

BEYOND CHOCOLATE

Prospectus Call for Proposals

INTRODUCTION

The Beyond Chocolate partnership was signed by the partners on 5 December 2018. The key purpose of “Beyond Chocolate” is to make long-lasting improvements to the living conditions of cocoa farmers and their families in the cocoa-growing regions that are important for the Belgian chocolate sector. The Beyond Chocolate partnership intends to support men and women cocoa growers to support themselves, help their children to go to school, and promote the sustainable use of natural resources. Through the Beyond Chocolate partnership, the cocoa-processing industry, chocolatiers, retailers and other companies active in the Belgian chocolate sector will substantially intensify their investments in the coming years, which is expected to lead to lasting improvements in the living standards and incomes of smallholder cocoa farmers and their families. The sustainable processing of cocoa beans needs to revert to be an attractive business to be in for cocoa growers, and one which does not destroy tropical forests or other natural resources. Ensuring the meaningful participation of local communities in this process is key to its success. Chocolate consumers in Belgium and abroad need to be certain that, just like other quality criteria, the sustainability of Belgian chocolate is guaranteed as much as possible.

Therefore, the Beyond Chocolate partners committed together to ensure reaching the following targets:

A) By 2025 at the latest

1. all the chocolate produced and/or sold in Belgium shall comply with a relevant certification standard and/or shall be manufactured from cocoa-based products covered by a corporate sustainability scheme
2. “Beyond Chocolate” partners shall comply with applicable agreements between governments and companies in the regions included in the Cocoa & Forests Initiative;

B) by 2030

1. cocoa growers will earn at least a living income¹
2. deforestation due to cocoa growing for the Belgian chocolate sector has ended.

The Belgian Ministry of Foreign Affairs, Directorate-General Development Cooperation and Humanitarian Aid has made grants available to co-finance projects proposed and implemented by ‘Beyond Chocolate’ partners. IDH was appointed by the Belgian government to facilitate and manage the co-funding process.

1. According to the “[Living Income Community of Practice](#)” a living income is the net annual income required for a household in a particular place to afford a decent standard of living for all members of that household; elements of a decent standard of living include: food, water, housing, education, healthcare, transport, clothing, etc.





AIM OF THE CALL FOR PROPOSALS

Objective

The objective of this Call for Proposals is to work with partners from the Beyond Chocolate partnership on sustainability projects that improve, innovate, scale or accelerate the effectiveness and efficiency of sustainability initiatives in the Belgian chocolate sector, and therefore contribute to the achievement of both the general and respective individual ambitions in the Beyond Chocolate partnership

Strategy

The co-funding of projects will help the cocoa-processing industry, chocolatiers, retailers, other companies and partners active in the Belgian chocolate sector develop projects that have a positive impact on the Living Income of cocoa farming families and ending cocoa-related deforestation. The projects should lead to self-sustaining business models independent of grant funding.

The co-funded projects should entail sustainability innovations, scaling of activities, acceleration of activities and improvements for the cocoa sector in relation the 2030 Beyond Chocolate ambitions on Living Income, Child Labor, Forced Labor and Deforestation. The best practices and lessons learned should therefore lead to an increased effectiveness and efficiency of sustainability initiatives from the Belgian chocolate sector.

The Call for Proposals targets different parts of the Belgian sector: the larger Belgian couverture makers that lead the majority of the Belgian B2B (business to business) cocoa sector to maximize the sustainability impact as well as the chocolate companies and retailers to target the B2C (business to consumer) market.

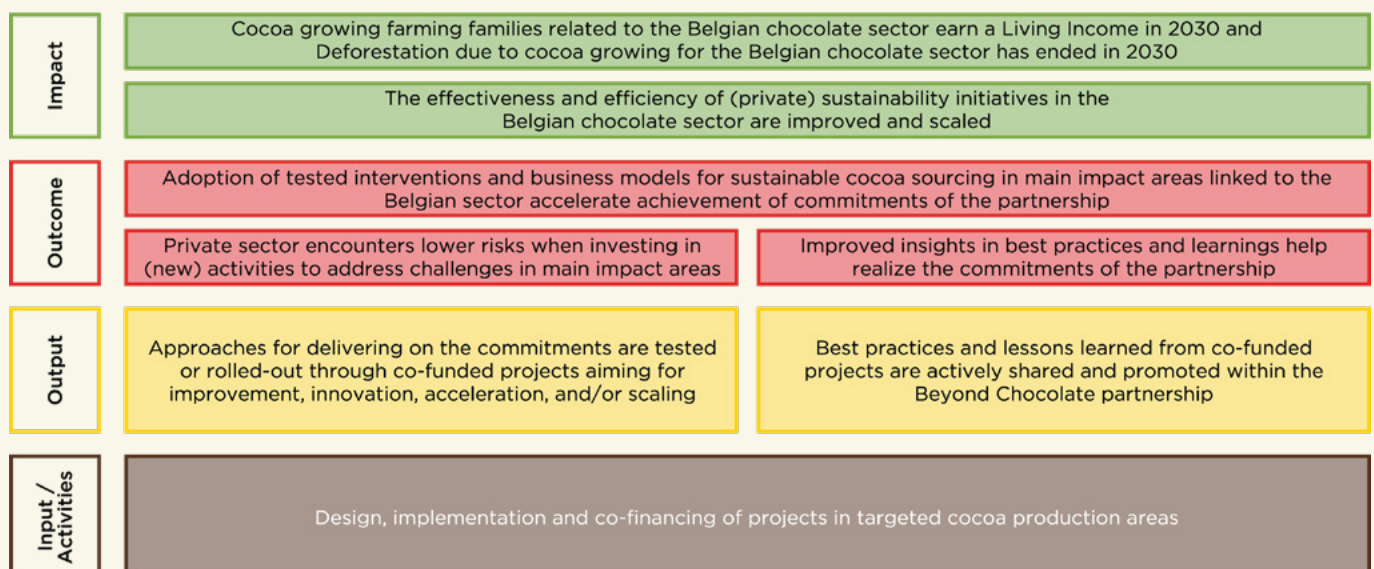
Structure Call for Proposals

The Belgian government has made grants available for a Call for Proposals. This first Call for Proposals is launched on 5 December 2019 and has a total amount of EUR 2 million available for the co-financing of the projects. IDH leads a 3-year sustainability program for the Belgian government that started mid-2019. Considering this duration and the start dates of the projects under this call for proposal, the co-financing funds originating from Belgian government will have to be disbursed in the two first years of the project. In total projects can run up to a maximum of 5 years.

The Call for Proposals is addressed to all signatories of the Beyond Chocolate partnership and the projects should have a demonstrated link with the Belgian cocoa and chocolate sector to be able to contribute to the Beyond Chocolate partnership commitments.

Theory of Change

Value Chain Projects Beyond Chocolate





APPLICATION PROCESS AND SELECTION OF PROJECTS

The projects will be selected by the Project Review Committee in two steps.

First step - concept note (deadline 1 February 2020)

The first step is the submission of a Concept Note of the envisioned project by the project applicant. This serves to assess the eligibility of the project applicant(s) and the general quality and potential for impact of the project.

The project applicant should submit the concept note for the proposed project via the provided template (see annex 2). The concept notes will be assessed and reviewed by the Project Review Committee against the criteria as defined in the eligibility and selection criteria. IDH can reach out to the project applicants for further clarifications. The submitted concept note will either be rejected, or the applicant(s) will be invited to submit a full project proposal. Immediately after the decision the IDH monitoring and evaluation expert will contact the successful applicant(s) and challenge them to further improve the quality of the full project proposals.

Second step – project proposal

The second step is the development of a full project proposal. The selected applicants are invited to submit a full project proposal based on the approved concept note. The proposals will be assessed against the selection criteria by the Project Review Committee. The project proposals will afterwards be evaluated by the IDH Investment Committee based on the criteria mentioned below. However, in the case that certain projects do not meet one or more of the criteria, they may still be scrutinized and selected by IDH, if there are overriding reasons for including them in the portfolio of projects.

Once selected, the Project Review Committee will oversee the implementation and monitoring of the projects.

TIMELINE

CONCEPT NOTE PHASE

Launch:

5 December 2019

Deadline submission concept notes:

1 February 2020

Deadline feedback IDH to applicants:

14 February 2020

FULL PROPOSAL PHASE

Deadline submission full project proposals:

15 March 2020

Approval full project proposals by Project Review Committee:

23 March 2020

Approval full project proposals by IDH Investment Committee:

9 April 2020

CONTRACTING

Finalizing contracts between project applicants:

April/May 2020

IMPLEMENTATION

Implementation projects:

as of May/June 2020



Financing

Payments for the projects will be made after signing the contract with the project applicants. The exact amounts and moments of payments vary per situation. The first payment will be made directly after signing the contract.

Legal aspects

By participating in this procedure, the project applicant declares to unconditionally agree to the contents of these guidelines and its annexes.

IDH is not obliged in this procedure to conclude a contract with a project applicant.

IDH reiterates its right to update, change, extend, postpone, withdraw or suspend the guidelines, the time schedule, or any decision regarding the contract.

No claim for compensation can be made towards IDH, its employees or third parties acting on their behalf, for example in the following cases:

1. not following up on a selection award decision;
2. not concluding the contract;
3. suspension and/or postponement and/or attachment of further conditions to the contract decision; or
4. suspension and/or cancellation of the procedure.

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 call for proposals, 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 and the Project Review Committee. The provided information will after evaluation by IDH be filed as confidential. The provided information will not be returned to the participant.



Duration of projects

The maximum duration of a project is 5 years. The co-financing from IDH will be disbursed in the first two years of the project. IDH expresses the intention to extend its co-funding after the first two years of the project in the event the Belgian Ministry of Foreign Affairs, Directorate-General Development Cooperation and Humanitarian Aid extends and does not materially change its funding to IDH and there are no strategic changes that preclude the continued co-funding of the project. Irrespective of the duration of IDH's co-funding, the project partner is obliged to report on the implementation and overall activities of the project to IDH according to the Guidelines for Planning and Reporting for Implementing Partners (see annex 3).



CRITERIA FOR APPLICATIONS

General guidance

The co-funded projects must all take measurable steps towards closing the gap between current income levels and living income and the realisation of the general and individual commitments of the partners. The maximum duration of the projects should not exceed 5 years. IDH acknowledges that projects of maximum 5 years will not always suffice to completely reach the ambitious Beyond Chocolate 2030 targets. However, successful projects improve, accelerate, scale or innovate² and have a cost-efficient, cost-effective and measurable impact on the Beyond Chocolate's 2030 targets.

Eligibility criteria for applicants

The main applicant for the co-funding of the proposed projects must be a co-signatory to the Beyond Chocolate partnership at the time of application. Non-signatories can be part of the project team or subcontracted by the main applicant, but the project must be managed by a signatory partner.

There is no limit to the number of applicants per project. At least one of the applicants, not necessarily the main applicant, should be a private sector company active in the Belgian Chocolate sector. In case of a consortium of 2 or more applicants, the main applicant will be responsible for signing the contract with IDH and is therefore responsible and liable for the delivery of project outputs and direct outcomes and for complying with project implementation requirements (including monitoring, reporting, evaluation and accountability).

An applicant can be part of multiple projects. If multiple projects of one applicant are selected for co-funding after this call for proposals, the maximum amount of co-funding³ shall never exceed the maximum amount they are entitled to if the applicant would have submitted one project. In the case a project applicant has applied for a higher amount by submitting multiple projects, the Project Review Committee will review the most valuable projects for the program and might reach out to the project applicant to revise its project proposal.

The main applicant demonstrates the strength of the project team, proven track record of project management and demonstrates the technical capacity of the implementing organisation(s) in project management.

At least the main project applicant shall be a legal entity involved in the cocoa supply chain or represents a group of legal entities that are involved in the supply chain. Project applicants may be an individual legal entity or a group of legal entities (coalitions).

The project applicants need to demonstrate that they are directly or indirectly involved in a supply chain that serves the Belgian consumer market. However, the project applicant is not required to be based in Belgium.

The project applicant shall guarantee in writing the absence of unacceptable activities or behaviour, in its activities, in the project and within its sphere of control, included but not restricted to:

- Slavery, forced labour
- Exploitation, abuse, harassment, neglect and bullying in all forms
- Unlawful activities or behaviour
- Bribery and corruption
- Fraud

Should any of the above appear or occur or should there be any suspicions of the above before or during the implementation of the project, IDH shall be entitled to terminate the project agreement immediately without the risk of incurring liability for damages or compensation.

2. The Beyond Chocolate Call for Proposals follows the Belgian Business Partnership Facility (BPF) terminology:

- Product innovation: features, functionalities and performances of products/ services offerings.
- Process innovation: the way the products are made or delivered, e.g. manufacturing, distribution and support of products and services.

3. The maximum amount of co-funding for an applicant that applies for multiple projects is determined by the amount of financial contribution of the applicant in the project with taking the co-funding ratio (33%/67%) into account (e.g. if applicant A submits in Project Proposal X a financial contribution of EUR 200,000, IDH's co-funding to applicant A in project X is considered as EUR 100,000.). The total co-funding amount an applicant is entitled to is never higher than EUR 250,000 as described in 'E. Finance and cost-effectiveness criteria'

Grounds for Exclusion

Applicants shall be excluded from participation in the call for proposals if:

- 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;
- 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;
- they have been guilty of grave professional misconduct proven by any means which the IDH can justify;
- 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 Belgium or those of the country where the contract is to be performed;
- 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 Belgian government's financial interests.

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).

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





Selection criteria

The proposals for projects should comply with the following criteria:

A. Contribution to Beyond Chocolate targets

Proposed projects will take concrete and measurable steps towards closing the gap between current income levels and living income of cocoa growers.

In addition, the proposed projects must contribute to achievement of one or several other objectives of the Beyond Chocolate partnership:

- Halting deforestation as a result of cocoa cultivation.
- Increased focus on protecting biodiversity and/or promoting sustainable reforestation will be considered an asset of the proposal; even more when they focus on Cocoa & Forests Initiative priority regions⁴.
- Improve income and working conditions for cocoa farmers (women and men, including paid seasonal labourers) with a particular emphasis on gender issues and quality schooling (as integral part of or linked to the living income objective).
- Make sustainable crop improvements in the face of environmental challenges such as climate change and biodiversity loss (also as integral part of or linked to the living income objective).

If the projects focus on living income only, they cannot happen in a protected or High Conservation Value-High Carbon Stock forest area, or result in creating adverse social and environmental impacts such as cocoa related deforestation, forest degradation or biodiversity loss. The presence of child labour⁵, modern slavery and human trafficking are to be eradicated in the co-financed projects. The projects should describe their approach around prevention at community level, proactive tracking and remedy of incidents.

B. Traceability at farm level – clear link with the Belgian market

The proposed projects must be aligned with the objective to strengthen supply chain traceability at farm level and create linkages from source to the Belgian cocoa and chocolate market. The projects should to the extent possible align with the traceability systems at country level.



C. Scalability

When scaling is not immediately present at the start of the project, the proposed innovative, acceleration or improvement projects must have a substantiated potential for scalability to the Belgian cocoa and chocolate sector, or even beyond. Proposed projects with a larger potential for scale and probability to scale have a higher chance of being successfully rewarded with a grant.

D. Additionality

The proposed projects must be additional when compared to ongoing or planned sustainability activities in the cocoa sector. With the project proposal, the applicant will explain and document that the proposed project is additional to its already ongoing or earlier planned sustainability projects. To assess the additionality of co-funding the proposed project, IDH uses the eight criteria as defined by The Donor Committee for Enterprise Development (DCED).⁶

4. The 5 CFI priority regions in Côte d'Ivoire are Cavally, Guémon, Nawa, San Pedro, La Mé, 6 Hotspot Intervention Areas identified by REDD+ in Ghana are Bia-Juaboso, Bibiani/Anwianso/Bekwai/S.Wiawso, Asunafo/Asutifi, Ahafo Ano/Antwima Mponua/Nwabiagya, Atiwa/ Dekyembour/East Akim, Kakum

5. The ILO definition can be found here: <https://cocoainitiative.org/our-work/child-labour-in-cocoa/>. The International Cocoa Initiative provides specific info on Ghana and Ivory Coast, see here: <https://cocoainitiative.org/our-work/child-labour-in-cocoa/>

6. https://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf



E. Finance and cost-effectiveness criteria

In principle, the proposed projects should have a minimum budget of EUR 300,000. The minimum amount of co-funding by IDH is EUR 100,000 and a maximum amount of co-funding by IDH is EUR 250,000, in accordance with the funding ratios described below. Projects outside of this range can submit proposals, but a strong argument is needed on why IDH should deviate from this range. Scaling opportunities, collaboration between partners, joining forces in one larger project instead of submitting separate projects, and added value in relation to the ambitions of Beyond Chocolate can be valid arguments in that respect.

The maximum percentage of co-funding from IDH should be 33%; the remainder will have to be paid by the project applicant(s), with a minimum of 67% financing from private sector.

Exceptionally, a co-funding percentage of 50% by IDH may be considered for:

- the additional efforts, supplementing substantial already ongoing/planned efforts of the applicant, that contribute to cost-effectiveness of ongoing/planned sustainability projects in the cocoa sector;
- smaller and highly innovative projects with a substantial potential for subsequent scaling of outcome and insights generated.

The applicant shall guarantee the availability of its own part of the funding of the project.

The cost-efficiency and cost-effectiveness of the proposed interventions must be clearly demonstrated and describe the Return on Investment in terms of numbers of results / outcomes (including farmers reached, size of land protected, etc.).

F. IDH Co-funding exit strategy

The proposed field level activities should be financially sustainable in the long-term. This means that a clear strategy should be defined on the continuation of the proposed project when IDH co-funding has ended.

The IDH co-funding may only be used for costs directly linked to the projects, including maximum 10% overhead costs and excluding fixed assets. The costs for an auditor are not considered as overhead costs.

G. Predefined geography

Proposed projects are only eligible if they mainly focus on Ivory Coast and/or Ghana. However, countries of origin that are important for the Belgian sector⁷ and partner countries of governmental cooperation⁸ can be part of the scope of the proposed projects. The applicant(s) should describe clearly in the application how this relates to the achievement of the Beyond Chocolate partnership goals.

H. Auditability and monitoring, evaluating and learning

A clear Theory of Change should explain how the project will contribute to achieving the sustainability targets. IDH will therefore organise the monitoring and evaluation of the projects in close coordination with the project applicant(s) which requires auditable Key Performance Indicators (KPI's). The project applicant shall define the KPI's related to the proposal in co-creation with a third party responsible for the overall M&E framework of the Beyond Chocolate Call for Proposals.

The proposed projects should create the ability to learn from the projects to support or inform actions of other signatories and have a pre-competitive nature of the project. Therefore, project applicants should be willing to share the learning of the projects. Confidential information will of course be protected, anonymised where deemed necessary, and information sharing will in general be done in consultation with the project applicant.

7. In 2017, the main supplying countries of cocoa beans to Belgium where Côte d'Ivoire (65%), Ghana (10%), Nigeria (6,2%), Peru (5,2%), Ecuador (3,4%), and Dominican Republic (3,2%). (Eurostat, 2018)

8. The 14 partner countries are Benin, Burkina Faso, Burundi, DR Congo, Guinea, Mali, Morocco, Mozambique, Niger, Palestinian Territory, Rwanda, Senegal, Tanzania, Uganda



GUIDELINES FOR REPORTING

The projects will follow IDH's standard reporting cycle. If a project is selected that is proposed by a group of applicants, the main applicant is responsible for the reporting requirements. A more detailed instruction on planning and reporting and the IDH Audit Protocol will be shared when an applicant is invited to prepare a full proposal.

General reporting Planning



Partners of the Beyond Chocolate co-funding program are required to submit semi-annual reports. These reports have two components; a narrative report and a financial report.



Financial report

The financial report is activity based and reports on actual expenditures against budgeted activities. Both budget and actuals are specified per project applicant. A standard financial planning and reporting format will be provided with the Full Proposal Package to applicants that have been selected on the basis of their concept note. The financial report is subject to a financial audit⁹.

Narrative report

The narrative report includes a quantitative KPI report and a qualitative narrative report against targets. For the KPI report a standard planning and reporting format will be provided in the Full Proposal Package.

In the qualitative narrative report, partners will be asked to reflect on the general progress of the project, obstacles encountered and strategies to overcome these obstacles. The applicant(s) will also be asked to reflect on their key learnings.

Funding agreement and IDH general terms and conditions

By handing in a proposal, the project applicant accepts IDH's draft Funding Agreement and IDH General Terms and Conditions (attached hereto as annex 5).

IDH works in compliance with its safeguarding policy and all projects and partners are required to comply with it as well.

⁹. This audit should be conducted by an independent qualified auditor and in compliance to the IDH Audit Protocol, which is issued every year to the grantee. The scope of the audit covers both the grant from IDH as well as the investment by the private sector.

The financial report and audit is on accrual basis, and not on cash basis; any other accounting principles are further clarified in the Audit Protocol.

The costs for the auditor will be for 50% covered by IDH contribution and 50% covered by the applicant's contribution.



PROGRAM GOVERNANCE

The governance structure of the co-financing projects for Beyond Chocolate exists of below bodies.

Program Management Team

The Program Management Team is composed by the IDH Senior Program Manager and the IDH Program Officer that are responsible for overseeing the project implementation, contracting with the project applicants, monitoring of projects and run the secretariat of the Project Advisory Committee, Project Review Committee, and Steering Committee.

Beyond Chocolate Steering Committee

The Steering Committee for the Beyond Chocolate partnership is composed out of representatives from different subsectors that are part of the Beyond Chocolate Partnership. The role of the Steering Committee is to approve strategic proposals prepared by IDH related to the design and implementation of the project criteria and advise on the strategic focus / orientation of the calls for proposals.

Project Advisory Committee

The Project Advisory Committee (PAC) is composed by independent sector experts from private sector and government. The main role of the Project Advisory Committee was to provide strategic guidance to the development of the criteria for the Call for Proposals based on their experience in different aspects of the cocoa and development sector.

IDH Impact Committee

This is a committee of IDH's Supervisory Board, which includes two members of IDH's Board of Directors as well as a number of external experts. The Impact Committee assessed the eligibility and selection criteria for the Call for Proposals. This validation step ensured IDH that the project criteria were not influenced by organizations with a conflict of interest, e.g. organizations wanting to submit project proposals for co-financing.

Project Review Committee

The Project Review Committee (PRC) is composed of the Project Advisory Committee, and three IDH representatives. Their main responsibility is to rank the projects against the defined criteria and monitor the progress of the projects

Following the advice of Beyond Chocolate's Steering Committee IDH can call upon the expertise of experts in its internal and external network and ask for their technical input for the shortlisted project application concept notes in order to improve the quality of the proposals.

IDH Investment Committee

This is a committee of IDH in which only IDH professionals are seated. The IDH Investment Committee is chaired by the CEO of IDH. The Investment Committee will give a final approval to the full project proposals selected by the project review committee.



ANNEXES

Annex 1:

Beyond Chocolate partnership

Annex 2:

Template concept note

Annex 3:

IDH Guidelines for Planning and Reporting for Implementing Partners

Annex 4:

Template Funding Agreement IDH

Annex 5:

IDH General Terms and Conditions for Funding Agreement





