

Q&A kick-off webinar Call for Proposals

14 March 2022

Call for Proposals process

Will there be other opportunities to ask questions about the call for proposals documentation?

We will organize to Q&A sessions during the concept note phase:

- March 29, 2022, 16:00-17:00 CET
- April 11, 2022, 16:00-17:00 CET

Questions can be e-mailed to Marlies Huijssoon (huijssoon@idhtrade.org) and Tessa Meulensteen (meulensteen@idhtrade.org).

Is there an opportunity to apply to the call for proposals outside of the proposed timeline?

For now, we are only planning one Call for Proposal round. It is possible that another Call for Proposals will be launched later this year, however this depends on available funding and how many projects are contracted in the first round of Call for Proposals.

Is it possible to apply with a consortium of partners?

We very much encourage different supply chain partners and other stakeholders to apply for a project together as a consortium.

One of the partners in the consortium shall be the lead applicant and is responsible for all reporting and contracting under the project. More details on this can be found in the Call for Proposals document.

Can consortia include NGOs?

Yes, under the condition that NGO funding does not count as private sector co-funding.

Is it possible for a company to present more than one project?

Yes. We are interested in a diverse portfolio of projects. This could include more than one project from one company. However, given we are looking for diversity in projects and applicants, we will be looking to cover multiple groups within the awarded projects.

What are the selection criteria and how will they be weighted in the awarding process?

The selection criteria and weighing are outlined in detail in the Call for Proposals document. Different weighing is applied to different criteria.

When and how will I know that my project is selected for the Program?

Deadlines are as follows:

- 22 April, 2022: submit concept note
- 17 June, 2022: submit full proposal
- Aug / Sept, 2022: start projects

After the concept note phase, all applicants will receive feedback whether they are selected for the full proposal phase. They are then requested to submit a full proposal for approval of the governance board. We aim to finalize this approval process in July.

How many projects will be selected?

This depends on the amount of concept notes that come in.

Who is responsible for the selection of the projects?

IDH, as Secretariat of the Program, will be responsible for the selection of the concept notes and check all concept notes against the criteria outlined in the Call for Proposals. During the full proposal phase, all projects will be assessed by the Governance Board, which currently consists of SECO, CIC and IDH.

How does the co-funding principle work? Can we deviate from the co-funding percentage?

For each EUR invested by the Program (public money), the private sector also needs to contribute funding. This is what we call co-funding. The co-funding ratio for the projects is 30% public and 70% private sector funding. This is in line with other coffee programs within IDH.

The private sector funding can constitute of funding of different private sector partners. One of the partners will be lead applicant.

Exceptionally, a co-funding percentage of 50% can be considered for highly innovative projects or consortia of small coffee applications. Conditions for this are outlined in the Call for Proposals and the concept note must provide strong arguments for why a deviation from normal co-funding ratios is needed.

What do you expect to be the average size of a project, and how much funding is available?

Around 500k EUR funding is available from the public sector. This needs to be co-funded by private sector. We expect projects to be around 200k-600k total value.

What counts as co-funding? Can this be in-kind contribution?

Co-funding can be in-kind, but the preference is that the majority is cash-funding. We acknowledge that for some actors it is not possible to put in a lot of cash co-funding, so we do accommodate some in-kind funding to be part of this. In-kind funding can only be considered if it is project specific, not business as usual.

Living Income

Why have you chosen to address child labour through a living income approach?

Understanding context and factors contributing to child labour is key.

- When income decreases, child labour increases in almost all cases.
- Increased income, in majority of cases leads to reduction in child labour, but effects are contextual.
- Adverse shocks to agricultural production always cause an increase in child labour.

As part of the living income approach, we work not just to increase farmer incomes, but also stabilize incomes and make household incomes more equitable. In the long-term, strategic outlook, it is key to consider the concept of living income as a long-term solution to mitigate human rights risks and child labour.

How will you measure the closing of the living income gap?

The program sets out to measure:

- Increase of income at the household level
- Closing of the living income gap in % for different archetypes of coffee and segments of coffee farmers

The M&E plan for the Program is currently being drafted, including an approach on measuring the closing of the gap. The Program will make use of existing tools and data as much as possible. Partners that are interested to cooperate on this are welcome to reach out to Marlies Huijssoon: huijssoon@idhtrade.org.

Where can I find more information on living income?

Please consult the following websites for more resources on living income:

- [Strategy Handbook: Task Force for Coffee Living Income \(TCLI\)](#)
- [Website Living Income Community of Practice](#)
- [IDH Roadmap on Living Income](#)

Annex 1 to the concept note template also contains detailed explanation on how to incorporate a living income approach into project design. In case of further questions, please reach out to Marlies Huijssoon: huijssoon@idhtrade.org.

How are you taking into account the Fairtrade Living Income Reference price?

The Fairtrade Living Income Reference Price is a tool that can be used by project applicants for integrating the driver on price into the project proposals. This is not mandatory, but the methodology could provide guidance to project applicants.

How do you view the living income targets in light of the current high coffee price?

The purpose of the Program is to address the concept of living income as a long-term solution to mitigate human rights risks. Although current coffee prices are high, the coffee market is volatile in nature. It typically works on sudden increases in price, but then long periods of declining prices. Our aim to ensure that farmers can reach a living income over a long period of time, in periods of high and low prices.

Keeping the tactical and strategic approach in mind, the Program aims to address the long-term impact of pricing and coffee farming practices on farmer household income. The impact of a stable, long-term income increase for coffee farmer households is influenced by a mix of factors. These are the 5 drivers of income: land size, yield, cost of production, price and other forms of income. Price is therefore not the only driver that we are looking to address.

How will the program / working group link and relate to the Sustainable Coffee Challenge work on Prosperous Income and the Sustainable Food Lab Living Income Community of Practice?

There are many initiatives in the coffee sector on living income, which shows how important it is to learn from each other. In this Program, we will translate the learnings to activities on the ground. We aim that the working groups under the Program will link to the other initiatives.

One of the proposed interventions in the webinar slide deck is a guaranteed minimum price. Some economists argue against such for freely traded commodities saying it aggravates oversupply situations. What is your view of this?

In the past, there have been occasions in which prices were not sufficient to cover costs of production and the basis costs of coffee farming. This might harm stable supply of coffee in the future. Price is one of the drivers of farmer income (amongst others) and therefore needs to be part of the interventions chosen to work on coffee household income. Taking a long-term outlook includes focusing on a holistic approach that includes pricing and make use of existing pricing models that include risk and opportunities for farmers.

Will an approach that focuses on "access to affordable labour" not create a risk of child labour?

In these situations, we acknowledge there are potential risks, that need to be addressed in the project proposal development process. There are opportunities to consider service delivery and affordability of labour. For example, the provision of agronomic services that is profitable for farmers and service providers.

Does the Program intend to focus on Living Wage for workers?

This is a very complex issue. In this Program, the first step is to work on living income, as farmers need to earn a living income for workers to be able to earn a living wage. Due to the complexity of this issue, we focus primarily on the issue of living income, but we consider living wage an important step in the journey.

HRDD

What will be the actions of the Program with regards to the new HRDD legislation?

There are still some unknowns about how the HRDD legislation will work in practice, e.g. around reporting obligations for companies. The purpose of the program is to:

- **Understand** the regulatory context of due diligence legislation and human rights risks in the Colombian supply chain
- **Review existing tools and outline recommendations** for identifying and eliminating human rights risks
- **Design approach and practical toolkit** for joint action on human rights due diligence
- **Adapt existing work and learnings from other sectors**, make connection with Swiss government international labour team for this

A working group will be established on this topic. The aim is to learn from what already exists in different sectors, to come to a common agreement on how to best approach HRDD.

Will the program do the reporting for Swiss companies on HRDD?

No, this will remain a responsibility of the companies.

In the grounds of exclusion for the project proposal, companies must confirm absence of unacceptable practices. One of the goals of the Program is to address child labour in the supply chain.

What is your reflection on this?

The purpose of the Program is to address the risk of child labour in the companies supply chains and take a long-term outlook on addressing the issue. As part of the project application process, companies must confirm that they are not in any of the situations listed in the grounds of exclusion. The grounds of exclusion are specific to any absence of unacceptable practices in the own company of the project applicant. This is further explained in the Call for Proposals.

Other

Why have you chosen Colombia as a focus country? How does this align with other initiatives?

- Colombia is the largest washed Arabica producer globally and the second Arabica producer
- The coffee sector in Colombia is well organized with a large number of smallholder farmers, and wide availability of producer and trade data.
- Colombia is an important origin for the Swiss coffee sector, enabling a clear link between sourcing practices and impact.
- Colombia is a focus country for SECO as well as IDH, who has a local team on the ground.

We very much encourage project applicants to link to existing initiatives already ongoing in the Colombian coffee sector, to avoid duplication of efforts.

How can I be involved in the Program? What is the role of the Governance Board?

We are still looking for working group members for the living income and HRDD working groups. In this role you can actively contribute to the direction of the Program as well as advance knowledge for companies in the Swiss sector.

The governance board of the Program consists of several organizations from the Swiss sector and has an advisory role to the Secretariat (IDH). It provides advice on the strategic direction of the program, selection of projects and approval of program reporting.

How does this align with other sector initiatives in Coffee?

To ensure a shared learning and avoid duplication of efforts, we aim to be aligned with other sector initiatives and platforms in coffee. We will make sure that we are aligned with the ICO Coffee Public Private Task Force work on Living and Prosperous incomes, Transparency and Resilient Landscapes. Additionally, we work closely with GCP to ensure collaboration and learnings at a sector level are captured and disseminated.