification of projects)
  - Strain on food supplies
  - Human rights controversies (land rights, communities displacement)
  - Climatic risks (temperature, water demand, fires)

### **3. Legitimacy of demand: NbS allocation by sector and assessment of expected demand in 1.5 degree scenarios**

- Context and discussion on legitimacy
- Under a 1.5 degree scenario, an assessment of which economy-wide emissions will not be technically (or otherwise) possible to reduce to zero by 2050 and therefore which 'hard to abate' sectors will need to make the use of NbS to reduce to net zero by 2050 (including understanding where NbS is integral to the abatement and demand drivers in certain sectors (such as agriculture) and will therefore be used up in these abatement activities).
- Mitigation hierarchy: what frameworks exist for NbS sector allocation. How NbS are integrated into sector transition plans? Are NbS being prioritised over direct emissions reductions?
- Discussion on why not every sector should use NbS as a decarbonisation pathway (excess demand, land use, preference for hard-to-abate sectors, technology availability to reduce direct process emissions in some sectors)
- Assessment of the market balance in the overall climate scenarios between residual emissions potentially requiring offsets and available volume of NbS.
- OPTIONAL: Demand analysis based on existing corporate & public pledges to use NbS. How would that fit with NbS supply?
- Based on this analysis, a prioritisation of sectors according to their legitimacy criteria:
  - Ability to reduce direct emissions through technology
  - Supply chain proximity: AFOLU sector
  - Other

## **6. TIMELINE**

Please see below a suggested timeline for this project. A detailed timeline will be developed and agreed upon after a consultant has been appointed.

- We expect the work to commence in February 2020 and are looking to conclude the project by May/early June. Where data and information are not available in existing literature we recognise that additional time may be required. Where this is the case, respondents should indicate which components of the project may require additional time to complete.

## **7. RESOURCING**

The proposal should indicate the necessary resource to complete the project, broken down by component.

15/02/2021

## 8. HOW TO SUBMIT A PROPOSAL

Please send your proposal via email to Jose Lazuen [jlazuen@iigcc.org](mailto:jlazuen@iigcc.org) and Lucia Graham-Wood [lgrahamwood@iigcc.org](mailto:lgrahamwood@iigcc.org) by close of business **5<sup>th</sup> March 2021**.

Your proposal must include details of proven experience and knowledge of Nature Based Solutions. Examples of previous or similar work is welcome.

## 9. QUERIES

For any questions regarding the project, please contact Jose Lazuen [jlazuen@iigcc.org](mailto:jlazuen@iigcc.org) and Lucia Graham-Wood [lgrahamwood@iigcc.org](mailto:lgrahamwood@iigcc.org).