

## Terms of Reference for the development of a 5-year (2021 – 2026) Business and Financial plan for HCSA

### I. HCSA Background

The High Carbon Stock (HCS) Approach is a methodology that distinguishes forest areas for conservation from degraded lands with low carbon, social and biodiversity values that may be developed. The methodology was developed with the aim to ensure a practical, transparent, robust, and scientifically credible approach that is widely accepted to implement commitments to halt deforestation in the tropics, while ensuring the rights and livelihoods of local peoples are respected.

High Carbon Stock Approach as an organisation has three main roles:

1. **An Approach** - HCSA is an adaptive approach, and not a standard. It provides technical guidance on how to implement No Deforestation commitments through an integrated conservation and land use planning process to generate positive impacts including HCS and HCV forest conservation, sustainable and aspirational livelihoods and responsible development.
2. **Quality Assurance & Monitoring Support** - HCSA provides support for quality assurance of HCS/HCV integrated assessments, ICLUPs and monitoring effectiveness of the Approach to support credible and impactful implementation.
3. **Multi-stakeholder Governance Body** – HCSA’s Steering Group governing body is a multi-stakeholder membership of NGOs, smallholders, companies and technical organisations that provides oversight and governance of the Approach to ensure its scientifically grounded development, it has broad support from working with key actors and stakeholders, and it is practical. This governance and engagement model fosters innovation thought leadership and a growing level of commitment to the HCSA.

See more details about HCSA as an organisation and its HCSA Global Strategic Business Plan (Mid-2018 – Mid-2021) and Theory of Change (until 2030) here.

HCSA was set up as a limited company by guarantee (HCS Ltd) in Singapore in 2016 which will become a subsidiary of the HCSA Foundation<sup>1</sup> soon to be established in the Netherlands (by Q2/2020). A second subsidiary company is planned to be established in Kuala Lumpur, Malaysia by Q4/20.

HCSA needs to explore how it can grow its core revenue to ensure financial stability and growth to meet the needs and adequately support a growing organisation. The HCSA’s core revenue is accrued through HCSA Steering Group annual membership fees which historically has been sufficient to meet HCSA’s operational costs. Support for HCSA’s priority workstreams and toolkit development has been mainly reliant on donors’ support. To ensure greater financial independence and stability, it is important that HCSA explores opportunities to grow and diversify its core revenue income streams. As such, HCSA is planning to develop a HCSA financial plan and to refine its current business plan for the period from 2021 to 2026 to aid HCSA achieve financial growth and stability into the future.

### II. Objective

The main aim of this work is **to produce a comprehensive 5-year business and financial plan** for increasing HCSA’s core revenue streams to ensure HCSA financial health and growth into the future to support its ability

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<sup>1</sup> The establishment of a foundation is intended to enable and expand HCSA’s reciprocity of additional donor’s funds.

to implement its Theory of Change (ToC) and long-term 2030 goals. The business plan should take into consideration and be consistent with HCSA's Global Strategic Business Plan and Theory of Change. Any varying and new proposals should be identified within the recommendations of this plan.

### III. Consultancy Remit

We are seeking a consultant to work in collaboration HCSA's Executive Director, Executive Committee (*EC Governance Stream II and III subgroups*) and experts as required and in consultation with HCSA's Steering Group to produce a **comprehensive 5-year business and financial plan (2021 – 2026)** which will incorporate, but not be limited to, the following activities and components:

#### 1) Membership and Toolkit Services

**Activity:** Produce a comprehensive diagnostic of the services HCSA provides to its members and wider stakeholder group. Benchmark against "like" organisations to see how they raise revenues, and how those business models might apply to HCSA, i.e., multi-stakeholder "approach" body with an international market and identify gaps and emerging market opportunities for such tools as the HCS Approach. This diagnostic analysis should include the following components:

- **Service description** – conduct a review of HCSA current and future services e.g. quality assurance & monitoring; grievance/mediation; map production & support; conservation financing support, service within a 5-year time horizon.
- **Costing and pricing** – review and make recommendations on HCSA's current pricing model for members, for HCSA assessments and for other services such as accrediting training service providers.
- **Quality assurance and control** – review and make recommendations on potential commercial opportunities, e.g., training, capacity building support, etc. linked to HCSA quality assurance overall including the HCS/HCV integrated assessments and Integrated Conservation Land Use Plans.

#### 2) Markets, Clients and Competitors

**Activity:** Produce a market review - and recommendations where appropriate - of where HCSA is positioned in the market currently and where it aims to be, and how it engages with key stakeholders which addresses the following:

- **Market characteristics** – review the current market demand for responsible integrated conservation land-use and no deforestation tools and conduct trend analysis to understand potential future demand
- **Expansion plan** – support the review of HCSA's plans to expand into new geographies and commodities and identify new opportunities
- **Clients - Toolkit User/Members/Donors/Other supporters(partners)** – review HCSA's key client/stakeholder groups including its membership base, toolkit user clients, donors, partners and other stakeholders like communities
- **Competition** – review other integrated conservation land-use planning and no deforestation tools and indicate their strengths and weaknesses in relation to the offer provided by HCSA
- **Positioning** – conduct a review and make recommendations on how HCSA positions itself within the market
- **Market strategy** – based upon the above and in collaboration with HCSA's related task forces and working groups including the Fundraising Task Force, Membership Committee and Quality Assurance working group, make recommendations for a marketing strategy to be developed to best place HCSA in a position from a marketing perspective to achieve its vision

- **Projected growth** – assessment of how demand for HCSA assessments is projected to grow in current and future markets with current and future products and services in mind
- **Risk and Sensitivity Assessment** - conduct a risk assessment and recommend mitigation strategies on HCSA implementing its GBSP, ToC and recommendations linked to this business and financial plan to include but not be limited to: the political/regulatory environment, changes in public opinion, technological changes, law suits, staffing, quality/production problems, subcontracting, market dynamics and managing opportunities.

### 3) Financial Planning

**Activity:** Produce a 5-year financial plan for HCSA

- Provide an analysis of barriers to financial sustainability
- Conduct HCSA financial modelling that includes a review of current financial flows (income and expenditure) and projection of future flows with identified opportunities for new revenues
- Prepare a five-year term cashflow projection with detailed financial and operational assumptions to include potential revenue sources and operational costs. It is expected that the cashflow be subjected to a sensitivity analysis to indicate which financial parameters are integral ensuring the 5-year business and financial plan is resilient.

## IV. Deliverables & Timeline

Output	Timeline
An inception report containing a detailed presentation of methodological components and a table of contents of the final document	5 days after contract is signed June 2020
Summary report on outreach (via interviews, consultative meetings/workshops) to collect input from key collaborators, experts & HCSA members and stakeholders.	June - July 2020
First draft of the business plan to be submitted 10 days after consultation with HCSA collaborators.	August 2020
Final business plan to be submitted not later than 21 days after the draft plan validation meeting with HCSA ED, HCSA EC subgroup members.	Sept 2020

## V. Budget

- Commensurate with experience and expected deliverables.

## VI. Qualifications and skills

- At least 5 years of experience developing business and financial plans preferably with multi-stakeholder and membership organisations and/or not-for-profits linked to sustainability - particularly related to land use conservation and management and related supply chains.
- Demonstrated ability to ensure neutral judgement when conducting interviews, conceptualising, analysing feedback and producing recommendations.

- Excellent verbal and written communication skills with experience in producing formal documentation; fluency in English is a requirement.
- Excellent project planner/manager and time management skills.
- Strategic, holistic, and conceptual thinker with an eye for detail.
- Does not have a conflict of interest (independent/not part of HCSA SG).