

# Terms of Reference

## Consulting Assignment

### Market scoping and value chain assessment study to strengthen climate resilient farming systems in spices and coffee production areas of Karnataka

#### Project: Digital Agricultural Advisory and Market Linkages for Spice and Coffee Farmers

IDH, The Sustainable Trade Initiative (“IDH”) ([www.idhtrade.org](http://www.idhtrade.org)) accelerates and up-scales sustainable trade by building impact-oriented coalitions of front running companies, civil society, governments, knowledge institutions and other stakeholders in several commodity sectors. We convene the interests, strengths and knowledge of public and private partners in sustainability commodity programs that aim to mainstream international and domestic commodity markets. We jointly formulate strategic intervention plans with public and private partners and we co-invest with partners in activities that generate public goods. Our programs aim to mobilize demand from retailers and manufacturers to accelerate responsible production practices at large scale. It combines a number of agro-commodities, and provides cross-sector solutions on critical issues. The program also builds on existing sector platforms.

Due to the rising global demand for responsibly produced agricultural commodities, businesses, and governments in producing regions as well as in consumer markets are increasingly putting sustainability commitments on their agendas. Yet no efficient and inexpensive option currently exists to guarantee the supply of agricultural commodities that fulfill these commitments at scale.

#### About the Project: Digital Agricultural Advisory and Market Linkages for Spice and Coffee Farmers

**Problem Statement:** Nine in ten coffee and spice farmers in India are medium and small farmers with farm size of 10 hectares or less (Coffee Board 2018). Coffee yields in India are only 2/3rds of averages in Asia (FAOStat), farm incomes have stagnated in recent years (Coffee Board, 2013), coffee and spice growers are rapidly losing market share to countries like Brazil and Vietnam. These outcomes are further exacerbated by climate change, high incidence of pests and diseases, land degradation, and informational constraints that inhibit the ability of farmers to make informed decisions. The western ghats in India is also both an UNESCO world heritage site as well as IUCN hotspot of biodiversity. The central parts of the western ghats in the state of Karnataka has seen gradual changes in its landscape for the past few decades. These changes in landscape have brought with it both positives in terms of improvement in economic status of the people but also negative in terms of degradation of land resources. Moreover, the information asymmetry and constraints that include limited access to timely and relevant information about optimal farming practices and inputs, poor information about market conditions and market access, and an associated lack of bargaining power further impact the smallholder farmer income.

Most farmers also lack the information they would need to adopt sustainable farming practices, which could have the twin benefits of improving the long-term environmental impact of farming and helping farmers access more lucrative markets for sustainably grown coffee and spices. Farmer aggregation represents a tremendous opportunity to help farmers both gain more bargaining power, access larger markets, and tap into specialty coffee and other value-added markets for spices which allow them to capture a price differential.

**Proposed intervention:** IDH, in collaboration with Precision Development (PxD), aims to mitigate some of the above-mentioned challenges through strengthening the climate resilient farming systems in spices and

coffee production areas in Karnataka spread across 4 districts of Kodagu, Hasan, Chikmangalur and Chamrajnagar. Our vision is that a bundled product combining customized and timely digital agronomic advice coupled with interventions to build remunerative market linkages for farmer collectives, grounded in an iterative approach and principles of behavioural economics and evidence-based decision-making, can help farmers to improve their knowledge, change their behaviour, improve access to lucrative markets, and ultimately improve yields, net incomes and environmental outcomes. We hope that this bundled product becomes a model not only for the coffee and spices industry, but for other cash crops as well - particularly, where sustainable practices (like intercropping) through aggregated structures, not only increases income opportunities, but also opens up the value chain for women and smallholder farming communities to play more of a decision-making role. In the longer term we envisage that coffee and spice farmers in Karnataka have the knowledge and ability to practice productive yet sustainable agriculture, in a way that increases both their incomes and climate resilience to the farming systems. We hope to establish a proof-of-concept that the farmer aggregation models with buyer commitments focused on sustainable practices and inclusion of women and small holder farming communities, can create the necessary market-based incentives that allow farmers to adopt the "right" advice while practicing the 'sustainable' farming systems.

**Long term vision:** The project would see a significant shift in cultivation practices and resulting farm income of participating coffee and spices farmers through adoption of sustainable agricultural practices, and develop an enabling environment for inclusive business models, together with private sector players, governments, civil society organizations and aggregators such as the farmer producer organizations and agri-entrepreneurs. We would also work to increase the resilience of farming systems by supporting them to adopt climate smart farming systems, diversify their income sources and enable value added services. By creating stepping boards for women's inclusion and empowerment and based on the success from this pilot for both growers and laborers we also hope to demonstrate clear learnings (around cultivation practices and farmers' aggregation), which both public and private actors can leverage to create sustainable change in how women engage in the coffee and spices sectors.

**The landscape model for developing climate resilient farming systems:** In the producing region, a sustainability improvement deal (Compact) is made between private and public stakeholders at the jurisdictional level, e.g. a gram panchayat, mandal or taluk, district, or state level. Rather than verifying sustainability farm by farm, the landscape model takes a regional jurisdictional approach, which reduces costs for sustainable agriculture and allows markets to buy large scale volumes with greater efficiency, transparency, and traceability. Also, in this way, sustainability targets related to forest protection, labor, land tenure, governance, and transparency can be much more ambitious in scale and impact. The landscape helps companies (domestic and multinational) source large volumes of commodities in line with their sustainability commitments at a competitive price and scale. Through the Compact, public and private stakeholders agree on priority sustainability topics and targets, the strategy to reach these targets (incl. project pipeline), and the monitoring and reporting system. It uses an online platform to match global demand for sustainability with local sustainability priorities and achievements.

#### Key Objectives and targets of the proposed intervention:

The project has proposed a bundled product combining customized and timely digital agronomic advice coupled with interventions to build market linkages for farmer collectives; grounded in an iterative approach and principles of behavioral economics as well as evidence-based decision-making, that can help farmers to improve their knowledge, change their behavior, improve access to lucrative markets, and ultimately improve yields, net incomes and environmental outcomes.

**The proposed project will be implemented in the select clusters of the four coffee and spices production districts of Karnataka (Kodagu, Hasan, Chikmangalur and Chamrajnagar), that are also the hotbed of biodiversity in the Western Ghats of India.** PxD and IDH have been mandated to work towards the following:

1. **Digital Agricultural Advisory and Extension:** PxD will expand their digital extension services to 150,000 coffee growers in the states of Karnataka and Andhra Pradesh (from a base of roughly 47,000). PxD's digital extension will provide a strong supplement to the traditional extension program and can deliver targeted, evidence-based information to farmers through their mobile phones. While the primary advice will focus on coffee practices and coffee market information, PxD will also provide information related to spices (both on agronomy practices and market information) to the subset of farmers participating in the market linkages pilot.
2. **Enabling Market Access and Linkages:** For a subset of coffee and spices growing farmers in the select clusters of the four districts in Karnataka, the project will demonstrate proof-of-concept for a market linkages model, bundled with advisory that empowers farmers with information to capture higher prices and enter newer markets, and to incentivize the adoption of sustainable practices. PxD will collaborate with IDH to identify aggregation structures for coffee growers, conduct capacity building activities, and connect farmers to buyers, for both coffee and spices. This work will have two key aims: i) to build capacity among the farmer aggregation structures to ensure implementation of sustainable practices such as agroforestry and water and soil improvement, and ii) to develop a consortium of private sector partners and buyers to source from farmer aggregation units, ideally with a focus on responsible and sustainable sourcing.
3. **Institutionalization and Replicability:** The project will focus on institutionalizing these systems within extension machinery available to ensure long-term behavior change beyond the lifetime of the proposed project, and to ensure sustainability of the intervention in the long run. Efforts will be made to onboard critical organisations as the Coffee Board and the Spices Board of India for collaboration given the significant overlap in coffee and spice farming.

## SCOPE AND OBJECTIVE OF THIS ASSIGNMENT

IDH is looking to conduct a landscape analysis of the select coffee and spices production clusters in Karnataka as a part of the market assessment and scoping study through an external consultancy firm. This study will be a critical part of developing the overall project design for creating interventions in digital advisory, supply chain efficiency and aggregation structures, and on-boarding of committed private sector and civil society partners as a part of the landscape model. The market assessment and scoping study will have following critical components as a part of the work:

1. Landscape analysis on production systems for coffee and spices in Karnataka: The consultancy firm needs to conduct a scoping study to understand: **i)** Current farming practices (including any Integrated Pest Management practices), challenges to adopt sustainable practices and the current situation of resources utilization, water and soil management, agro-inputs, etc. with a strong focus on actual situation of land use **(ii)** need of climate smart agriculture for developing climate resilient farming systems in the project geography, **iii)** existing sourcing model for coffee and spices (harvesting, farm gate aggregation, and sale by farmers), trader, agent and producer dynamics in the coffee and spice supply chain, **iv)** information needs from women especially around drudgery, wages and to identify engagement methods that can benefit women engaged in coffee (and spices) production.
2. Study and analyze the current aggregation models, post-harvest management and marketing channels for the target value chains of coffee and spices: Critical analysis of the current value chain for coffee and spices grown in the target region (mentioned above) including stakeholder analysis, price and quality analysis and value position
3. Social and economic aspect: labor conditions and the current wage/income of workers and smallholder farmers and the wage/income gap (compared with a national or state level wage/ income benchmark), sources of income of farmers (on farm: coffee and other products, off farm)
4. Scope for Carbon sequestration and brand development for low-carbon coffee and spices: The

consultancy firm should have technical capacity to analyze carbon storage levels in soil and leaf litter of coffee- and spices- based agroforestry systems; Capture the trend of deforestation in coffee agroforestry systems in past one decade and their environmental challenges being faced in the region. The consultant firm should also explore opportunities arising in the zero or low carbon coffee and spices production and how the landscape in Karnataka could be branded or developed to meet this niche market requirement

### **Key objectives**

In the project implementation area, the shortlisted firm will be expected to:

- Identify the key stakeholders active in the coffee and spice value chains and to perform a detailed assessment of the operations, processes, opportunities and challenges envisaged in the proposed implementation work
- Provide specific insights that will be needed to develop market linkages across the select value chains (primarily coffee along with spices). Recommend steps for market-oriented value chain improvements processes to attract buyers.
- Highlight the presence (or lack of) of farmer organizations/institutions and recommend value chain structures for successful market linkages
- Capture the environmental status of the four target districts in light of forest cover, carbon sinks and carbon sequestration levels in coffee and spices based agri-systems.
- The consultancy firm should develop a pipeline of potentially interested buyers such as processors, exporters or FMCG firms: existing buyers of products from the area to support the climate resilient landscape development; or to attract new buyers who have sustainability commitments on procurement and development of value chains.

The selected consultancy firm will be expected to utilize a mix of primary and secondary research techniques to conduct this assignment. Some of the key questions that this scoping study should aim to answer include:

- **Key opportunities and challenges across the coffee and spices value chains** that impact the formation of farmer organization structure/FPOs and market linkages
  - What are the key challenges in the value chains that inhibit suitable and sustainable market linkages in the jurisdictional area for coffee and spices?
  - What are the opportunities in terms of the nature of buyers, price discovery and market information for smallholders, technical agronomy/crop specific knowledge and gaps, role and status of women participation in the coffee value chain / aggregation scenario?
  - Enumerate the producer groups/Community based organizations (Cooperatives, SHGs, women SHGs, FPOs, etc. and their training needs) who are depended on the commodities for their livelihood.
  - What are some of the key risks or challenges that are envisaged during the implementation of the proposed value chain improvement activities? What could be the potential mitigation strategy?
  - What can be the recommend market-oriented, value chain improvement and critical design components, which the project should consider in order to create aggregation and farmer organization structures to attract buyers?
  - What are some of the key development of marketing initiatives from public or private sector, and challenges threatening future of coffee and spices production from the region. Recommend the value chain structures that would help to attract buyers into the location
- **Knowledge levels of the farmers on climate resilient and market remunerative farming systems**
  - What are the key package of practices during the pre-harvest, crop maintenance, and post-harvest phase of the crops – agronomy practices, crop maintenance quality parameters, grading, etc.?
  - To what extent are women accessing information and participating in the decision-making

process at the family and the community level? Reasons for their low level of involvement (if found low).

- What are the key challenges or gaps faced by farmers in accessing timely and appropriate information – unavailability of requisite resources, lack of awareness, practical usage of advisory, etc.?
- What are the key channels/ sources of accessing crop-improvement, weather or market/price related advisories information at present?
- What is the penetration of tech-based extension system in the project area? It will be good to know about the usage of mobile phones by the farmers to access advisories regarding coffee and spices.

● **Carbon sequestration, carbon sinks and potential of the target districts to produce zero carbon free/carbon-neutral coffee**

- Carbon storage levels in soil and litter in coffee agroforestry systems – In native and exotic plantations
- Deforestation status, reasons, and environmental challenges on the coffee production systems
- Strategies to address environmental challenges and improve carbon storage levels (carbon sinks and carbon sequestered ) in the project area

● **Other important outcomes**

- What is the desired area of impact for smallholder farmers for any sustainability related intervention in the project area?
- What are the other initiatives of small holder farmers getting higher or better price of the produce through better market linkages or direct sourcing?
- What is the scope to reduce cost of production through access to high quality inputs, better diversification of income, rationale use of inputs to enhance farm productivity etc. ?)

DELIVERABLE		
Deliverables	Details	Deadline
Detailed work plan to conduct the assignment	The final detailed plan for collecting data and information, and analysing data/information based on consultation and alignment with IDH. This plan should include the following materials: <ul style="list-style-type: none"> <li>▪ Draft surveys/questionnaires</li> <li>▪ Criteria for sampling/sample selection</li> <li>▪ Working schedule</li> </ul>	1 week after selection of the consultant
Draft report	The draft report (EN), both in word and power point presentation format, including the following content: <ul style="list-style-type: none"> <li>● Context overview</li> <li>● Objectives of the study</li> <li>● Research methodology</li> <li>● Findings on the current environmental, social and economic situation</li> <li>● Recommendations for improvement based on the findings</li> <li>● Conclusion</li> <li>● List of stakeholders, such as farmers, workers, companies staff interviewed/survey</li> <li>● List of references</li> </ul>	4/5 weeks after agreement on Detailed work plan

Final report	The final report (EN), both in word and power point presentation format, in alignment with IDH and PxD requirement	2/3 weeks after submission of draft report
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**The indicative areas that the final project report is expected to cover include the following:**

1. A synthesis of market intelligence and trends, detailing how the supply chains of major commodities covered in the project intervention look like (where does it come from, how is it traded, who uses it), listing major traders, users and end-buyers (retail, brand) for each of the selected commodities with their market shares, leverage over the supply chain (power position) as well as trends in demand;
2. A high-level review of Government policies, plans and regulations relevant to the selected commodities in terms of market transformation and related national and global commitment on Sustainable Development (climate, forest, land-degradation, land-use, etc). This includes a review of the roles and responsibilities of different Government entities/ departments at the State and/or Centre and their decision-making power in enacting interventions in the markets;
3. Analysis of knowledge, awareness and practice levels on climate resilient and market remunerative farming systems among the target farmers; existing extension services or source of accessing information/crop advisory by farmers, and challenges faced in accessing it
4. An overview of current initiatives (public and/or private) aimed at or linked to sustainable market transformation, describing their direct and indirect stakeholders, objectives and achievements to date, including a SWOT analysis
5. A synthesis of the buyers' sustainability commitments, detailing priorities, the scope of commitments, market coverage, trends across the shortlisted value chains. The buyers will include (1.) the existing buyers / traders currently active or sourcing from the area, (2.) the potential buyers / traders who may be interested in buying from the area
6. Combined mapping of stakeholders, their potential and likelihood of becoming agents of change in driving sustainable market transformation. Combined with this, an analysis to determine where the leverage per individual (coffee/spices) supply chain sits (with whom do we need to work), what interventions might work
7. Detailed report on carbon storage levels, deforestation, and environmental challenges in coffee agro ecosystems resulting in farmer stress, loss of livelihood and declining incomes.

The consultancy firm is expected to carry out this work through interviews with relevant stakeholders across the value chain (producers, intermediaries, buyers) and desk research. PxD and IDH may provide the relevant contacts at the field level in the four districts but would expect the shortlisted consulting firm to leverage its network and connects for a wider outreach. Weekly review calls will be held between IDH India project team and the consultancy firm to ensure that the project expectations and timelines are met.

PROFILE OF CONSULTANT FIRM AND SUBMISSION OF THE PROPOSAL

Consultancy firms who meet the criterion below are encouraged to apply:

	<ul style="list-style-type: none"> <li>▪ The consultant firm should have at least 5 years of prior experience in conducting similar market assessment studies across different agri-value chains in India.</li> <li>▪ Experience of working in the Agri Sector and value chain assessment assignments in Karnataka on the coffee and spices value chains will be an added advantage</li> <li>▪ Demonstrable understanding of the stakeholder analysis and private sector participation on sustainable sourcing commitments for coffee and spices in India</li> <li>▪ Sound understanding of sustainable agriculture, organic farming, extension system, Integrated Pest Management, biodiversity conservation and rural development in the Bio-diversity hotspots of Western Ghats</li> <li>▪ Relevant network in India and globally, in the private sector that could be tapped into to check the feasibility of partnerships for the project on sustainability commitments</li> <li>▪ Firms with the ability to utilize technology means and Computer-Aided personal interviews for quick assessment would be preferred due to the travel restrictions that may happen as result of Covid-19 spread and lockdowns</li> </ul>
	<ul style="list-style-type: none"> <li>○ The team leader should have expert knowledge of the relevant commodity sector(s) and value chains and at least 15 years of relevant experience</li> <li>○ The team members should have the ability to analyze, structure and communicate findings in an executive style</li> <li>○ Team members with fluency in the Kannada language for field related work is an added advantage</li> <li>○ Ability to deliver results on as per a strict timeline preferably within 6 weeks</li> <li>○ The core team for the project delivery is expected to consist of 1 team leader and 2 consultants. However, the consultancy firm should suggest their team structure and roles of the team members in line with the project requirements</li> </ul>

Interested consultant firms shall submit the following three documents as part of the proposal

- Company Profile including relevant project credentials (not to exceed 10 pages or slides)
- Technical Proposal with details of the approach, team structure, relevant profile of consultants to be utilized on the project and detailed work plan with timelines for fulfilling the expected outputs and assignments outlined in the earlier sections. The technical proposal should not exceed 10 pages or slides
- The Financial Proposal that should identify as a separate amount: consultant fees, baseline assessment costs, travel and accommodation, taxes (if applicable) and other charges imposed. All the financial proposals should be preferably submitted in US\$ terms

Timeline	
What	When
<b>Last date for submission of proposal documents</b>	31 <sup>st</sup> March 2022
<b>Presentation on the proposal by the shortlisted agencies.</b>	4 <sup>th</sup> -8 <sup>th</sup> April 2022
<b>Selection of the consultant firm and kick-off meeting</b>	15 <sup>th</sup> April 2022
<b>Draft report on the market scoping including carbon assessment report</b>	5/6 weeks post start of the project
<b>Final report submission post addressing the comments from IDH team</b>	7/8 weeks post start of the project

### Call for proposals/Invitation to offer and SUBMISSION OF PROPOSALS

This Terms of Reference is not and does not amount to an offer by IDH to any person. No binding contractual obligation will form between IDH and any person submitting a proposal, unless a proposal is accepted in writing by IDH and a detailed contract is entered into between the IDH and the relevant tenderer, after acceptance of a proposal by IDH.

#### Selection criteria

The evaluation of proposals will be made based on overall proposal quality, feasibility of proposed approach for data collection, expertise in the coffee and spices sector, demonstrated advanced experiences and skillsets and budget allocation. IDH is not bound to accept any proposal or to assign any reason for non – acceptance of a proposal

The procedure will be as follows

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

The soft copy of the proposal documents in pdf format should be submitted before the 15th of March 2022 to Pritam K Nanda via [nanda@idhtrade.org](mailto:nanda@idhtrade.org).

Any inquiries on the TOR can also be directed to these email addresses:

- Mr. Saurabh Sinha : [sinha@idhtrade.org](mailto:sinha@idhtrade.org)
- Mr. Pritam K Nanda: [nanda@idhtrade.org](mailto:nanda@idhtrade.org)



## Grounds for Exclusion

Tenderers shall be excluded from participation in a procurement procedure 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 the Netherlands 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 MFA's financial interests
- 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).
- Tenderers must confirm in writing that they are not in one of the situations as listed above.

### **Jurisdiction**

Any dispute between any party and IDH arising out of or in connection with this document shall be subject to the exclusive jurisdiction of courts in New Delhi.

## COVID-19 Safeguarding and Contingency Planning

- At IDH we have a strongly advocate a duty of care to minimize the risk of all infectious diseases spreading in the course of carrying out our work. We continue to monitor the guidance being released from globally recognized authorities such as the WHO and the Government of India to ensure that they are incorporated into our responses and policies. It is our hope that the COVID-19 pandemic will be brought under control soon.
- There is likelihood however that this research assignment or part of it, would have to be carried out within a period of risk of exposure and spread of COVID-19.
- It is likely that in-person data collection and meetings might not be feasible in most interview situations, and some channels of online meetings are also being discouraged by certain sets of stakeholders. It is expected that the consultant will be able to provide alternatives in such scenarios, depending on the country's response to the pandemic, the level of comfort of stakeholders, the operational demands of companies, and IDH's organizational policies.

**Confidentiality**

- The tenderer will ensure that all its communication with IDH, with regards to the tender, during the tender procedure take place exclusively in writing by e-mail to the contact details mentioned at the end of this document.
- Any information provided (whether in writing or oral) and all the documents provided by or on behalf of IDH must be handled with confidentiality and the same shall not be disclosed by the tenderer to any third parties or used by the tenderer for any other purposes unrelated to the submission of a proposal. Further, 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 reasonable 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 regardless of whether such tenderer's proposal has been accepted or not.

**Important Notice / Disclaimer**

- IDH reserves the right to update, change, extend, postpone, withdraw or suspend the Terms of Reference, this tender, or any decision regarding the selection or contract award. Extra intermediary deadlines or changes can be discussed during the assignment phase and decided upon in agreement with the chosen consultant.
- Under and as a result of this Tender Procedure, IDH is not obliged to make a contract award decision or to conclude a contract with any tenderer.
- IDH reserves the right to suspend or annul the Tender Procedure at any moment in time. Tenderers cannot claim compensation from IDH, any affiliated persons or entities, in any way, in case any of the aforementioned situations occur.
- By handing in a proposal, tenderers accept all terms and reservations made in these Terms of Reference, and subsequent information and documentation in this tender procedure.