

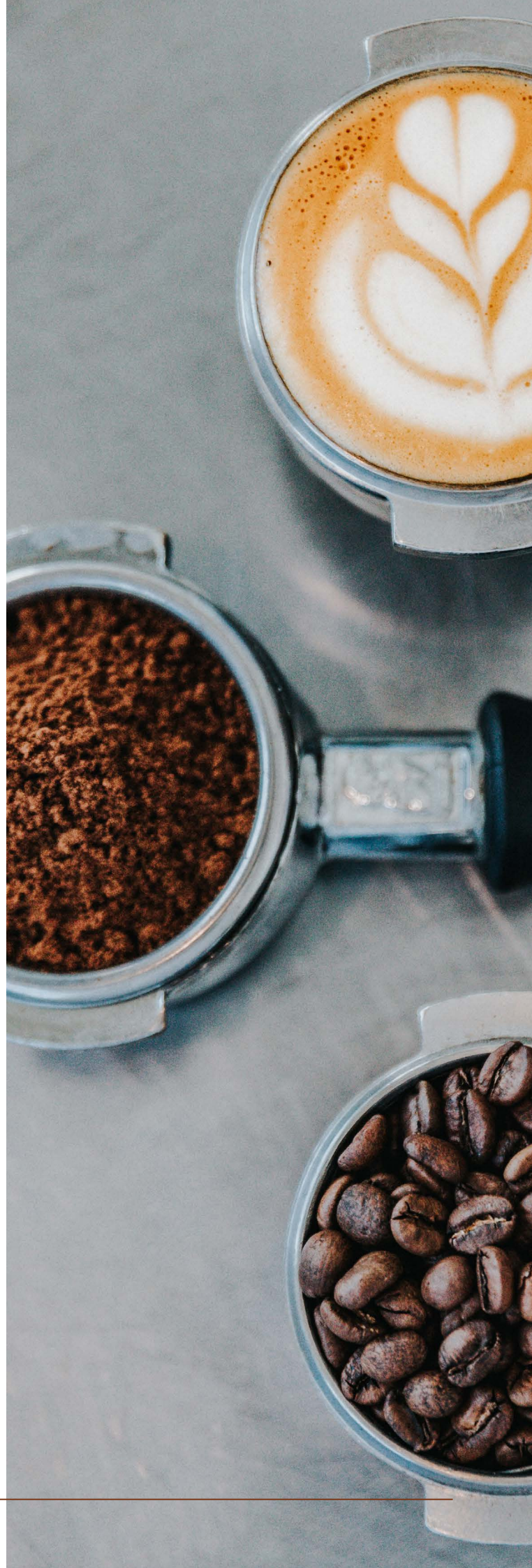
The Community of Interest in Coffee (CIC), SECO and IDH Program to address human rights due diligence through closing living income gaps

CALL FOR PROPOSALS
VERSION 1.1
DATE: 10 MARCH 2022



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Call for proposals

Introduction

The CIC-SECO-IDH Program (the “**Program**”) was formed in 2021. Its objective is to create an action-oriented Swiss coffee sector that goes beyond legal compliance, create a stable coffee supply and ensure economically viable coffee production.

In recent years the coffee sector has been plagued by high price volatility, low farmer incomes and climate change that impact the long-term stability of the sector. New legislative proposals aim to increase transparency through requiring stricter human rights due diligence approaches, starting with a focus on child labour. The Program is launched as a response to the proposed legislation to be married with a long-term vision of addressing human rights issues through closing living income gaps.

The Program’s signatories believe that a long-term outlook and cooperation to address the sector’s issues, specifically on HRDD and income improvement, is key. Evidence shows that a decline in income as well as adverse shocks to agriculture production results in an increase in child labour in farming families¹.

Therefore, the signatories of the Program will approach this in a tactical and strategic manner through the following objectives:

- Tactical: sector cooperation with Swiss coffee sector partners to identify, categorize, document and address human rights risks in supply chain
- Strategic: take a long-term outlook through project implementation in the coffee supply chain towards a living income for Colombian coffee farming households

The Swiss State Secretariat for Economic Affairs (SECO) has made a grant available to achieve these objectives as well as to co-

finance projects proposed and implemented by the Program’s partners. IDH was appointed by the Swiss government as Secretariat of the Program. Colombia has been selected as a focus country for project implementation, because of its relevance for the Swiss sector and the global coffee market. For more information related to living income in Colombia, please refer to the Task Force for Coffee Living Income (TCLI – Annex 3).

The Program runs from 2022-2025 and launches this call for proposals for projects that aim to start in Q3 2022.

Objective

The objective of the Call for Proposals is to work with the Program’s partners on living income projects that improve, innovate, scale or accelerate the effectiveness and efficiency of sustainability initiatives in the Swiss coffee sector, and therefore contribute to the achievement of both the general and respective individual ambitions of the Program. This Call for Proposals document contains technical information about the process and criteria of the Call for Proposals and includes the Annexes 1-7 that form an integral part of this Call for Proposals

The Call for Proposals is addressed to all signatories of the Program. The projects should have a demonstrated link with the Swiss coffee sector.

The Call for Proposals will run from March 14 to June 17.

Projects are expected to start latest in Q3 2022.

For detailed timelines please see page 4 and 12.

¹ https://www.cocoainitiative.org/sites/default/files/resources/ICI_Lit_Review_Income_ChildLabour.pdf

Process



Concept note phase

- To assess the eligibility of the project application and the general quality and potential for impact of the project.
- The project applicant should submit the concept note for the proposed project via a provided template (Annex 1)
- The concept notes will be assessed and reviewed by IDH (as Secretariat of the Program) against the criteria for selection, eligibility and grounds of exclusion.

Full proposal Phase

- Purpose: submit a full project proposal based on the approved concept note.
- Proposal to be assessed against selection and co-funding criteria.
- In the case that certain projects do not meet one or more of the criteria, they may still be selected, if there are overriding reasons for including them in the portfolio of projects.

Contracting & financing

- Contracting will be done by IDH using the IDH Funding Agreement (see Annex 6) and the IDH General Terms and Conditions for Funding Agreements (see Annex 7).
- Payments for the projects will be made after signing the contract with the project applicants. The exact amounts and conditions 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 the following 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. Nothing in this Call for Proposals shall be construed as setting an obligation for IDH to disburse any funds to an applicant. 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. The provided information will after evaluation by IDH be filed as confidential. The provided information will not be returned to the participant

Project concept notes and proposals should be submitted to:
Tessa Meulensteen: meulensteen@idhtrade.org
Marlies Huijssoon: huijssoon@idhtrade.org

Project criteria³

The co-funded projects must all take measurable steps towards closing the gap between current income levels and living income (see Annex 1: Concept Note) and the realisation of the general and individual commitments of the partners.

Projects should be implemented between Q3 2022 and Q3 2025. IDH acknowledges that projects of maximum 3 years will not always suffice to completely reach the Program's targets. However, successful projects improve, accelerate, scale or innovate and have a cost-efficient, cost-effective and measurable impact on Program's ambitions.

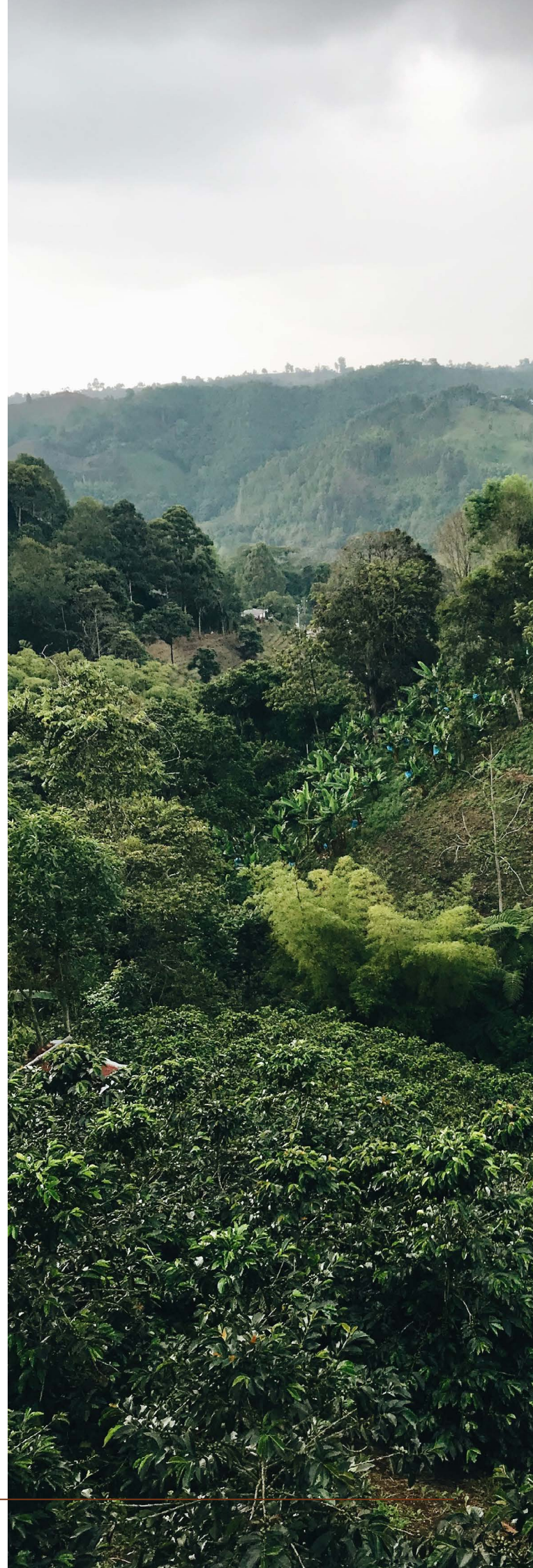
Project proposals are assessed based on different criteria, which are outlined in this document.

**Eligibility
criteria**

**Grounds for
Exclusion**

**Selection
Criteria**

**Co-funding
Criteria**





Eligibility criteria

The proposed project eligibility criteria shall include, but are not limited to:

- The projects should lead to self-sustaining business models independent of grant funding.
 - There is no limit to the number of applicants per project. At least one of the applicants should be a private sector company active in the Swiss Coffee sector.
 - In case of 2 or more applicants, the lead 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, (financial) reporting, evaluation and accountability).
 - The lead applicant for the co-funding of the proposed projects must be a co-signatory to the Program at the time of application. Non-signatories can be part of / subcontracted by the project team or subcontracted by the lead applicant.
 - An applicant can be part of multiple project applications.
 - In case of multiple project partners, the lead 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 lead project applicant shall be a legal entity involved in the Swiss coffee 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 proposed projects need to be implemented in Colombia. Preferred regions for implementation are Huila, Magdalena and Cesar. Other regions can be considered if a strong argument is provided for why this region should be considered.
 - 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 or bankruptcy
- 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.



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 Switzerland 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 IDH core funder's financial interests.

Tenderers shall not make use of child labour or forced labour 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 Labour Organization (ILO). Project applicants must confirm in writing that they are not in one of the situations as listed above.



Selection Criteria

Next to the below selection criteria, the applicants are required to complete the information in the concept note on the applicant's current interventions and service delivery, the project's approach on closing income gaps and available farmer information.

- **Contribution to the Program's targets:** The co-funded projects must all take measurable steps towards closing the gap between current income levels and living income for Colombian Coffee farming families, in accordance with the concept note template (Annex 1) and the Program's Theory of Change (Annex 2). The report of the Taskforce for Coffee Living Income (TCLI) (Annex 3) can be used as background information and inspiration in project development. Project activities on Program's goals related to HRDD in the applicants' supply chain can be included in the project application, but are not eligible for co-funding through the Program.
- **Traceability at farm level:** The proposed projects must be aligned with the objective to strengthen supply chain traceability at farm level and create linkages from source to the Swiss coffee market.
- **Innovation:** proposed projects that test innovative approaches towards income improvement for smallholder farmers have a higher chance of being successfully rewarded with a grant. An innovative approach should be new to any of the project partners at a large scale, and is scalable across the supply chain.
- **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 Swiss coffee 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.
- **Additionality:** The proposed projects must be additional when compared to ongoing or planned sustainability activities in the coffee 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)⁴.
- **Predefined geography:** Preferred regions for implementation are Huila, Magdalena and Cesar. Other regions can be considered if a strong argument is provided for why this region should be considered. There is a preference for proposals that link to existing cooperations and programmes that have a living income scope. This includes but is not limited to the work under the TCLI, the Fairtrade Living Income Reference Price and the IDH landscape program in Huila, Magdalena and Cesar.
- **Auditability and Monitoring, Evaluation and Learning:** the proposed projects need to contain a Theory of Change that explains how the project will contribute to achieving the targets of the Program. 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)⁵. The proposed projects should create the ability to learn from the projects to support or inform actions of other members of the Program⁶.
- **Finance and cost-effectiveness:** see section 'co-funding criteria'
- **IDH co-funding exit strategy:** see section 'co-funding criteria'

⁴ https://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf

⁵ Please refer to the concept note / full proposal templates for a full list of KPIs.

⁶ Confidential information will be protected, anonymised where deemed necessary, and information sharing will in general be done in consultation with the project applicant.



Co-funding Criteria

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 co-funding has ended.
- The 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.

Finance and cost-effectiveness

Project proposals that meet the Program's criteria are eligible for co-funding. As per the eligibility criteria for this call for proposals, there is no limit to the number of applicants for project proposal.

In case of 2 or more applicants, the lead 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, (financial) reporting, evaluation and accountability).

The following general rules apply for co-funding:

- There are no minimum and maximum budgets for proposed projects.
- Applicant(s) can submit and be awarded multiple project proposals under the Program, either as lead applicant or applicant in those projects.
- The applicant(s) shall guarantee the availability of their own part of the funding of the project.
- The proposed projects must clearly demonstrate the cost-efficiency and cost-effectiveness of the proposed interventions and describe the Return on Investment in terms of numbers of results / outcomes.

The maximum percentage of co-funding by the Program is 30%; the remainder will have to be funded by the project applicant(s), with a minimum of 70% financing from private sector partners. Project proposals outside of this range can be submitted, but a strong argument is needed on the reason for deviating from the co-funding percentages.

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

- **Additionality:** additional efforts, supplementing substantial already ongoing/ planned efforts of the applicant, that contribute to cost-effectiveness of ongoing/ planned sustainability projects in the coffee sector;
- **Sector cooperation:** collaboration between private sector partners, joining forces in one larger project instead of submitting separate projects. This can be through forming a consortium of applicants to submit a proposal, or through cooperation with different supply chain partners;
- **Scalability:** Small-scale and highly innovative projects with a substantial potential for subsequent scaling of outcome and insights generated.

Any deviation of the co-funding percentage will be discussed in and approved by The Program's Governance Board.

Scoring and weighing

The below criteria and process for scoring and weighing will be used to assess the project proposals under the Call for Proposals.

Minimum criteria

Project Proposals should meet all the criteria outlined in this Call for Proposals document. Project proposals can be excluded from the proposal review process for the following reasons:

- Project proposals do not fulfil the eligibility criteria;
- Absence of a confirmation in writing that project applicants are not in one of the situations listed under the grounds for exclusion;
- Project proposals are incomplete or miss documentation.

Scoring and weighing

In the full proposal phase, the selection and co-funding criteria are compared and weighed according to the procedure below. This concerns a general outline of the scoring methodology and an explanation how the proposed projects can demonstrate compliance with the evaluation criteria.

Step 1 - Criterion Quality

Evaluation scores will be awarded for each of the components. The evaluation committee will score each component unanimously.

During the full proposal phase, the project proposal will be assessed based on the following selection criteria:

Component	Criteria	Max. Grading	Weighing
1	Contribution to the Program's targets Project proposal outlines measurable steps towards closing the gap between current income levels and living income. Project proposal demonstrates (that it will) use of available IDH tools or other tools / data to inform project design. Project proposal is in line with the Program Theory of Change (Annex 2).	10	15%
2	Traceability at farm level The proposed projects must be aligned with the objective to strengthen supply chain traceability at farm level and create linkages from source to the Swiss coffee market.	10	10%
3	Innovation Project proposal includes an innovative approach towards income improvements for smallholder farmers.	10	12%
4	Scalability Project proposal demonstrates substantiated potential for scalability to the Swiss coffee sector, or even beyond.	10	13%
5	Additionality Project proposal must be additional when compared to ongoing or planned sustainability activities in the coffee sector. The applicant will explain and document that the proposed project is additional to its already ongoing or earlier planned sustainability projects.	10	13%
6	Pre-defined geography Project proposal links to existing cooperation and programmes that have a living income scope.	10	7%
7	Auditability and Monitoring, Evaluation and Learning Project proposal contains a Theory of Change that explains how the project will contribute to achieving the targets of the Program. Project proposal contains clear KPIs that link to achieving the overall targets of the Program (full proposal stage). Project proposal should create the ability to learn from the projects to support or inform actions of other members of the Program (full proposal stage).	10	10%
8	Finance and cost-effectiveness Project proposal clearly demonstrates the cost-efficiency and cost-effectiveness of the proposed interventions and describe the Return on Investment in terms of numbers of results / outcomes.	10	8%
9	IDH co-funding exit strategy Project proposal contains a clear strategy on the continuation of the proposed project when co-funding has ended.	10	12%
	Total	90	100%

Step 2 - Scoring and Weighting

In the full proposal phase, the Governance Board will score each component by assigning scores from 1 to the maximum grading, with the maximum grading representing optimal performance on the component and 1 representing extremely poor performance on the respective component.

In the case that the number of applications under the call for proposals exceeds the available funding for the Program and final scores for project proposals are equal, priority will be based on the total scores that were given for components 1, 4 and 5. The assignment will be awarded to the service provider that has received the highest score for these components. If the evaluation of the components does not lead to a distinction, the score for the component 1 will be decisive. If this does not lead to a distinction, the ranking will be determined by the drawing of lots.

In case of multiple call for proposal rounds, the Governance Board can decide to adjust the weighing of the different components.

Step 3 - Award

Once the Governance Board has decided which project proposals will be selected, a written notification thereof is sent to all parties that have submitted project proposals.

The applicants are contracted using the IDH contracting templates for funding agreements, outlined in the section 'reporting' below.



Reporting

The projects will follow IDH's standard reporting cycle. If a project is selected that is proposed by a group of applicants, the lead applicant is responsible for the reporting requirements (Annex 4).

Partners of the Program are required to submit bi-annual reports. These reports have two components; a narrative report and a (audited) 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 could be subject to a financial audit, in accordance with the IDH guidelines for auditors (Annex 5).

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 (Annex 6) and IDH General Terms and Conditions (Annex 7). IDH works in compliance with its safeguarding policy and all projects and partners are required to comply with it as well.

Annexes

Annex 1
Concept Note template

Annex 2
The Program's Theory of Change

Annex 3
Task Force for Coffee Living Income full report

Annex 4
IDH Guidelines for Planning and Reporting for Implementing Partners

Annex 5
IDH Guidelines for Auditors

Annex 6
IDH template Funding Agreement

Annex 7
IDH General Terms and Conditions for Funding Agreements

Concept note phase:
March 14 - April 22, 2022

Feedback on concept note:
May 6, 2022

Full proposal phase:
May 9 - June 17, 2022

Approval full proposal:
July 1, 2022

Contracting:
July - August 2022

Start projects:
Q3 2022

Project concept notes and proposals should be submitted to:

Tessa Meulensteen: meulensteen@idhtrade.org
Marlies Huijssoon: huijssoon@idhtrade.org

