

Q&A to Terms of Reference: Study: Regenerative Agriculture – Business Models and Defining IDH’s Value Proposition

23rd June 2020 IDH published the Terms of Reference: Study: Regenerative Agriculture – Business Models and Defining IDH’s Value Proposition. Several questions have been raised by interested parties. This document will list those questions and the answers.

Question 1: How will IDH envision the use of this report? Will it be an internal or external document - or a combination of both?

IDH envisions the report to be used mainly internally. The output should enable IDH to:

- Test business models by IDH Business Units and Farmfit in the new 5-year strategy.
- Formulate 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.

Given these objectives, IDH would like to see a report that enables for (parts of it) to be shared with external stakeholders. The requirements for the report are:

- 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).
- A PPT slide deck, in 2 parts, summarizing the main outcomes and visual tools.
- Any graphs, images, and/or visual concepts developed within the scope of this assignment in PPT format.

Question 2: Would IDH like to explore these business models in relation to the Service Delivery Model archetypes? Would it be interesting to explore new archetypes for these farmers, considering that these might present different farming systems?

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 is looking to further innovate on and enable scale is regenerative agriculture (as part of a broader package of interventions and solutions) and therefore we see the outcomes of this study as input for our Service Delivery Model approach.

Question 3: As mentioned in the ToR, most of the current examples are in America or Europe due to the farming systems and commodities. The framework mentioned in point 1) of the ToR would be based partly on current proof of concept and partly based current landscapes identifying key drivers in the farming practices (e.g. agroforestry, water harvesting). Is this correct?

This is correct. IDH is looking for an overview of different regenerative practices that work for scale and present good business models, both in America and Europe, as in other countries. IDH is looking for models that it can learn from, therefore, we are not restricted to IDH landscapes, but would rather like to take on board known examples that work.

Question 4: How many business cases do you expect per model in point 2a?

We are looking for at least one business case per model that is applicable to IDH's core working areas. We are not looking for an exhaustive list of all examples out there but would rather see a logical listing of business cases based on what data is available. In the proposal you can highlight what you think is feasible.

Question 5: Would it be desirable to build upon the FarmFit impact framework to assess social and environmental impact (point 2b)? Considering that regenerative agriculture impact might be broader, including biodiversity, soil health, etc.

We would like to understand the potential impact of regenerative agriculture on different topics including biodiversity, soil health, water capturing capacity, etc. Rather than focusing on a framework upfront, we rather learn about the potential impacts and how they can be showcased and then later link them to a framework.

Question 6: We understand that the rest of the value chain is key to enable the viability of the business case for regenerative agriculture, which is to some extent included in point 2b) of part 1. Would IDH be open to a more value-chain/landscape approach (e.g. broader perspective including additional analysis on certifications, market linkages, landscape initiatives, etc)?

IDH would like to understand the drivers for a successful business case. Therefore, IDH is open to such an approach if these examples turn out to be drivers for success.

Question 7: Point 2c) articulates a question on potential carbon sequestration. Regenerative agriculture impact also includes other impacts such as water capture potential, which in some countries results in innovative approaches to capitalize on these efforts. Would IDH have the appetite to also explore this?

For the business cases we would like to see the full impact, so including impacts such as water capture potential and innovative approaches to capitalize on these if that is one of the drivers of success. The reason to focus on carbon sequestration is that there is quite some ongoing discussion on the carbon sequestration potential of regenerative agriculture.

Question 8: Regarding the sequencing for pilots (point 4b), we believe this would depend very much on the potential cases you could apply this, and that this will be further discussed with the IDH program and landscape managers. Would it be desirable to also help IDH build a pipeline for potential candidates?

IDH is looking for a better understanding of the business case for regenerative agriculture through this study. IDH sees pipeline development for potential candidates as outside the scope of this assignment.

Question 9: On point 4c) would IDH consider looking into different financing sources beyond the conventional IDH approach?

Yes, IDH would be interested to see different financial sources if it is shown that these increase the chance of success for scaling of regenerative agriculture models.

Question 10: Are there specific milestones that we could integrate in the process?

IDH would like to see the consultant define milestones in the process and to come up with ways to meet those. These can be different for the different presented scenarios.

Question 11: What is the significance of the SDGs in this assignment? Would you like to see them as a centerpiece or merely as a communication tool (at a later stage)?

IDH sees the SDGs as a global goal that we are all working towards. The focus of this Terms of Reference is regenerative agriculture business models that can be scaled. However, IDH would find it useful if the link with the SDGs is highlighted in the report. This is, however, not considered the centerpiece of this analysis.

Question 12: What is the envisioned level of effort/budget for this report?

Interested parties are expected to provide a budget estimate in their proposal that allows delivery on the scope of services as outlined section 2. A maximum of 3 scenarios can be included that represent different budget intensity options. In case such scenarios are included it should be clearly

described for each scenario which parts of the scope of services are (not) included. IDH is looking for a consultant that can deliver a proposal of the highest quality and based on this may decide to reduce the scope of the assignment to fit available budget.

Question 13: Format for the proposal: you indicate a maximum of 10 pages, excluding annexes. Is this based on a Word document, and do you prefer that to Powerpoint?

IDH suggests the main proposal to be a maximum of 10 pages (excl. annexes). This is a suggestion for the number of pages as expected in a word document, but the format and the number of pages can be adapted to the consultants preference. IDH is looking for a concise and complete proposal.

Question 14: What "weight" (level of importance) do each of the selection criteria components hold for grading the proposals?

IDH has decided not to weigh the different components of the proposal but is looking for an overall strong proposal including each of the selection criteria.