

TERMS of REFERENCE

For Business Case and Access to Finance for Agroforestry

April 11, 2022

Investments in land restoration and Sustainable Land Management (SLM) practices are needed to avoid, reduce, and reverse land degradation. However, project preparedness can be a major bottleneck for restoration and SLM investment. The Land Degradation Neutrality (LDN) Technical Assistance Facility (TAF) was established to help alleviate this bottleneck, and link projects to the LDN Fund¹ and LDN impacts. The facility is managed by IDH The Sustainable Trade Initiative. The LDN TAF can provide grants and reimbursable grants to (potential) LDN investment projects, to improve technical quality, and strengthen environmental and social impacts, so that the investment project meets the LDN Fund investment criteria. More information on the LDN TAF can be found on: <https://www.idhsustainabletrade.com/landscapes/ldn-taf/>

1. Project Background

Ecookim Coop-Ca (from here on: Ecookim) is a union of cooperatives that purchases, processes and exports cocoa beans in Côte d'Ivoire. Ecookim is experiencing continued growth and currently counts with 30 member cooperatives and approx. 30,000 producers covering an area of close to 97,000 hectares of cocoa, and 1,472 producers of cashew nuts across 9,390 hectares. More information on Ecookim can be found at: <http://ecookim.com/>

To support farmers to restore degraded farmland and strengthen their resilience to climate change, Ecookim seeks to expand on an agroforestry roll-out initiated in 2021 across its cocoa cooperatives and their members. LDN Fund is considering investing in Ecookim in support of this transition. The Fund's linked Technical Assistance facility, the LDN TAF, contracted consultants reNature/Progresso and Unique Forestry to scope the feasibility of transitioning monoculture cocoa farms to agroforestry and to suggest a preliminary approach for a fit-for-purpose agroforestry system as well as external financial and technical support required.

¹ **The Land Degradation Neutrality Fund, copromoted by the UNCCD, is a first-of-its-kind fund investing in profit-generating sustainable land management and land restoration projects that contribute to SDG 15.3.** The LDN Fund provides long-term debt and equity financing for sustainable land use projects that avoid, reduce or reverse land degradation. It is structured as a blended finance fund, pooling resources from both public and private investors committed to the goal of stopping land degradation. The LDN Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g., longer tenors, longer grace periods, more flexible repayment schedules.

At the end of 2021, LDN TAF issued an Expression of Interest to assess the implementation modalities for this project and capacity to implement it in Côte d'Ivoire, as well as to ascertain the additionality of LDN TAF support. This TOR is the result of a thorough consultation process with Ecookim, potential implementing partners, as well as the private and public sector.

2. Project Overview

As part of its sustainability strategy, Ecookim has independently initiated an agroforestry scheme across 19 of its cooperatives with a local implementing partner FOA. In Phase 2 of the project beginning in 2022, Ecookim in partnership with IDH seek to deepen that roll-out by co-funding investment-ready elements in preparation for a larger investment from the LDN Fund. These consist of a) ascertaining the business case of agroforestry for Ecookim's producers, b) outlining a business case for agroforestry for financiers and delineating access to finance package, c) imbuing a stronger focus on gender, and d) securing incentives for smallholders transitioning to agroforestry, such as agroforestry premiums and land titles.

The LDN TAF project is further strengthened by the participation of IDH PPI Landscape program² in the region. It will also draw on IDH's network and experience in Cote d'Ivoire and the cocoa sector globally³. The Consultant will be working closely with Ecookim, FOA, the IDH team in Côte d'Ivoire as well as the IDH LDN TAF team.

Ecookim, with support of IDH, seeks to contract a Consulting partner with a local presence in Côte D'Ivoire to ascertain the business case and outline an appropriate access to finance package for agroforestry, incorporating incentives, land titling approach and the focus on gender.

3. Assignment Deliverables:

1. Business Case for Agroforestry for the Farmer:

- a. Develop the revenue and cost profile of agroforestry systems already rolled out at Ecookim
 - i. Leverage existing data at FOA from >1 year of implementation, reNature modelling, market data, available industry data and publications.
 - ii. Quantify direct and indirect benefits of selected trees, such as shade, biodiversity, etc.
 - iii. Produce an excel model over a 10 yr time horizon
- b. Outline the business case to the farmer (xls model + brief report)

² <https://www.idhsustainabletrade.com/approach/production-protection/#:~:text=How%20PPI%20approach%20works,and%20creating%20linkages%20to%20market>

³ <https://www.idhsustainabletrade.com/sectors/cocoa/>

- c. Work with FOA to develop an engaging way to present the business model of adopting agroforestry to the farmer, at the point of sensitization and based on her tree selection.

2. Business Case for Agroforestry for the Financier – Access to Finance:

- a. Assess and document farmer requirements and minimum prerequisites for agroforestry finance.
- b. Assess the required borrowing capacity of farmers for agroforestry, and its gap to current conditions.
- c. Split the agroforestry costs by financing type (TA, credit, etc).
- d. Leveraging work in part 1, create a model with cash flow profile of an agroforestry system for a financier. Model out credit enhancers, such as agroforestry premiums, land certificates, carbon, and potential subsidies.
- e. Estimate the income gap created in the first few years of planting trees and before they start bearing fruit, propose and model solutions that fill that gap.
- f. Create an agroforestry finance package, incl. loan size, tenor, repayment profile, minimum credit requirements, etc. for a potential financier.
- g. Analyse the risks in access to finance for agroforestry and propose ways to mitigate them.
- h. Identify Technical Assistance needs for Ecookim, its cooperatives and its producers to on-lend for agroforestry, also leveraging prior work from Unique.
- i. Identify Technical Assistance needs for a financial institution to lend to the sector and to scale up the agroforestry adoption.
- j. Produce a brief final report, outlining the key findings for Access to Finance for Agroforestry in Cote d'Ivoire, summarizing the model, assumptions, proposed access to finance package and solutions to fill the income gap.

4. Consultant Requirements

The Consultant must have the following qualifications:

- Local presence in Côte d'Ivoire (CDI) with a team on the ground
- Prior experience with agroforestry implementation in CDI
- Demonstrable experience in Finance/Business and prior Access to Finance work
- Experience with incentive schemes and carbon finance, preferably in CDI
- The Consultant/Team must be able to speak French and produce a final report and a short presentation in French and English.

5. Contracting Modalities and Costs

- The contracting will be done locally through Ecookim; reporting and deliverables are coordinated jointly with Ecookim, FOA and IDH.
- The consultancy is expected to be done in Côte d'Ivoire, in collaboration with Ecookim and FOA (based in Abidjan) with some minimal travel to project site activities.
- The assignment is estimated to take **2 months** from the moment of contract signing, with the precise allocation of days to be agreed between the consultant and Ecookim.
- The final bid will be determined on the most economically advantageous offer, strength of the team and prior experience that can be applied to this project but shall not exceed €30,000 incl. VAT.

6. Submission Requirements and Procedure

Interested parties are invited to submit the proposal **by May 3, 2022 6PM CEST (GMT+2)** via email to **Alassane Bamba** at alassane.bamba@ecookim.com and **Ari Nova Firnanda** at firmanda@idhtrade.org.

Submission of proposal (10-15 pages (max), excluding budget and CVs). The proposal should include the following:

- Name, title, email, and telephone of the key contact.
- Brief presentation of the Consultant/service provider and its relevant experience, including a clear description of this project Consultant or team, roles, relevant experience (including CVs), time allocation and daily rates per member.
- A solid description of the approach/methodology towards the different parts of the assignment.
- An indication of prior work experience that can be leveraged for the tasks identified, where appropriate.
- A detailed workplan, including timelines for activities; availability to start in May and complete the assignment in 2 months.
- A financial proposal/detailed cost break-down for the activities to be carried out to achieve the deliverables.

The proposal can be submitted in English or French both in Microsoft Word and PDF format.

The Project Team may invite the Consultant to present and discuss their bid during a call.

7. Communication and confidentiality

The Service provider will ensure that all its contacts with Ecookim and IDH, with regards to the tender, during the tender procedure take place exclusively in writing by e-mail to **Alassane Bamba** at alassane.bamba@ecookim.com and **Ari Nova Firnanda** at firmanda@idhtrade.org. The Service provider is thus explicitly prohibited, to prevent discrimination of the other Service providers and to ensure the diligence of the procedure, to have any contact whatsoever regarding the tender with any other persons of Ecookim and IDH than the persons stated in the first sentence of this paragraph.

The documents provided by or on behalf of Ecookim and IDH must 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 Ecookim and IDH grounds for exclusion of the participant, 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 Ecookim and IDH. The provided information will after evaluation by Ecookim and IDH be filed as confidential. The provided information will not be returned to the participant.

8. General terms and conditions

Ecookim and IDH reserve the right to update, change, extend, postpone, withdraw, or suspend the TOR, this tender, or any decision with regard to the selection or contract award. Ecookim and IDH are not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant. Ecookim and IDH reserve the right to suspend or annul the Tender Procedure at any moment in time. Participants cannot claim compensation from Ecookim and IDH, any affiliated persons or entities, in any way, in case any of the aforementioned situations occur. By handing in a proposal, participants accept all terms and reservations made in these Terms of Reference, and subsequent information and documentation in this tender procedure.

About IDH Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative, convenes companies, governments, financiers and others in public-private partnerships. Together we drive the design, co-funding and prototyping of new economically viable business models to delink tropical commodity production from deforestation and create shared value for all stakeholders. IDH has a network of over 400 companies, CSOs, financial institutions, producer organizations and governments. IDH works in 12 agricultural sectors and 12 landscapes in over 40 countries to achieve scalable impact on the Sustainable Development Goals. IDH's approaches are designed to drive sustainability from niche to norm in mainstream markets. IDH focuses on creating positive impact on deforestation, living income and living wages, working conditions, toxic loading and gender.