

TERMS of REFERENCE

Access to finance for Ecookim agroforestry producers

13 February 2020

IDH invites eligible consultants / service providers to submit a proposal for the assignment 'Access to finance for Ecookim agroforestry producers'.

These Terms of Reference (ToR) elaborate on the assignment and the proposal requirements as well as the proposal selection procedure. Parties that consider submitting a proposal are requested to carefully read this ToR, as deviation can result in exclusion from further participation in the procedure or their submitted proposal not being selected.

1. Project background

Investments in Land restoration and Sustainable Land Management (SLM) practices are needed to avoid, reduce and reverse land degradation. However, project preparedness can be a major bottleneck for restoration and SLM investment. The LDN Technical Assistance Facility (TAF) was established to help alleviate this bottleneck, and link projects to the LDN Fund¹ and LDN impacts. The LDN TAF can provide grants and reimbursable grants to (potential) LDN investment projects, to improve technical quality, and strengthen environmental and social impacts, so that the investment project meets the LDN Fund investment criteria.

More information on the LDN TAF can be found on:

<https://www.idhsustainabletrade.com/landscapes/ldn-taf/>

The LDN TAF seeks to support Ecookim Coop-Ca (from here on out: Ecookim) on its way to investment readiness.

Ecookim is a union of cooperatives that purchases, processes and exports cocoa beans from around 31.127 smallholder farmers (< 5ha per producer) in the Ivory Coast. Ecookim is currently experiencing continued growth with 39 member cooperatives and 29.586 producers covering an area of approximately 81.750 hectares of cocoa, and 1.541 producers of cashew nuts for 7.500 hectares. Ecookim is looking to develop organic and agro-ecological production through a forest protection framework.

More information on Ecookim can be found on: <http://ecookim.com/>

¹ The Land Degradation Neutrality Fund, copromoted by the UNCCD, is a first-of-its-kind fund investing in profit-generating sustainable land management and land restoration projects that contribute to SDG 15.3. The LDN Fund provides long-term debt and equity financing for sustainable land use projects that avoid, reduce or reverse land degradation. It is structured as a blended finance fund, pooling resources from both public and private investors committed to the goal of stopping land degradation. The LDN Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods, more flexible repayment schedules.

2. Description of the assignment

2.1 Stage 1: Scoping study

a) Objective

The selected consultant will perform a scoping study with the general objective of designing an investment scheme that enables Ecookim to support cooperative farmers' investment in responsible land use to tackle climate change and land degradation.

The specific objectives of the study aim to understand the current financial needs and challenges relating to Ecookim's cooperative members access to finance and to explore available solutions, financial institutions or instruments that are addressing partly or entirely those needs:

Financial status and needs

The consultant will explore the financial situation and financing needs of cooperative members targeted by the Ecookim investment:

- explore investment needs at farm level (smallholders, or group of small holders, mainly Village Loans and Saving Associations – VSLA), for implementing sustainable agroforestry practices, as supported by Ecookim;
- estimate repayment capacities of farmers and VSLAs considering different investment plans and schemes;
- map existing 'access to finance' initiatives available to cooperative members. E.g. the Farm and Coop Investment Program (FCIP).

Explore lending models/structures building on the capacities of Ecookim and other actors in the region

- understand and review the learnings of innovative finance scheme for (cocoa) small holders of local banks and/or cooperatives in Ivory Coast in the last 3 years; especially renovation and rehabilitation (R&R) programs. Description of at least 3 innovative schemes and their suitability for Ecookim;
- evaluate the role Ecookim could take in a credit scheme as credit provider;
- scope the availability of local financial institutions operating in the proximity of Ecookim operations and their potential to play a role in a credit scheme as credit provider, taking into consideration that different actors might be present in different regions Ecookim is operating in;
- explore the role Ecookim could take in case a local financial institution is the credit provider;
- evaluate the risks associated with exchanges rates in context of different lending models/structures and how they can be hatched;
- analysis if the different lending models/structures have the potential to include a carbon credit scheme;
- scope the potential for non-profit organisations (NGOs) operating in the proximity of Ecookim operations to support 'access to finance' to cooperative members from a commercial investor, like the LDN Fund, and in such supporting the transition of the current extensive cocoa value chain to a more sustainable agroforestry-based model;
- Explore the potential to develop Private service delivery Agencies to coach and assist smallholders to ensure effective investment into the farm and for credit recovery at farm level.

Proposed lending structure and next steps

- Analyze the pros and cons of each potential lending model – at least including via
 - i) Ecookim
 - ii) local financial institution

- iii) mix (partially via Ecookim and partially via local financial institution) with a specific structure for this model being proposed.
- point out key challenges and available and potential solutions for a credit scheme;
 - review any regulatory constraints to the potential lending models in Ivory Coast;
 - understand the pros and cons of lending to farmers via local financial institutions and Ecookim in cocoa supply chain in Cote Ivoire.
- provide recommendations on investment program for Ecookim agroforestry producers to become investment ready for LDN Fund.
- Provide recommendations to for next steps for Ecookim, LDN Fund and LDN TAF.

b) Methodology

The methodology should include:

- Desk study for literature review of existing related documents, that will be shared under NDA by the project developer, IDH and LDN Fund;
- Interviews (on-line and off-line) with (potential) partners (in consultation with LDN TAF);
- Analysis of quantitative and qualitative documents/data/opinions collected;

c) Key deliverable

Report of scoping study, including:

- Farmer credit needs and repayment capacity
 - Confirmed credit needs and repayment capacities of farmers for implementing sustainable agroforestry practices, as supported by Ecookim;
- Overview and potential role of different actors
 - Description of the role of Ecookim could take in a credit scheme as credit provider;
 - Overview of local financial institutions operating in the proximity of Ecookim operations and their potential to play a role in a credit scheme as credit provider;
 - Description of potential (temporary) role NGO(s) could play in supporting the business model transition
- Overview potential credit schemes
 - key challenges and available and potential solutions for different credit schemes;
 - regulatory constraints to the potential lending models in Ivory Coast;
 - pros and cons of lending to farmers via local financial institutions and Ecookim;
- Recommendations on investment program for Ecookim agroforestry producers to get access to LDN Fund.

The scoping study report needs to be provided in English and in French.

The report can be presented in PPT format, with figures / data based on clear evidence.

3. Timeline

Assignment Deliverable	Due date
Draft scoping report	May 15, 2020
Final scoping report	June 5, 2020

3. Proposal guidelines

Interested service providers should submit a proposal detailing:

1. Brief presentation of the consultant /service provider and its relevant experience, as well as of consortium partners and/or subcontractors (where applicable). Including a clear description of the project team, relevant experience (including resumes) of team members and time allocation per team member, including their roles and responsibilities.
2. A description of the approach/methodology towards the different parts of the scoping study.
3. A detailed workplan, including timelines for activities.
4. A financial proposal for the activities that will be carried out to achieve the deliverable, including a detailed cost breakdown (e.g. daily staff rates, hours per deliverable/activity, travel costs).

The financial proposal should comply with the following requirements:

- a. All amounts must be stated in Euro, and include VAT and other taxes where applicable;
 - b. The total budget will not exceed **30.000 EUR (including VAT)**.
5. Confirmation that none of the ground for exclusion as stated in paragraph 5 are applicable to the Consultant.

4. Selection procedures

The selection procedure for the winning bid will be as following:

- IDH invites Service Providers to submit their proposal based on this ToR.
- Interested service providers are encouraged to confirm their interest in submitting a proposal, per email, by March 9, 2020 and to submit a proposal to IDH latest **March 15, 2020**. Proposals submitted after March 15, 2020 will not be considered in the tender procedure.
- If there any questions regarding the ToR, the Service Providers can submit these questions by e-mail to Annabel Bol by March 5. Questions and replies will be shared with all Service Providers that have confirmed interest in submitting a proposal.
- The IDH team receives and checks the proposals for completeness.
- The IDH project team may invite the Consultant to present and discuss their bid during a physical meeting or a call.
- The LDN TAF team, in consultation with Ecookim and the LDN Fund, decides on selection of the Consultant.
- An inception meeting is scheduled with the selected Consultant on in the week of March 23, 2020, and the contracting phase is kicked off.

Tender process	Deadline
Terms of Reference published	February 17, 2020
Deadline for submitting questions	March 5, 2020
Deadline for expressing interest	March 9, 2020
Deadline for submission of proposals*	March 15, 2020
Awarding of contract to successful consultant/organization	March 23, 2020
Inception meeting /call	week of March 23, 2020
Contracting	week of March 23, 2020

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

The proposal will be awarded to the Consultant with the most economically advantageous tender. The most economically advantageous tender is determined on the basis of the evaluation criteria of price, quality and efficiency.

Scoring criteria	Weight
Methodology and approach	20%
Qualification of the Service Provider and the Team	50%
Financial proposal	30%

5. General terms and conditions

IDH reserves the right to update, change, extend, postpone, withdraw or suspend the ToR, 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 aforementioned 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.

6. Grounds for exclusion

Service Providers 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.
- f) 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).

Service Providers must confirm in writing that they are not in one of the situations as listed above. IDH will reject offers if any illegal or corrupt practices have taken place in connection to the award or the tender procedure.

7. Confidentiality

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

All information, documents and other requested or provided data submitted by the Service Providers 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 Consultant.

6. Contact information

Annabel Bol

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About IDH Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative, convenes companies, governments, financiers and others in public-private partnerships. Together we drive the design, co-funding and prototyping of new economically viable business models to delink tropical commodity production from deforestation and create shared value for all stakeholders. IDH has a network of over 400 companies, CSOs, financial institutions, producer organizations and governments. IDH works in 12 agricultural sectors and 12 landscapes in over 40 countries to achieve scalable impact on the Sustainable Development Goals. IDH's approaches are designed to drive sustainability from niche to norm in mainstream markets. IDH focuses on creating positive impact on deforestation, living incomes and living wages, working conditions, toxic loading and gender.