

## Terms of Reference

### *Study: Regenerative Agriculture – Business Models and Defining IDH's Value Proposition*

**In our mission to drive systemic markets transformation to improve smallholder farmer and worker livelihoods, and mitigate and adapt to climate change, IDH is preparing to implement an ambitious new 5-year strategy. One of the key solution areas where IDH is looking to further innovate and scale, together with our private sector partners, is regenerative agriculture. As such, IDH is looking for a consultant to conduct a study on business models for regenerative agriculture which contextualizes existing information to IDH's scope of work, to further strengthen the IDH strategy and develop a clear value proposition.**

#### 1. Background

With the turbulent times the world is facing, there is no doubt that the COVID19 virus will have significant impact on our lives and work. And while we're just at the beginning of seeing the effects, many call on business, government and society to use this crisis to make a radical choice for a sustainable future - for the wellbeing of people and the planet we all share. Regenerative agriculture is increasingly seen as a key solution to drive impact on global Sustainable Development Goals (SDGs), for example on ensuring global food security and healthy diets, SDGs 2.2 and 2.3 on advancing sustainable food production systems, and SDG 15.3 on restoration of degraded land and soils and achieving Land Degradation Neutrality (LDN). It is expected that it also strengthens local resilience to future shocks such as is currently being experienced due to COVID19.

IDH delivers public good impacts at scale by focusing efforts on three outcome areas: improved sector governance, change of business practices, and field-level sustainability. We make a substantial contribution to the realization of the Sustainable Development Goals (SDGs) not only through its direct impacts but also through its distinctive way of working together with the private sector in global and regional value chains. We consider markets as our departure point to leverage private sector engagement & investments through our leadership in convening, co-financing and learning & innovation.

As part of our strategic multi-year plan 2021-2025, one of the key intervention pillars IDH is looking to further innovate on and enable scale is regenerative agriculture (as part of a broader package of interventions and solutions), for it has the potential to deliver significant impact on the four key impact areas of IDH's new strategy when scaled: Better Income, Better Jobs, Sustainable Landscapes, and GHG emission reduction and improved storage. For example (non-exhaustive list):

- We promote sustainable agriculture and forestry in selected high-risk production and sourcing jurisdictions based on principles of production, protection, restoration and inclusion. Our Landscape Finance team is dedicated to mobilizing investments and learning around innovative business models and manages Technical Assistance (TA) facilities for Investment Funds that promote inclusive and sustainable land use, including the Land Degradation Neutrality Fund, the AGRI3 Fund and the &Green Fund. A significant portion of these investments is expected to support regenerative agriculture (e.g. agroforestry).
- We also work on closing the living income gap and climate change resilience for smallholder farmers, especially in our Coffee, Cocoa, and Tea programs. For Tea, this also includes plantations. Regenerative agriculture is seen as a way to marry those two impact areas and is gaining traction with the different partners in our programs. Regenerative agriculture is therefore expected to play a significant role.

- Through our Service Delivery Model (SDM) approach we map, innovate and test commercially viable business models that improve smallholder farmer livelihoods. Based on our SDM analyses we provide strategic recommendations to our private sector partners and share learnings with the sector. In turn, TA and investment managers can use the outcomes to strengthen and bring these business models to scale. One of our impact areas focuses on embedding climate-smart agriculture (e.g., weather information services, soil and water management practices, agroforestry) into the companies' strategy and operations, expecting to increase farmer incomes and become more resilient to climate change risk.

IDH aims to further build and demonstrate the business case for regenerative agriculture for different stakeholder groups including (smallholder) farmers, project developers & operators, off-takers, brands, and retailers.

This assignment is intended to allow us to finetune our landscape finance, smallholder and SDM approaches to more effectively test, improve and scale climate-smart and regenerative agriculture-based business models.

## 2. SCOPE OF THE ASSIGNMENT

IDH is looking for a consultant to co-develop a strategic report split into two parts.

**Part 1** focuses on clarifying types of business models for regenerative agriculture that can be considered. It delivers the following:

- 1) Framework/ typology of regenerative agriculture business models developed, based on existing (examples of) scalable production business models<sup>1</sup> for regenerative agriculture<sup>2</sup>, in particular in the sectors of relevance to IDH ([see our website](#)), but also beyond. The framework defines<sup>3</sup> various types of regenerative agriculture within the scope of IDH's work and role. The framework is based on:
  - a. The technical aspects of regenerative agriculture, including different types of regenerative agriculture and what practices are applied compared to more traditional farming models.
  - b. Different business models that can be thought of for different types of regenerative agriculture (following question 1a)  
*Note: Instead of breaking down regenerative agriculture in different sub-categories (e.g. Agroforestry) and subsequently identify business models, another approach could be to assess the commonalities across sub-categories/practices of regenerative agriculture to find the "best practices". This depends on the extent such commonalities exist within sub-categories of regenerative agriculture and it is up to the consultant to make a proposal to IDH.*
- 2) Analysis per type of regenerative agriculture:

<sup>1</sup> Specifically, we are looking to gain insights in the typical costs and benefits associated with different models (based on real-world examples), how these evolve over time, the requirements for scaling (e.g. initial high up-front costs, benefits further down the line), and the consequences of scaling for operational management (e.g. moving from a 100-ha agroforestry pilot to a 10,000 ha agroforestry operation). Additional components can be proposed by the consultant and discussed with IDH upon selection.

<sup>2</sup> See for example: <https://www.foodandlandusecoalition.org/wp-content/uploads/2019/09/Regenerative-Agriculture-final.pdf>, although the consultant is specifically tasked to support IDH in contextualizing this and other reports within IDH's scope of work, envisioned role, and planned strategy.

<sup>3</sup> When defining regenerative agriculture within the scope of IDH's work and role, we would like to align as much as possible with what is widely accepted in the market.

- a. What is the quantified business case (including cash flow and income potential) behind these models for different groups, including, but not necessarily limited to: smallholder farmers, project developers & operators, offtakers, and investors? For example:
    - i. Does regenerative agriculture improve (smallholder) farmer income (or not) and what data already exists that can be leveraged to demonstrate this?
    - ii. What are the implications shifting from traditional farming methods to regenerative agriculture for project developers and operators, offtakers, and investors?
  - b. How do these models affect (reduce or increase) business performance, risk, and social and environmental impact - in particular local resilience -, and under which conditions, as compared to more traditional modes of farming? A reflection of potential trade-offs for different impacts resulting from regenerative agriculture needs to be made as well.
  - c. Related to 2b, what is the carbon sequestration potential of regenerative agriculture models (both positive and negative, and its significance), taking into account both below-ground biomass and soils, as well as above-ground biomass in, for example, agroforestry systems?
- 3) Analysis of the role of key players in the current landscape/sector of regenerative agriculture influence their interest in regenerative agriculture, including identification of which factors strongly enable/push different stakeholders to be engaged or invest in regenerative agriculture.

**Part 2 focuses on providing more depth to some of the presented models and working with IDH on articulating a value proposition. It should aim at answering the following questions:**

- 4) Building on the outcomes of question 2, further unpack the following:
  - a. What do the development/scaling pathways for such models look like and how does it relate to existing farming practices (e.g. intercropping)? (from early stage concept to business at scale)? What are barriers and limits to scale? What are trade-offs between scale and impact?
  - b. What sequencing makes most sense in the design of regenerative agriculture pilots? (e.g. start with the design of the model at scale and work towards it, or learn & extend the pilot by doing?)
  - c. What type of financing is needed at different stages to scale the presented models?

***Please note:*** Part 2 is conditional to satisfactory completion of part 1, and only if additional and necessary for completion of IDH's strategy at that time. As such, IDH will apply a go/no-go moment for the continuation of the assignment in part 2 in the contract with the selected consultant. IDH reserves the right to change the scope of the assignment and will inform participants in a timely manner of such changes.

Throughout the assignment, both part 1 and part 2, the consultant is expected to draw from examples beyond IDH core geographies of concern (primarily the global south) and consider innovations being developed in the United States and Europe. The consultant is also expected to reflect differences, if any, in models/practices/archetypes across geographies or climatic zones.

The output of the assignment is expected to lead to:

- Testing of business models by IDH Business Units and Farmfit in the new 5-year strategy.
- Formulation of an IDH wide strategy on regenerative agriculture that can also be used for fundraising opportunities.

- Clear positioning of IDH in the space of regenerative agriculture.

### 3. SUGGESTED APPROACH

Execution of this assignment is expected to be done through a combination of desk-based research, drawing from existing studies and publications as well as own experience & network, and interviews and workshops with key staff at IDH through digital conferencing tools or in-person to the extent possible considering current and future COVID19 measures in different countries.

The consultant can make additional or alternative suggestions to the approach in their proposal.

### 4. EXPECTED DELIVERABLES

The expected deliverables of this assignment are as follows:

1. Fully edited report, in 2 parts, (in English) in line with the scope of assignment of this Terms of Reference and as agreed upon after the initial kick-off workshop. The report can be in a format of choice by the consultant (e.g. PPT).
2. A PPT slide deck, in 2 parts, summarizing the main outcomes and visual tools.
3. Any graphs, images, and/or visual concepts developed within the scope of this assignment in PPT format.
4. Any raw data collected, as well as calculation sheets developed within the scope of this assignment.

### 6. DURATION AND TIMELINE

#### Procedure

The procedure will be as follows:

- Inviting consultancy companies for presenting a full proposal based on the TOR.
- Evaluation of the proposals by an evaluation committee consisting of representatives from IDH. The evaluation committee will evaluate the proposals based on the exclusion, selection and award criteria as published in these Terms of Reference.
- Decision on selection of consultancy by IDH.
- Inception meeting with the selected consultancy.

Activity	Timeline (all dates in 2020)
Terms of reference published	23 June
Deadline for submission of the technical and financial proposals*	7 July
Evaluation and selection of the proposals	8-10 July
Awarding of contract to successful consultant	13 or 14 July
Kick-off call to further refine the scope	16 or 17 July
<i>The below timeline is an initial estimate. The consultant is encouraged to further specify this timeline and suggest changes to fit the scope of the assignment as outlined in section 2 (e.g. IDH is open to a longer timeline if this is deemed to be more realistic by the consultant. In this case, clear milestones need to be described by the consultant throughout the assignment).</i>	
Agree on work plan and timeline for both part 1 and part 2	By 22 July
<b>Part 1</b>	

Initial desk research/mapping and preparation of interviews and workshops	Until 26 July
Series of interviews with key IDH staff (e.g. across the Landscapes Finance, Coffee, and Farmfit teams, but also with members of the IDH Executive Board and directors of different Business Units)	Until 7 August
Presentation of initial results + draft report	By 12 August
Additional desk research and interviews	Until 18 August
Final presentation	By 19 August
Final report	By 21 August
<b>Part 2</b>	
Reconfirm scope of part 2	By 26 August
Initial desk research/mapping and preparation of interviews and workshops	Until 2 September
Series of interviews with key IDH staff (e.g. across the Landscapes Finance, Coffee, and Farmfit teams, but also with members of the IDH Executive Board and directors of different Business Units)	Until 16 September
Presentation of initial results + draft report	By 21 September
Additional desk research and interviews	By 28 September
Final presentation	By end of September
Final report	By early October

*\* Proposals submitted after the deadline will be returned and will not be considered in the tender procedure unless the deadline for submission of proposals is extended and communicated as such by IDH in writing. The other dates are indicative and not binding.*

IDH reserves the right to change all dates and will inform participants in a timely manner of such changes.

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

## 8. CONTENT OF THE PROPOSAL

Proposals should be submitted in English on 7 July 2020 by closure of business, at [Meulensteen@idhtrade.org](mailto:Meulensteen@idhtrade.org) and [Duurland@idhtrade.org](mailto:Duurland@idhtrade.org).

The consultant should submit a proposal that includes a technical and a financial offer, and clear explanation of the suggested approach. Consultants are encouraged to present different options of work packages, that comply as much as possible with the scope of work of this TOR, but which can fit different timelines and budgets.

The proposal should include:

- The main objectives and the expected results of the project
- Outputs of at least two similar assignments
- Explanation of the understanding of the TOR

- Suggested approach including outline of the final report, data collection and analysis methods and work plan
- The planning against timelines
- Budget and human resources to mobilize
- The CV of the candidate or team of consultants
- References with relevant experiences

## 9. SELECTION CRITERIA

The proposals will be evaluated based on the following criteria:

Component	Criteria
Content	1. The proposal is clear in terms of objectives, approach and expected results
	2. The proposed approach and work plan are appropriate to achieve the expected results
	3. The appropriate tools for the study are proposed
	4. The proposal is realistic in its approach and objectives
	5. The proposed budget is clear, realistic and affordable
	6. The proposed timelines are realistic
	7. The proposal takes sufficient account of the expected challenges
Candidate (consultant or team of consultants)	8. The candidate understands the expected results of the study
	9. The candidate is independent and recognized as credible
	10. The candidate has proven knowledge of regenerative agriculture as a business across a wider range of sectors and geographies.
	11. The candidate is familiar with or has previously worked in a number of lower capacity regions (such as LDCs, SIDS, Africa) and has a thorough understanding of the additional farming business challenges that these regions present
	12. The candidate has proven experience in the subject of public-private partnerships
	13. The candidate has already carried out a similar study within the last five years

The highest or lowest cost bidder may not necessarily be awarded this contract. Overall cost and best value for the budget will be strongly considered. IDH is under no obligation to make a contract award decision or to conclude a contract with a participant as a result of the call for proposals.

### 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 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.

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).

## 10. Confidentiality

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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 Tessa Meulensteen, Program Manager Coffee ([Meulensteen@idhtrade.org](mailto:Meulensteen@idhtrade.org)) and Thomas Duurland, Senior Program Officer and Learning Manager Landscape Finance ([Duurland@idhtrade.org](mailto:Duurland@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.