

# TERMS of REFERENCE

## Cocoa Agroforestry Business Model

30 April 2020

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 Fund<sup>1</sup> 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. In order to do this, IDH invites eligible consultants / service providers to submit a proposal for the assignment 'Cocoa Agroforestry Business Model'.

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. Assignment background

The governments of Côte d'Ivoire and Ghana and the world's leading cocoa and chocolate companies signed landmark agreements in November 2017 to end deforestation and promote forest restoration and protection in the cocoa supply chain. This new public-private partnership – called the Cocoa & Forests Initiative (CFI) – has been organized by the World Cocoa Foundation (WCF), IDH - the Sustainable Trade Initiative, and The Prince of Wales's International Sustainability Unit (ISU).

Producer organizations like Ecookim in Côte d'Ivoire are looking to promote verifiable actions of their members for a deforestation-free and forest-positive cocoa supply chain. In order to achieve sustainable agroforestry practices in fragmented landscapes, like in Côte d'Ivoire, it is required to:

- i) demonstrate the benefits of cocoa agroforestry to individual smallholders in term of diversification of source of incomes (household economics), livelihood and resilience, and impacts on cocoa productivity;
- ii) adapt trainings to optimize cacao agroforestry systems and reinforce them;
- iii) generate market premium on cacao grown in agroforestry systems through e.g. complementary certification such as Organic that help buyers to recognize efforts made to restore biodiversity and conserve forests.

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<sup>1</sup> 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.

Ecookim is a union of cooperatives that purchases, processes and exports cocoa beans from about 31.127 smallholder farmers (< 5ha per producer) in Côte d'Ivoire. 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 with approximately 7.500 hectares. Ecookim is looking to develop organic and agro-ecological production through a sustainable land use and natural resources protection framework. More information on Ecookim can be found on: <http://ecookim.com/>

Through this ToR the LDN TAF, in collaboration with Ecookim and the LDN Fund, are looking to select a consultant to provide input for and support Ecookim in updating their business plan and financial model to include their agroforestry ambitions.

*Note:*

*IDH has recently selected a consultant which 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 that study are 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. The ToR for that assignment can be found here: <https://www.idhsustainabletrade.com/publication/call-for-proposals-access-to-finance-for-ecookim-agroforestry-producers-in-the-ivory-coast/>*

*The consultants for the two assignments are expected to seek alignment throughout the project period.*

## 2. Description of the assignment

### 2.1 Objective

The objective of the assignment is to develop an approach in how to design fit-for-purpose agroforestry systems for smallholders, in addition to conventional/organic cocoa production. The developed approach is then applied to the situation of Ecookim and used to update their business plan and financial model to includes agroforestry aspects.

#### a) Fit-for-purpose cocoa agroforestry system

The consultant will develop an approach/guidelines on how to design a smallholder farm level fit-for-purpose cocoa agroforestry system which has to take national/regional specific parameters into account (list not limitative):

- Environmental: (local) climate, predicted impact of climate change over time, etc.
- Agronomical: current crops, % shade cover, whether the tree species is known for triggering the swollen shoot disease, ect.
- Economical: local and international market value/marketability of additional crops or other products (e.g. honey), suitability for value-add processing activities, revenues distribution for farmers throughout the year, etc.
- Farm-level: farm type, farm size, age, ambitions/risk perceptions, acceptability by farmers, social importance of the trees/crops, etc.
- Existing/potential local and national legislation and local/national support initiatives

The approach needs to:

- build on farmer segmentation based on cocoa farmers resources (plantation size, varieties, trees ages, soil characteristics, planting density, disease and parasite pressure, landscape environment, (historic) cultural practices, farmer socio-economic conditions, etc.), to provide a framework/decision tree through which service providers can support farmers in the context of a farm development plan towards a fit-for-purpose agroforestry system;
- build on a business case for the farmer;
- take into account how the agroforestry system evolves over time - after 5 years, after 10 years or even beyond 10 years (e.g. competition developing between crops once they reach maturity);
- be applicable for the situation of Ecookim in Côte d'Ivoire.

Cooperative members of Ecookim have been intercropping, amongst others, mango, plantain and timber with cocoa for more than 30 years but often without applying an optimized design. Furthermore, Ecookim's operations is widely dispersed throughout Côte d'Ivoire. The consultant will apply the developed approach/guidelines to the situation of Ecookim and present:

- proposed segmentation of Ecookim cooperative members;
- clear recommendations for fit-for-purpose agroforestry for segmented groups of Ecookim members, taking into account relevant, environmental, agronomical, economical and farm-level parameters;
- farmer business cases for the different farmer segments;
- analyse the feasibility to connect farmer to existing service providers or to new Rural Service Center to access professional rural services to support the transition to a agroforestry system.

#### b) Transition to cocoa agroforestry system

The consultant will describe how the agroforestry recommendations can be translated into a clear action plan for an organisation to supports its farmers to transition to a fit-for-purpose agroforestry system. The approach needs to:

- Show which information is used to derive at an action plan;
- Highlight capacities and skills needed as the organisation provides services to its members (in house and contracted);
- List activities/actions that need be considered by organisations to support farmers in their transition (initial and continuous);
- Differentiate between capacities/skills/actions that need to be taken in the beginning of the transition and later, on a continuous basis.

Based on the recommendations, and in close consultation with Ecookim, the consultant will develop a Transition Action Plan for Ecookim to promote fit-for-purpose agroforestry systems to its cooperative members. The Transition Action Plan needs to include:

- Initial (training) activities required to introduce cooperative members to the pros and cons of transitioning to agroforestry, and description of how the fit-for-purpose agroforestry design tool can support them;
- Overview of continuous (training) activities required to ensure sustainable implementation of the agroforestry system;
- List of (training) materials that need to be updated/prepared<sup>2</sup>;
- Cost estimate (budget) for different activities – initial and continuous.

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<sup>2</sup> The actual development of the training materials is not part of this assignment.

## c) Ecookim agroforestry business model

### **Carbon credits**

The consultant will explore the economic potential of REDD+ carbon credit generation within a VCS/CCB certified cocoa agroforestry project (agroecological component and forests protection/ Cocoa&Forest Initiative). This scoping study will focus on:

- Main requirements for a cocoa agroforestry to qualify for carbon credits and specific requirement for in Côte d'Ivoire;
- Assessment of Ecookim's proposed agroforestry model's potential to generate carbon credits, specifically taking into account the land ownership situation in Côte d'Ivoire;
- Assessment of additional revenue Ecookim/ cooperative members could generate through carbon credits.

Based on the initial assessment, together with Ecookim, the decision will be made whether to include carbon credits in the business plan update at this stage.

### **Payment for ecosystem services**

The consultant will explore opportunities for cocoa agroforestry models to access payment for ecosystems services (PES). This scoping study will focus on:

- PES that could be applicable to the cocoa agroforestry considered for implementation by Ecookim;
- Assessment of potential additional revenue Ecookim/cooperative members could generate through PES.

Based on the initial assessment, together with Ecookim, the decision will be made whether to include PES in the business plan update at this stage.

### **Market premiums**

The consultant will explore the potential for cocoa being produced in fit-for-purpose agroforestry systems to access premiums on the cocoa market currently served by Ecookim or markets consider for in the future. This part of the assignment will focus on:

- Potential of Organic Cocoa and Fair Trade to achieve premiums in the market;
- Examples of buyers paying additional premiums for cocoa, description of circumstances/requirements;
- Assessment of Ecookim being able to access additional premiums.

Together with Ecookim it will be decided which premiums should be considered in the business model update.

### **Diversification of Ecookim operations**

Transition of Ecookim cooperative members to a agroforestry systems presents Ecookim with the opportunity for new income streams. In close consultation with Ecookim, the consultant will:

- Estimate the volume of additional crops produced by Ecookim members through agroforestry;
- Assess the potential for value-add activities for the different crops (e.g. through processing)
- Evaluate local and international market for (processed) additional crops.
- Estimate potential additional income for Ecookim from different crops.

The consultant is expected to support/guide Ecookim in their decision on which additional crops they want to incorporate in their business plan.

### ***Investment needs***

Based on the decision by Ecookim on which additional crops/products they want to include in their business plan the consultant will evaluate investment needs and/or capex requirement for:

- Ecookim to support cooperatives members transition to fit-for-purpose agroforestry (e.g. trainings, nurseries, etc.);
- Value-add activities for/processing of additional agroforestry crops;
- for certified organic cocoa production.

### ***Updated business plan and financial model***

The consultant will support Ecookim leadership to including additional income streams in their business plan and financial model. The update should take into consideration:

- costs of new service offerings to farmers/members, new skills needed;
- new revenue streams (new markets) from selected additional products;
- new investment needs;
- carbon credits (if considered achievable);
- payment for ecosystem services (if considered achievable);
- premiums for organic cocoa and additional premiums (if considered achievable).

### **d) Reflection**

The consultant is asked to give a reflection on the applicability of the additional revenue streams identified for Ecookim, for other “service providers” like coops/umbrella coops like Ecookim that want to make the transition to agroforestry. The focus should be Côte d’Ivoire and the wider West Africa region.

## **2.2 Methodology**

The methodology should at least include:

- Desk study for literature review of existing documents on best-practice/fit-for-purpose agroforestry, farmer segmentation related to smallholder (cocoa) farmers in West Africa, carbon credits, PES and organic cocoa;
- Consultation of CFI stakeholders (e.g. Members of the Agroforestry Thematic Group), WCF, the IDH cocoa team (in consultation with LDN TAF) and certification bodies;
- Close consultation with Ecookim, based in Adidjan;
- Consultation of Ecookim cooperative members (in coordination with Ecookim);
- Consultation with the REDD+ Secretariat in Côte d’Ivoire to clarify how the carbon credits can be generated and claimed;
- Analysis of quantitative and qualitative documents/data/opinions collected.

## **2.3 Key deliverable**

Working language for all parts of the assignment will be French. All final documents need to be provided in English and in French.

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

### ***2.3.1 Fit-for-purpose cocoa agroforestry in Côte d'Ivoire***

**Report/Guidelines on fit-for-purpose cocoa agroforestry in Côte d'Ivoire**, including:

- Approach to farmer segmentation;
- Overview of the main parameters determining the choice for best agroforestry option;
- Approach on how to determine fit-for-purpose cocoa agroforestry model for the different farmer segments, considering location/farm specific parameters;
- Overview of main fit-for-purpose cocoa agroforestry options proposed for Côte d'Ivoire, including the business case to the farmer;
- Reflection of applicability of approach/guidelines in other West African countries.

**Report/Guidelines on company/cooperative support needed by cocoa farmers to transition to fit-for-purpose cocoa agroforestry in Côte d'Ivoire**, including:

- Guidelines on to how to develop a transition strategy and action plan, including overview of data/information, capacities and skills requirements in the beginning of the transition and later on a continuous basis;
- Overview of best practice activities/actions that should be considered by organisations to support the transition.
- Reflection of applicability of approach/guidelines in other West African countries.

The above-mentioned reports will be made public through the LDN TAF/IDH knowledge sharing channels. The consultation, in consultation with the LDN TAF, can decide if one or two separate publications is preferable.

### ***2.3.2 Ecookim agroforestry transition plan***

**Description of Ecookim fit-for-purpose cocoa agroforestry**, including:

- Ecookim farmer segments;
- Implementation guide of fit-for-purpose agroforestry for different farmers segments;
- Farmers business model for different farmers segments;

**Action plan for Ecookim to transition to fit-for-purpose cocoa agroforestry**, including:

- Action plan for transition to fit-for-purpose agroforestry model, including:
  - 'Onboarding' strategy and activities;
  - Activities during transition period (trainings and others);
  - Continuous support activities (trainings and others);
  - Overview of required training materials and other elements needed for the support (e.g. demo plots);
  - Budget estimate for the different action plan elements.

### ***2.3.3 Ecookim agroforestry business model***

**Report describing the different agroforestry aspects that can/could be incorporated in Ecookims business plan**, including:

- Carbon credits
  - Overview of main requirements for cocoa agroforestry systems to be applicable to carbon credits;
  - Assessment Ecookim's proposed agroforestry model's potential to generate carbon credits;
  - Assessment of additional revenue Ecookim/ cooperative members could generate through carbon credits;
  - Next steps necessary for Ecookim to access carbon credits.

- Payment for ecosystem services
  - Overview of opportunities for cocoa agroforestry models to generate additional income through ‘payment for ecosystem services’;
  - Assessment of potential additional revenue Ecookim/cooperative members could generate through PES;
  - Next steps necessary for Ecookim to access proposed PES.
- Market premiums
  - Assessment of potential of cocoa agroforestry models to access additional premiums (organic certification or others);
  - Assessment of potential additional revenue due to accessing premium markets (organic, Fair Trade or others);
  - Next steps that need to be taken by Ecookim to be able to access additional premiums.
- Agroforestry products
  - Estimated volume of selected additional crops that can be sourced by Ecookim from its members;
  - Assessment of potential for value-add activities for additional crops;
  - Evaluation of local and international market for (processed) additional crops;
  - Estimate of potential additional income for Ecookim through product diversification.
- Investment needs
  - Overview of investment needs and/or capex requirement due to transition to agroforestry.

### Updated Ecookim business plan and updated financial model

#### 2.3.4 Reflection

**Note** on the wider applicability of the used approach and the agroforestry specific additional revenue streams for companies/organisation in Côte d’Ivoire and the wider West Africa region.

## 3. Timeline

Assignment Deliverable	Timeline
Draft guidelines on fit-for-purpose cocoa agroforestry and company/cooperative support needed	10 weeks after start assignment
Draft Ecookim ‘fit-for-purpose’ cocoa agroforestry report	10 weeks after start assignment
Final reports	12 weeks after start assignment
Updated business plan and model	14 weeks after start assignment

The proposed timeline should be specific about which aspects of the assignment need ‘on-the-ground’ interaction and which parts / deliverables can be done ‘remote’ through online communication. Together with the consultant the final timeline will agreed on, taking global developments of the Corona virus into account.

### 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 study.
3. A detailed workplan, including timelines for activities.
4. A financial proposal for the activities that will be carried out to achieve the deliverables, 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 **40.000 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 20<sup>th</sup> of May and to submit a proposal to IDH latest 27<sup>th</sup> of May. Proposals submitted after 27<sup>th</sup> of May 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 18<sup>th</sup> of May. 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 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 8<sup>th</sup> of June, and the contracting phase is kicked off.

	Deadline
Terms of Reference published	29 <sup>th</sup> of April
Deadline for submitting questions	18 <sup>th</sup> of May
Deadline for expressing interest	20 <sup>th</sup> of May
Deadline for submission of proposals*	27 <sup>th</sup> of May
Awarding of contract to successful consultant/organization	Week of 8 <sup>th</sup> of June
Inception meeting /call	Week of 8 <sup>th</sup> of June
Contracting	Following awarding of contract

\* 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%

*\* due to the required close collaboration with Ecookim, local presence in Abidjan will be rated high for this assignment*

## 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 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.

## 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 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.
- 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

[bol@idhtrade.org](mailto:bol@idhtrade.org)

### *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.*