**(Attachment 1) Terms of Reference**

**GCF Concept Note Development**

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| **Project Title:** | Enhancing climate resilience through sustainable watershed management and agroforestry practices in Timor-Leste (indicative) |
| **Implemented by:** | * National Directorate of Climate Change (NDCC), National Secretariat for the Environment * Asian Forest Cooperation Organization (AFoCO) * International Union for ConservatIon of Nature (IUCN) |
| **Type of Contract:** | Firm/Consultants |
| **Languages required:** | English |
| **Application Deadline:** | 14 November 2023, 23:59 PM (GMT+9, Korea Standard Time) |
| **Duration:** | 21 November, 2023 – 20 April, 2024 |
| **Location:** | Home-based with mission(s) to Timor-Leste |
| **Positions:** | 1. Lead consultant for developing GCF concept note 2. Sustainable finance/innovative finance specialist 3. Environment and Social Safeguards and Gender Specialist |

AFoCO and IUCN are working together to develop a project for Green Climate Fund (GCF) funding. The project “Enhancing climate resilience through sustainable watershed management and agroforestry practices in Timor-Leste (indicative)” intends to restore and rehabilitate forests to protect watershed and reduce natural disasters and increase coffee quality and incomes through ecosystem restoration, infrastructure development, agronomy training as well as fair trade and innovative financing. The proposed interventions will directly contribute to achieving the national priorities of Timor-Leste, including the 1st NDC and National Adaptation Programmes of Action (NAPAs) of Timor-Leste, NDC targets, National Climate Change Policy, National Forest Sector Policy, National Coffee Sector Development Plan and the Ministry of Agriculture and Fisheries Strategic Plan.

The Green Climate Fund was established by Parties to the UNFCCC at its meeting in Cancún in December 2010, and formally launched in 2011 when the Governing Instrument of the GCF was adopted and approved. The GCF is set to become a main international financial institution for the delivery of climate finance in support of mitigation and adaptation activities in developing countries. The GCF is governed and supervised by a Board that has full responsibility for funding decisions. The GCF has a Secretariat with responsibility for the executive management and operations of the Fund. The GCF also has a Trustee in charge of the management of the Fund’s financial assets and financial reporting thereof. In the GCF’s proposal approval process (decision B.07/03), entities accredited to the GCF submits funding proposals to the Secretariat for consideration, with a no-objection from the relevant national designated authority. The Secretariat reviews the funding proposals from accredited entities on a rolling basis and perform second-level due diligence on the proposals.

AFoCO is advertising a consultancy to identify a 1) Consultant to develop a GCF concept note for the aforementioned project in Timor-Leste

1. **PROJECT BACKGROUND**

The project’s objective is to restore/rehabilitate forests to protect watershed and reduce natural disasters and increase coffee quality and incomes through ecosystem

restoration, infrastructure development, agronomy training as well as fair trade and

innovative financing in Timor-Leste.

Timor-Leste faces several pressing challenges:

* Deforestation: The country has experienced a 20% loss in forest cover between 2003 and 2012 due to population growth, leading to land clearance for agriculture, firewood collection, and grassland burning. This has caused issues like floods and soil erosion.
* Agriculture and Agroforestry: Timor-Leste's rugged terrain, poor soil, and unpredictable rainfall make agriculture difficult. Low crop yields impact food security, and agroforestry is a critical approach to balance production and provide various benefits.
* Coffee: Coffee, a significant source of income, faces challenges like low and unstable production, quality issues, and climate change impacts, leading to pests and diseases affecting the sector.
* Water and Climate-Related Disasters: Timor-Leste is highly vulnerable to natural disasters, including earthquakes, tsunamis, cyclones, and floods. Frequent disasters have resulted in damage and loss of life, compounded by a lack of credible disaster-related data.

The problems faced by Timor-Leste will progressively become more threatening for communities as climate change phenomena unfold, this project intervention are therefore expected to address the following needs:

* Increase local communities’ resilience and capacity to adapt to more recurring water shortages caused by both climate change and human mismanagement by adopting sustainable water management practices, building eco-friendly and low maintenance infrastructures, and improving natural watershed management capacity;
* Address soil erosion and deforestation — which intensifies the risk of landslides, threatens sustainable watershed management, boosts greenhouse gas emissions, increases surface temperatures and further reduces rainfall — by reducing illegal and unsustainable deforestation and promoting the reforestation of suitable tree species, as well as promoting sustainable agroforestry and agricultural practices.

**Scope of Work**

The services of consultants/firm to develop Timor-Leste GCF Concept Note are/is required (hereafter referred to as “the Consultant”). The assignment for the Consultant will cover three elements:

1. Gap analysis of the existing concept note (CN);
2. Develop improved CN in accordance with GCF latest CN form; and
3. Gap analysis of assessment/studies requirement to develop GCF funding proposal.

If available, Consultant, NDA, AFoCO and IUCN as the AE will provide any background studies prepared for developing the existing concept note. The Consultants also expected to provide gap analysis report covering further studies, such as gender assessment studies, and activities that might be required by the AE and the project developer.

In performing their tasks, the Consultant will work closely with the NDA, AFoCO and IUCN as the AE as well as the project proponent/s.

**Roles and Responsibilities**

The Consultant will be responsible for the following:

* Conduct technical research and analysis to flesh out project components and all technical sections, particularly on climate rationale and 6 GCF investment criteria of impact potential; paradigm shift potential; sustainable development; country needs; country ownership and cost-effectiveness.
* Calculate emissions from BAU and possible reductions resulting from the project using the same method approved by the relevant government agency
* Strengthen (or re-write) the existing CN. The CN should, at minimum, have below qualities:
* Sound arguments and rationale that demonstrate project alignment with 6 GCF Investment Criteria
* Sound arguments and rationale that demonstrates projects alignment with the Integrated Results Framework (IRMF) and the GCF Strategy 2
* High quality theory of change, project logframe with well-defined indicators, targets, inputs and outputs
* Appropriate implementation arrangement
* Prepare risk register for the project including list of initial risk analysis and mitigation of the project concept
* Prepare preliminary screening of Environmental and Social Risks and also prepare preliminary actions for mainstreaming gender equality
* Describe any potential impacts on indigenous peoples and the measures to address these impacts including advising on the development of Indigenous Peoples Plan at the proposal stage
* Provide information for IUCN ESMS specialist to be able to complete the preliminary ESMS screening
* Conduct barrier analysis on scaling-up agroforestry including coffee plantations financing options, including analysis of existing stakeholders and players in the area;
* Conduct needs analysis in terms of financial products and assets class to be supported, including the level of concessionality required;
* Undertake analysis of options for developing agroforestry financing bankable deals for these technical options and then linking with the financial sector for scaling-up investments from both national and international financing institutions;
* Undertake analysis of options for scaling-up investments from climate investors including blending financing solutions including equity financing for investing in agroforestry. Some of the instruments to be analyzed could include the following:
  + Green bond financing
  + Payment for Ecosystem Services including eco-tourism services and other bundled services
  + Equity financing
  + Guarantees
  + Risk insurance and other insurance solutions for enhancing resilience of communities
  + Debt for Nature Swaps
* Provide recommendations/roadmap on follow-up study to support implementation of the Timor Leste project
* Prepare quality presentations in relation to the project concept note.
* Develop and maintain active coordination, on a day-to-day basis, with AFoCO, IUCN as the AE, project proponents, and the NDA.

1. **DELIVERABLES AND PAYMENT**

**Deliverables**

The following deliverables will be prepared by the consultant and provided to the NDA, AFoCO and IUCN for review.

**Payment**

The price for the service will depend on the qualifications of the expert. The final schedule of payments will be agreed upon in the beginning of consultancy. Payment will be released in three instalments:

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| **Deliverable** | **Timeline** | **Payment** |
| Draft updated Theory of Change and Results Framework and gaps identified for existing concept note | Within 4 weeks | 40% of the total payment |
| Draft concept note for review along with the sustainable financing options identified | Within 10 weeks | 30% of the total payment |
| Final concept note incorporating feedback including power point presentation | Within 12 weeks | 30% of the total payment |
| Addressing feedback from GCF Secretariat on draft concept note submitted Within 16-42 weeks | Within 16-42 weeks |  |

1. **INSTITUTIONAL ARRANGEMENTS**

The consultant will collaborate with the following institutions and persons: AFoCO and IUCN will provide comments, will oversee the Consultants work, if necessary will facilitate communication with stakeholders, and if necessary will provide organizational support for site visits, meetings.

1. **DURATION OF WORK & DUTY STATION**

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| **Contract signature:** | Within 1 week after Consultant is notified of selection |
| **Consultancy services start date:** | **November 21, 2023**  (or as soon as possible counting from the date the Contract due to a Consultancy services will be signed (preferably in the first week on November before the preliminary survey to Timor-Leste) |
| **Duration of Consultancy services:** | **November 21, 2023 - April 20, 2023**  (4 months from the date the Contract due to a Consultancy services will be signed) |
| **Duty station:** | **Home-based, including mission(s) to Timor-Leste**  (The Consultant will be expected to work remotely in close cooperation with the Strategic Planning Team of AFoCO, and is expected to travel to Timor-Leste for 14-20 days for preliminary survey and/or feasibility studies. The travel cost to Timor-Leste will be covered by AFoCO additionally) |