

Call for experts: feasibility study on market potential and drivers of nature-based businesses in Southeast Asia and China

RS Group is looking for a consultant to undertake a market segmentation and market potential/needs analysis of nature-based businesses in Southeast Asia and China.

Background

As the world prepares to cope with an enduring COVID-19 pandemic and resulting crisis, the human population faces an unprecedented opportunity to change the way we eat, live, grow, build and power our lives so we achieve a carbon-neutral, nature-positive economy and halt biodiversity loss by 2030. To get there, a fundamental transformation is needed across three major socioeconomic systems – food, land and ocean use; infrastructure and the built environment; and energy and extractives. These systems together endanger 80% of threatened and near-threatened species but also provide the largest economic opportunity to co-create nature positive pathways.

The food, land and ocean use system shares by a wide margin the biggest burden – with significant threats to nature through logging, livestock farming, and agricultural and forestry effluents into the oceans. At the same time, the food, land and ocean use system represents around USD 10 trillion of GDP and up to 40% of employment globally. Within that broader system, we see a major investment need with five complementary socio-economic transitions that could together place food, land and ocean use on a pathway to sustainable development:

1. Ecosystem restoration and avoided land and ocean use expansion
2. Productive and regenerative agriculture
3. Sustainable management of the ocean and its resources
4. Sustainable management of forests
5. Transparent and sustainable supply chains

Business opportunities associated with these five transitions are gaining traction with leading stakeholders and sustainability-conscious consumers – as well as with private investors globally. Additional opportunities are expected to arise as nascent technologies and new players emerge and markets develop.

Nature-based solutions are an indispensable tool within the broader range of solutions (e.g., switching to nature positive economic models) to address the depletion of natural capital because they can be cost-effective and impact multiple types of natural capital. Reducing greenhouse gas emissions from unsustainable use of nature capital is also critical to limit global warming to 1.5°C threshold. Yet nature-based solutions and associated business opportunities are enormously underinvested – in particular in the Asia region.

The vast majority of private investment funds that have raised capital for nature-based or nature-focused investment strategies are geographically orientated on or even restricted to countries outside of Asia. To unleash more private investment capital into nature-positive businesses in Asia, there is a need to grow the supply of cash flow-generating projects that can be structured to provide risk-return profiles commensurate with investors' expectations.

At the level of the project/company, business model innovation is required for solutions to mature, to boost financial returns, and to better manage on-the-ground stakeholder complexity. Such solutions will face different challenges base on their maturity and rate of return.

To ultimately attract more private capital into nature-based businesses, it is then important to have a supportive ecosystem to help entrepreneurs or project developers build necessary capacity to overcome various challenges, to structure innovative financing instruments and fund solutions in a traditionally bank loan-driven Asian context, and to facilitate the matching of mature projects and investment capital.

The objective of this feasibility study is to understand the market potential of nature-based or focused businesses in Asia across the five socio-economic transitions listed above, laying the ground for targeted interventions through a Nature Venture Builder that creates a supportive ecosystem for the most promising businesses to thrive.

Deliverables

The consultant is asked to provide a robust market segmentation and market/impact potential analysis of nature-positive businesses in Southeast Asia and China. The output will serve as the basis to (i) select business models/ geographies with the biggest market and impact potential and (ii) address key pain points with potential investees operating within these business models/geographies. The specific deliverables include:

- Collection of all data sources used, i.e. scientific/technical/market literature and other documentary sources that have been consulted, and all data created in the framework of this assignment (e.g. survey responses, notes from interviews)
- Report profiling the market segmentation and market/impact potential, written in English language and recognizing the provisional outline below (see Annex)
- Presentation of findings to the project sponsor over a video call.

Qualifications

The consultant shall have the following qualifications:

- advanced qualification or equivalent experience in environmental science, economics or other related fields (minimum: graduate degree)
- at least 5 years' experience in related topics, ideally specifically the assessment of the economic or socio-economic value of ecosystems, economic valuation of ecosystem services and business models based on them
- knowledge and prior work experience on natural capital investing/conservation finance, ideally in the context of Asia;
- excellent analytical and research skills and ability to work and deliver results independently
- strong interpersonal skills and the capacity to develop partnerships with a wide range of stakeholders
- proficient written and verbal proficiency in English

Consultancy duration and terms

The consultancy is expected to take around two months, starting November 9, 2020 and be completed no later than January 12, 2020. Payment will be based on service provision and is subject to the prior production of an original invoice; advance payment can generally not be granted. Travel costs will be covered directly based on the travel request form to be completed by the contractor before the travel.

The consultant will carry out the assignment under the supervision of Posaidon Capital, an advisor to RS Group.

Application procedure

Interested experts with the necessary expertise and proven track record are invited to submit a short proposal (no more than 4 pages in total) to Fabian Huwyler by email to fabian@posaidon.earth and copy to info@rsgroup.asia by November 4, 2020 including:

- Curriculum Vitae of the consultant(s), indicating experience relevant to the subject of this assignment with professional references and areas of specialization/relevant track record
- Technical offer (including proposed procedure, timeline and methodology)
- Financial offer (budget broken down by major activities, specifying the number of days and daily fee of consultants, as well as expenses such as travel, and detailing taxes or exemption thereof).

ANNEX

The consultant is asked to produce the study along the following outline:

- I. State of nature-based businesses in Asia
 - a) analysis of archetypes of nature-based business models in Asia, using the five socio-economic transitions below as the segmentation framework:
 - Ecosystem restoration and avoided land and ocean use expansion (incl. business models based on protected areas, ecotourism)
 - Productive and regenerative agriculture (incl. production of sustainably certified commodities)
 - Sustainable management of the ocean and its resources (incl. sustainable fisheries/aquaculture and other marine harvest, blue carbon)
 - Sustainable management of forests (incl. afforestation/reforestation, forest carbon, other non-timber forest products)
 - Transparent and sustainable supply chains (incl. technology solutions to improve provenance of commodities)

The analysis of business models should include both proven business models (e.g., sustainable timber, agriculture, fishery, tourism) that have potential to scale and disruptive business models (e.g, spatial finance/big data solutions; IoT monitoring technologies; blockchain for increased supply chain traceability; substitution products to nature-based commodities)

The segmentation exercise should list:

- the diversity of business models (including a full list of nature-based businesses found during the feasibility study to be provided in the Annex)
 - the depth of business models (including a heatmap explaining how prevalent different business models are in the Asia context)
 - short case studies of at least one Asian business per each socio-economic transition, explaining (i) the company strategy, (ii) business model, including how positive cash flows are generated through nature, and (iii) positive impact generation on nature, including how this is monitored and measured
- b) illustration of other nature-based business models currently not common in Asia, but with disruption potential across particular countries/the entire region

- c) identification of nature-based business models/geographies (e.g. sustainable aquaculture operation in Vietnam) with the biggest potential for scaling in Asia by 2030. The potential needs to be assessed in a matrix of market potential (i.e. ability to scale and attract significant private sector capital) and impact potential (i.e. ability to positively impact climate mitigation/adaptation/biodiversity conservation and sustainable livelihoods for local communities at scale)
- II. Potential for scaling and replication of nature-based businesses across Asia
 - a) identification of operational challenges (e.g. technical / operational / legal / financial, etc.) at the nature-based company level, segmented according to the stage of the company (pre-seed, seed, growth, late stage)
 - b) elaboration of necessary framework conditions for scaling/replicating the prioritized business models/geographies under I. c)
 - c) analysis of existing landscape of accelerators/incubators/other initiatives supporting nature-based businesses with such business models in Asia
- III. Summary with recommendations for top three business models/geographic focus areas