



**Terms of Reference**  
**IDH Brazil - Landscapes**  
**Juruena Valley Post Compact Activities**

March 8, 2019

**1. Introduction**

IDH Sustainable Trade Initiative (“IDH”) accelerates and up-scales sustainable trade by building impact oriented coalitions of front running companies, civil society, governments, knowledge institutions and other stakeholders in several commodity sectors. We convene the interests, strengths and knowledge of public and private partners in sustainability commodity programs that aim to mainstream international and domestic commodity markets. We jointly formulate strategic intervention plans with public and private partners and we co-invest with partners in activities that generate public goods.

On basis of these Terms of Reference IDH aims to select a party to conduct **the Juruena Valley Post Compact Activities**:

Across certain landscapes IDH has developed PPI compacts. These are agreements between public, private and civil society stakeholders to make land more productive and improve livelihoods, in exchange for protection of natural resources, most notably forests. Conditional de-risking funds help unlock additional investments in more productive land use, forest protection measures and/or alternative livelihoods for forest dependent communities.

The Juruena Valley PPI Compact was signed and launched on May 10th, 2018, together with local and external stakeholders, delivering a new set of hope for sustainable development in the north-western Mato Grosso state region, hereafter “the Landscape”;; this PPI compact has set several targets for the production, conservation and inclusion pillars.

Through the engagement of different actors both locally and outside the region, IDH expects to bring attention to and to promote the region as differentiated in terms of commodity-sourcing in a sustainable fashion. Investors are also an important target. IDH understands that these efforts should support the exit strategy for the region, making its development bigger and stronger over the years.

IDH reserves the right to update, change, extend, postpone, withdraw or suspend the Terms of Reference, this tender, or any decision with regard to the selection or contract award. IDH is not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant. IDH reserves the right to suspend or annul the Tender Procedure at any moment in time.

Participants cannot claim compensation from IDH, any affiliated persons or entities, in any way, in case any of the afore-mentioned situations occur.



By handing in a proposal, participants accept all terms and reservations made in these Terms of Reference, and subsequent information and documentation in this tender procedure.

## 2. Objectives

The **overall objective** of this project/study is delivering innovation in terms of responsible sourcing for commodities we envision as key to unlocking the region as sustainable sourcing region for products such as beef, cocoa, coffee and timber.

NB. The role of sustainable cattle ranching in the region is clear and for that IDH has launched a co-funded project in the region with São Marcelo and Carrefour, enabling improved calf production in terms of environmental compliance, traceability, land use and genetics.

The **specific objectives** of this project/study are to build a post-compact agenda, based on 5 different themes and 1 specific assignment. They are:

### I. Governance Theme

Under the Governance Theme, the focus is to deliver a good governance for the landscape, aligned with local stakeholders existing frameworks as well as with supply chain actors, buyers and investors requirements.

The Governance theme is linked to all PCI pillars (Production, Conservation and Inclusion) as it delivers the basis for understanding, collaboration and management needed to create an enabling environment for new sustainable market place, apart from a multi-stakeholder forum to further deliberate, plan and act for the landscape.

This theme includes the following activities:

- a) Plan and Implement a governance system for the Landscape
  - Assessment of current status and discussion with local stakeholders on next steps for implementation of the governance system.
  - Implementing the governance system based on an agreed model between local, state and international stakeholders, linked to the Verified Sourcing Area concept, that is being developed by IDH and concept note attached to this ToR as Annex 1.

### II. Environment Theme

The Environmental Compliance theme is already connected with the local PCI Compact targets and needs both actions and specific management approach to move ahead.

The Environment theme is directly linked to the Conserve pillar of the local PCI Compact and should focus on implementing forest code, eliminating illegal deforestation and promoting sustainable forestry production. It also supports the agenda for forest protection under VSA



guidelines as actions IDH is envisioning would deliver environmental compliance and possible deforestation reduction in the region.

This theme includes the following activities:

- a) Support on interface between local actors and SEMA for CAR Registry, Validation and Legal Reserve Compensation
  - Connect demand with supply in terms of CRA linked to sustainable forestry activities.

### **III. Social Theme**

Under the Social theme the focus is to support local stakeholders, mainly landowners, on getting their land title. Land tenure is considered to be one of the key issues in the region and moving ahead with that could bring many positive impacts to the region, in terms of income and job creation.

The Social theme is linked to the 'Include' PCI pillar, where there are currently agreed local targets for land tenure regularization and support for family agriculture production chains, which are the main ones suffering with lack on land title. The social theme work would be aligned with Land Tenure aspects of the VSA agenda.

This theme includes the following activities:

- a) Support on engagement efforts with state land tenure programs such as PMS, as well as connection and interaction with Kadaster and Terra Limpo programs.

### **IV. Market Connection Theme**

The Market Connection theme brings opportunities to further develop local sustainable supply chain opportunities and link that with both national and international committed buyers, thereby aiming to support VSA readiness as a jurisdictional approach agenda. The goal is to help enable an environment for committed buyers to support change on the field, not only through purchase itself but through finance and grant making through foundations and charities.

The Market Connection theme is linked and connects to many different aspects of the PCI agenda, from production to conservation and inclusion, seeking alternatives to promote a more sustainable trade. The Market Connection theme will be a central part of VSA concept development in the region, which was launched by IDH and seeks to develop verified sourcing areas for commodities.

This theme includes the following activities:

- a) Support on VSA readiness in the region with focus on 4 key local commodities.
  - Focus of work on Beef, Cocoa, Coffee and Timber.



**V. Transparency Theme**

Under the Transparency theme the focus will be on developing, together with IDH, a first draft model for Monitoring and Evaluation of progress on the field. It is necessary to work on existing tools and methods already being used by IDH in its programs; aligning that with Juruena Valley reality.

This theme includes the following activities:

- a) Seek alignment on possible M&E framework
  - Work in partnership with IDH and PCI partners to enable transparent monitoring and reporting agenda for PCI Compact;
  - Support communication agency on Juruena Valley content production and further interaction with media outlets / stakeholders on the region progress.

**VI. Specific assignment: activities to support Post Compact implementation**

- a) Support on the development of business cases:
  - Support on engagement and technical information for business case development;
  - Promote a relationship with demand side actors which should source from the landscape;
  - Support the discussion and elaboration of proposals that would bring benefits to the landscape.

**3. Deliverables**

The deliverables of this project/study are:

Deliverables of project	Related Theme	Deadline
1. Operating Juruena Valley Compact Governance system	Governance	August 2019
2. Report on Governance Structure	Governance	August 2019
3. Operating CAR Qualification Structure in the Juruena Valley	Environmental	October 2019
4. Report on Forest Code Agenda Implementation (CAR/ CRA/PRA )	Environmental	October 2019
5. Report on Social theme Development	Social	October 2019
6. Pilot Land Regularization Program in partnership with local/international agencies	Social	October 2019
7. Report on VSA readiness for 4 key commodities in Juruena Valley, focused on markets and VSA concept demands.	Market	January 2020



8. Draft Model for M&E in the Juruena Valley Landscape	Transparency	November 2019
9. Report on Business Cases Development, focused on 4 key commodities and local reality	Activity post compact	January 2019
10. Support on elaboration of proposals for the region, seeking benefits in terms of production, conservation and inclusion.	Activity post compact	January 2019

#### 4. Proposal guidelines

In the proposal, please provide the following:

- a. A succinct, well-documented approach;
- b. A budget with a break-down of salaries, consultants and travel expensed for each activity;
- c. Clear description of the project team, relevant experience of team members and time allocation per team member;
- d. Description of contractors.

#### 5. Selection criteria & procedure

##### Grounds for exclusion

1. Tenderers shall be excluded from participation in a procurement procedure if:
  - a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
  - b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;
  - c) they have been guilty of grave professional misconduct proven by any means which the IDH can justify;
  - d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established, or with those of the Netherlands or those of the country where the contract is to be performed;
  - e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity, where such illegal activity is detrimental to the MFA's financial interests.

Tenderers must confirm in writing that they are not in one of the situations as listed above.

2. Tenderers shall not make use of child labor or forced labor and/or practice discrimination and they shall respect the right to freedom of association and the right to organize and engage in collective bargaining, in accordance with the core conventions of the International Labor Organization (ILO).



**Consultant/Consultancy profile**

The consultant(s) need to have the following experience / knowledge:

1. Extensive experience on building and managing multi stakeholder coalitions;
2. Experience working with local government and public sector;
3. Experience working with a landscape/jurisdictional approach;
4. Experience in commodities supply chains as well as in family agriculture supply chains;

The consultant(s) need to have the following skills

1. Ability to work closely with smallholders, understand and report their challenges;
2. Ability to work closely with local government bodies and producers’ associations;
3. Ability to engage with different kind of stakeholder and manage conflicts;
4. Knowledge on the PCI State Strategy is essential.

**Procedure**

The procedure will be as follows:

- Inviting consultancy companies to present a full proposal based on the TOR;
- Evaluation of the proposals by an evaluation committee consisting of IDH Brazil and IDH Headquarter teams. The evaluation committee will evaluate the proposals on the basis of the exclusion, selection and award criteria as published in these Terms of Reference.;
- Decision by the evaluation committee on selection of consultancy;
- Inception meeting with the selected consultancy company.

Tender process	Timeline
Terms of Reference published	March 11 <sup>th</sup>
Deadline for submission of proposals <sup>[1] [2]</sup>	March 31 <sup>th</sup>
Selection of consultancy	April 1 <sup>st</sup>
Awarding of contract to successful consultant	April 3 <sup>rd</sup>

<sup>[1]</sup> Proposals submitted after the deadline will be returned and will not be considered in the tender procedure.

<sup>[2]</sup> Prior to the submission of the proposal please send via email the last (audited) accounts of the tenderers

IDH will reject offers if any illegal or corrupt practices have take place in connection with the award or the tender procedure.

**6. Evaluation Method**

By the process of elimination or short-listing.

**7. Confidentiality**

The Tenderer will ensure that all its contacts with IDH, with regards to the Tender, during the tender procedure take place exclusively in writing by e-mail to Guilherme Justo via justo@idhtrade.org. The



Tenderer is thus explicitly prohibited, to prevent discrimination of the other Tenderers and to ensure the diligence of the procedure, to have any contact whatsoever regarding the tender with any other persons of IDH than the person stated in the first sentence of this paragraph.

The documents provided by or on behalf of IDH will be handled with confidentiality. The Tenderer will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Tenderer or its engaged third parties will give IDH grounds for exclusion of the Tenderer, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Tenderers will be handled with due care and confidentiality by IDH. The provided information will after evaluation by IDH be filed as confidential. The provided information will not be returned to the Tenderer.

#### **8. Contact information**

Name : Guilherme Justo  
Position : Program Manager Brazil  
Phone : (14) 98198-5011  
Email : justo@idhtrade.org

## Annex 1

# Verified Sourcing Areas

*an IDH developed concept*

### **Securing the supply of sustainable goods at a competitive price and scale**

Sustainability commitments are increasingly topping the agendas of traders, processors, consumer-facing companies, producers and governments. There is a growing demand for sustainability verification across entire supply chains, yet no efficient and inexpensive option currently exists to guarantee supply of commodities that fulfil these commitments at the right volume and cost. Certification schemes and frontrunner companies are leading in sustainability, but struggle to reach critical mass at the same time. Without that critical mass, the world is failing to turn the tide on issues of global concern such as deforestation and poor labour conditions.

Verified Sourcing Areas (VSAs) address exactly these issues: providing large volumes of commodities in line with sustainability commitments at a competitive scale and price, while lifting the base level of sustainability in producing regions. Under this new area-based model, the objective is to create a situation in which it is no longer necessary to verify the sustainability of each producer, silo, mill or commodity individually. This way, sustainability targets related to forest and peat protection, labour, land tenure, governance and transparency can be much more ambitious in scale.

As a business case for this concept, IDH is establishing a direct link between the producing regions and end-buyers. Buying from a VSA contributes to sustainability on the ground and fulfils sustainability commitments in a credible manner. As the global demand for sustainable products grows, VSAs can positively impact regions that have social concerns and problems with deforestation, transforming them into a viable source of sustainable supply.

### **What are Verified Sourcing Areas?**

The VSA model brings together the producing region, supply chain actors and committed end buyers.

In the producing region, a sustainability improvement deal is made between private and public stakeholders at jurisdictional level, e.g. a municipality, district or province. Through such a deal, called a Production, Protection and Inclusion (PPI) Compact, public and private stakeholders agree on priority sustainability topics and targets, the roadmap towards these targets, and the monitoring and reporting system that will measure them. The PPI Compact thereby seeks to



make best use of the strengths of each of the partners involved, making sustainability a joint responsibility between public and private sector.

In the VSA-model, any buyer, trader or interested 3<sup>rd</sup> party will be able to easily assess the producing region's status and progress on key sustainability targets. Progress is monitored and results are published on a regular basis in a Dashboard by an independent party. Through the Verified Sourcing Area-model, committed end-buyers can get a better understanding of the products in their supply chain and improve sustainability with direct support for the producing region.

### **The VSA Performance Standard**

The PPI Compact has a mandatory core, the VSA Performance Standard, which covers five key themes of global concern: forest and peat protection, good governance, labour, land tenure and transparency. Added to the VSA Performance Standard are a separate set of goals and targets that respond to the sustainability priorities in the local context. These local goals and targets may differ from jurisdiction to jurisdiction.

The VSA Performance Standard provides the opportunity to easily monitor the continued progress on the five key sustainability themes and allows comparison across jurisdictions.

### **Benefits of the Verified Sourcing Area model**

The VSA model builds on landscape approaches that are now being piloted widely, bringing these initiatives together and providing a global standard. The VSA model however does not only look at the producing landscapes, but includes supply chain actors and buyers.

The benefits of this approach are many. It proposes a mainstream solution to sustainability challenges. It recognises the benefits of existing certification schemes, their continued relevance to set the agenda for sustainability, and creates impact at a much larger scale, across commodities. It allows for more efficient engagement of end-buyers with producing regions on sustainability issues, ensuring sustainability efforts create maximum impact on the ground where they are needed most, while enabling government to fulfil its own role when it comes to sustainability.



### **Further development of the Verified Sourcing Area model**

Creating the enabling conditions for scaling will be crucial for the VSA concept to work and create a maximum impact on the ground. VSAs need to produce sustainable commodities at significant scale, primarily to ensure costs are low. The ability to reach scale quickly will depend on a number of factors, including developing a system that recognises local efforts to accelerate the creation of an increasingly sustainable environment. Such a system not only looks at a more direct link between the purchasing power of brands and retailers and continuous improvement of sustainability on the ground, but also to broader opportunities such as de-risking investments into the VSA jurisdiction and improving prospects for blended finance.

Another essential step in the development of the VSA model is to develop a supply chain model that allows area based sourcing without destroying competition between producers/processors. The model must be cost and time efficient, able to further scale and work for the entire supply chain. It needs to take into account local and international competition compliance regulations, and make sustainability a pre-competitive, non-negotiable part of the supply chain.

### **IDH's role in creating VSAs**

IDH has developed the Verified Sourcing Area concept in field pilots and through conversations with local and global stakeholders, producers, traders and end-buyers. IDH helps to accelerate and scale sustainability within the international commodity markets and aims to make sustainable commodities such as palm oil and soy mainstream products. Senior experts of IDH will convene the VSA Global Steering Committee and the VSA Global Working Group. IDH will also act as VSA-Secretariat for the further development of the VSA-model and the VSA Performance Standard.