



Terms of Reference
ISLA PROGRAM MATO GROSSO
Benchmarking of SISFLORA, the EUTR, FSC and PEFC

June 21, 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.

In Brazil, IDH is active in the state of Mato Grosso. The state of Mato Grosso is the largest agricultural producer in Brazil, it has a total area of 90 mi ha, with more than 64% of its native vegetation preserved, giving it the quality of a biodiversity hotspot, spanning three biomes: Amazon 47,7 million hectares, Cerrado 36 million hectares and Pantanal 6,3 million hectares. It produces 9% of the global supply of soy, 60% of Brazil's cotton and is the top producer of the country's beef, supplying to both domestic and international markets. Deforestation is 2.485 km² on an annual basis, of which 95 percent is illegal, mainly driven by registered private land registered, 55% and unregistered land, 25%. Related indigenous land and rural settlements deforestation lead to 22%. Through its support to Produce Conserve and Include (PCI) Institute, IDH works with Producers, Government, NGOs and business partners to deliver on sustainable production of soy, beef and timber while protecting and restoring native vegetation.

In Mato Grosso, we work as a part of a landscape coalition of public and private sector stakeholders led by the State's strategy - the Produce, Conserve and Include (PCI) - to address deforestation and forest degradation in the state. The coalition aims to implement the government's green growth plan that is set to avoid 6 gigatons of CO₂ emissions by 2030 while doubling agricultural output. Our role is to:

1. Support an enabling policy and legal framework – including land regularization – for the achievement of the PCI targets;
2. Promote sustainable production of key commodities at scale that meets growing demand and incentivizes sustainable natural resource management;
3. To bring international value chains and investment to the landscape by shaping PCI compacts - an agreement between public, private, civil society (including local communities) and retailers to enhance the sustainability and productivity of land and secure community livelihoods in exchange for forest /natural resources protection in a given sub- landscape.

Preventing deforestation is the key focus of the work in Mato Grosso, hence the program has ongoing partnerships with the 2 key sectors: beef and timber, with Acrimat and CIPEM respectively. CIPEM is



the Mato Grosso State Timber Production and Exportation Industries Center and represents the native timber industry in the state.

CIPEM has the main objective to promote and bring value to the Mato Grosso Timber Sector, strengthening the impact and results that the sector already reached on timber production and management, and building key coalitions to improve sustainability criteria and monitor, and innovate in market approach.

IDH and CIPEM are members of the Produce, Conserve and Include Strategy (PCI), the long-term sustainable development plan of the state of Mato Grosso. The PCI Strategy has, in its Production pillar, targets related to the sustainable management of forests, which comprises the increase of sustainable managed forests from 2,8Mha to 6,0Mha until 2030. CIPEM represents the interests of the private sector related to this target.

Considering the above, and an basis of this Terms of Reference, IDH aims to select a party that conduct a **benchmarking study of the Sisflora¹ Standard, comparing the Sisflora standard to the PEFC Brazil (CERFLOR), the FSC Certification and the EUTR Protocol:** In order to promote the connection between the timber produced under sustainable and responsible practices in Mato Grosso State and the European market.

As background: the scope for the assignment under this Terms of Reference (the benchmarking study of the Sisflora Standard) corresponds to the first step of the following step-wise approach that will be developed with the timber chain in Mato Grosso:

Step 1 – Benchmarking and market research between the Sisflora-MT and the European timber market to recommend a new model for forest management and traceability

Step 2 – Validation with key-players within Mato Grosso and in Europe through workshops and individual meetings

Step 3 – Field Pilot and third-party verification

Step 4 – Development of a good-practices guide for sustainable timber in Mato Grosso

Step 5 – Marketing and communication of the new management and traceability model developed for the timber chain in Mato Grosso

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.

¹ SISFLORA (System of Commercialization and Transportation of Forest Products), integrated with the CCSEMA (System of Registration of Consumers of Forest Products), is a system whose objective is to assist and control the commercialization and transportation of forest products in the Mato Grosso State.



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 assignment is to produce a benchmarking study comparing the local protocols for timber exploration with the standards and certification schemes that are recognized by the European Market. To produce this benchmark, it is important to have a good understanding of the minimum and desirable requirements from European buyers to develop a local forest management and traceability model for timber producers in Mato Grosso.

The specific objectives of this project/study are to compare the Sisflora-MT Standard with:

- The PEFC Brazil (CERFLOR)
- The FSC Certification
- The EUTR Protocol

3. Deliverables

The deliverables of this assignment will be:

Deliverables	Deadline (days after the contract is signed)
1. Detailed project planning and Kick-off workshop with IDH, CIPEM and its partners in Cuiabá-MT having as the minimum content:	
a. Project planning	7 days
b. Identification of the European key-players in the timber market and local players in Mato Grosso that will participate on the interviews and draft questions that will be used with each one	15 days
c. Explanation on the 4 standards that will be analysed (Sisflora, PEFC Brazil, FSC, EUTR) including its use by the timber market (national and international)	15 days
2. Interviews with key-players	
a. Interviews with key-players from European timber market to track the minimum and desirable requirements for timber production in Brazil	45 days
b. Interviews with key-players from Mato Grosso timber industry (producers, public policy formulators, market/industry) to map the possible management and traceability mechanisms in place and what can be improved	75 days

c. Draft report with the result from interviews and recommendations to harmonize the demand from European market and the reality from local producers	90 days
3. Comparison of the Sisflora Standard to PEFC Brazil (CEFLOR)	
a. Gap analysis to the identification all the similarities and differences between both protocols	110 days
b. Critical assessment to indicate which one is more efficient in address its purposes	110 days
4. Comparison of the Sisflora Standard to FSC	
a. Gap analysis to the identification all the similarities and differences between both protocols	110 days
b. Indication of the correspondence between both standards (i.e. assuming 100% compliance with Sisflora Standard, how far is the producer to reach the FSC Standard)	110 days
5. Comparison of the Sisflora Standard to EUTR Protocol	
a. Gap analysis to the identification all the similarities and differences between both protocols	110 days
b. Indication of the correspondence between both standards (i.e. assuming 100% compliance with Sisflora Standard, how far is the producer to reach the EUTR Protocol and what are the assurance requirements)	110 days
c. Recommendations of the necessary adjustments in the Sisflora Standard to meet all the EUTR Protocol requirements	110 days
6. Final report with recommended forest management and traceability model for the sustainable timber production in Mato Grosso	120 days

4. Proposal guidelines, procedure and timeline

The proposal must include the following:

- a. A succinct, well-documented approach on the execution of the services, with minimum 10 and maximum 15 total pages considering the complete proposal size, using font Arial size 11.
- b. A short description of the approach/methodology to be adopted for each one of the 6 deliverables described in item 3 above.
- c. Budget with a break-down of man days/rate per consultant and per deliverable. The budget should be inclusive of VAT and other taxes in case these are applicable to this assignment.
- d. Clear description of the project team, relevant experience of team members and time allocation per team member
- e. Statement of experience (maximum 2-pages) from the organization and from the team members, demonstrating the knowledge and involvement in projects and initiatives aligned with the scope of this ToR.



- f. Mini-CV (1-page each) of the team members that will directly participate in the assignment and at least 3 references per team member.
- g. Written confirmation on Grounds for exclusion as described in chapter 5 – Selection criteria & procedure
- h. Demonstrate compliance to minimum requirements as described in chapter 5 – Selection criteria & procedure

Procedure

The procedure will be as follows:

- Submitting of proposals by consultant before the deadline via email to paranhos@idhtrade.org
- Review of proposals and testing of compliance to the minimum requirements by the evaluation committee
- Review of the proposals based on the selection criteria by the evaluation committee
- Decision on selection of consultant
- Inception meeting with the selected consultancy company on July, 21st, 2019.

Tender process	Timeline
Terms of Reference published	June 21 st 2019
Deadline for submission of proposals*	July 1 st 2019, 17:00 (BRT)
Selection of consultancy	July 8 th 2019
Awarding of contract to selected consultant	July 15 th 2019

* Proposals submitted after the deadline will be returned and will not be considered in the tender procedure.

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

5. Selection criteria

Grounds for exclusion

1. Participants 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 of 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.

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

2. Participants 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).

Consultants must confirm their agreement to the above.

Minimum requirements

The members of the proposed team must have and demonstrate the following experience / knowledge:

- Proven experience with the timber sector in Mato Grosso State
- Proven experience with the timber sectors standards and certification schemes that will be object of this ToR (Sisflora Standard, to the PEFC Brazil (CERFLOR), to the FSC Certification and the EUTR Protocol)
- Proven experience and good connections in the European timber market
- Proven experience with responsible value chains
- Field experience with the implementation of timber sustainable management models

The members of the proposed team must have and demonstrate the following skills:

- Good analytical skills
- Education: Master's degree in forest engineering, environmental science, or related discipline.
- Languages: Fluency in Portuguese and English

Selection criteria

The proposal will be assessed based on the following selection criteria:

Component	Criteria	Max. Grading
1. Proposal	<p>The extent to which the proposal meets the required quality of services, based on the requirements in Chapter 5;</p> <ul style="list-style-type: none">• Quality of the proposed methodology	5

	<ul style="list-style-type: none"> • Time-efficiency and geographical coverage of proposed • Stakeholders' selection and engagement approach; 	
2. Track record and experience	<p>The extent to which the consultant presents the required level of expertise and knowledge, based on the minimum requirements in Section 5:</p> <ul style="list-style-type: none"> • Track-record of the consultancy in developing projects with similar scope • Team composition and experience of the consultants 	5
3. Budget	Best price for the proposed level of quality	5

6. Confidentiality

The Participant 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 Daniela Mariuzzo and Marcela Paranhos via mariuzzo@idhtrade.org and paranhos@idhtrade.org. The Participant is thus explicitly prohibited, to prevent discrimination of the other participants 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 Participant will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Participant or its engaged third parties will give IDH grounds for exclusion of the Participant, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Participant 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 Participant.

7. Contact information

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