

Terms of Reference

The business opportunity for an integrated sustainability agenda (intersectionality between livelihoods, climate & gender)

March, 2023

1. Background

The world is facing multiple issues at the same time (food crisis, energy crisis, climate change, increased poverty, gender inequality, pandemic, conflicts). Many of these issues are interlinked and have similar causes that feed into each other. Therefore, it would not be effective to address these issues on their own or from “one angle” only. We need to tackle them through a systemic approach.

The private sector can play an important role in driving systemic change. There are at least four drivers for the private sector to play such a role:

- Value chain disruptions like low/no availability of (raw) materials, instability of supply, unstable/low quality levels, volatile prices, increased production and transport costs and new/changed policies of governments make companies that are active in global, regional and local value chains shift from a “Just in time” approach to a “Just in case” approach. Many of these value chain disruptions are rooted in systemic issues like poverty and climate change.
- Upcoming regulation (in markets like the EU), both related to reducing (carbon) footprints and Human Rights (including Living Income and Living Wage).
- Increased consumer attention and pressure of consumers to be able to buy traceable and responsible sourced products.
- Increased impact on the SDGs which can be beneficial for reputation and access to finance.

Companies in value chains; input suppliers, traders/processors, manufacturers and retailers (both local SMEs and large international corporates) are trying to adjust their business practices to deal with these drivers:

- Adjusting procurement practices to manage value chain disruptions.
- Investing in ESG and compliance to meet future regulation.
- Investing in sustainability to contribute to the Social Development Goals.
- Investing in traceability and transparency to be able to meet consumers' needs.

In this assignment, we want to focus on the sustainability agenda of both local SMEs and large international corporates. We have the following two hypotheses:



- Companies are managing the “environmental¹ (often focused on climate mitigation and adaptation)” and the “social” (livelihoods, gender inequality) agenda in isolation. In large companies, there are often smaller sub-teams in the sustainability team that focus on one agenda only and in smaller companies the sustainability lead often approaches the topics separately. This can lead to (unintended) trade-offs, for example income generating activities that have a negative effect at the environment and potential synergies (interventions that help to improve income and for example sequester carbon) that are overlooked / not being utilized.
- The sustainability agenda is not yet a core part of the business. Key departments within companies; finance, procurement, marketing, operations and sustainability do not speak the same language, do not have aligned incentives and a shared set of KPIs to work on sustainability. There are some early signs that this is changing with companies that are creating more linkages across functions and for example introduce ESG targets as part of executive incentive schemes.

We expect that with the current realities and key drivers for companies to work on systemic issues like improving livelihoods, climate change mitigation and adaptation and gender equality there is a potential business case for companies to work on an integrated sustainability agenda. An integrated sustainability agenda is an agenda in which livelihoods, climate and gender are approached in an integrated way and secondly, an integrated agenda is an agenda that is core to the business. Such an integrated agenda could help companies save costs, become/stay compliant to upcoming regulation, improve their reputation and increase their impact.

With this assignment, we want to prove that there is a business case for an integrated agenda and offer insights and guidance on how to make an integrated agenda work in practice.

2. Objectives, key activities and deliverables

The overall objective of this assignment is to create clear guidance on how companies can start working on an integrated sustainability agenda. The sub-objectives are the following:

- To create a clear overview of the “current status” of sustainability agendas of companies and the causes of a disintegrated agenda
- To create a clear narrative on the “business case” of an integrated sustainability agenda, supported by data and evidence of the costs and benefits
- To create insight and guidance on how to make an integrated agenda work:
 - To create an overview of practical examples from existing companies and interventions that have a positive effect on both environmental and social indicators showcasing clear examples of best practices.

¹When referring to the environmental agenda, it can include a wide range of activities and targets, for example reducing footprints (carbon, water) and climate change mitigation, investing in biodiversity, supporting smallholder farmers with climate change adaptation. When referring to the social agenda, this also can include different topics like improving income for smallholder farmers, improving wages for workers, improving working conditions, working on gender equality, etc.



- To create insights into what type of organizational / cultural changes are needed
- To create insights into what changes in incentive structures and KPIs are needed
- To create a “ladder” to see where at least 10 companies are in their process to work towards an integrated sustainability agenda.

The **expected key activities** of this assignment are:

1. Conduct desk research to create an overview of:
 - % of companies that have ESG commitments and smart targets on E, S, G and E&S
 - An estimation to what extent companies that have ESG commitments contribute to the SDGs
 - Companies that are already working on an integrated sustainability agenda and how far they are
 - The causes of a disintegrated agenda

In the desk research, both large multinational companies and local, regional SMEs should be included.

2. Interview 8 - 10 companies in different value chains for insights into challenges and best practices². Interview 3 – 5 support organizations for insights and challenges within their own organization to get more insights into their “must haves” (hot spots / themes where there is an urgency to invest) and what are their quick wins.
3. Build a “theoretical” business case on why companies should invest in “de-siloing” the sustainability agenda and “de-siloing” the functional teams. Where possible, use of data to underpin this theoretical business case.
4. Create practical guidance on what companies can undertake to work on an integrated agenda by looking into amongst others the following questions:
 - How to mobilize the internal buy-in for an integrated agenda?
 - How to create an aligned incentive structure and shared KPIs?
 - How to work on data on risks and impacts that is interoperable to allow different teams to monitor and measure how a decision within one team can create a knock-on (positive or negative) effect for another team?
 - How to organize the governance of an integrated agenda?
 - How to decide on investing in specific interventions and manage potential trade-offs and ensure synergiesⁱ are created where possible?
 - How can finance be leveraged to create a successful integrated agenda?
 - How can partnerships help in creating an integrated agenda?

² Some first thoughts will be provided on whom to include in the interviews.



Define concrete actions on short, medium and long term that companies can undertake. When describing the actions, it needs to be clear whom is involved and in what role (including potential partners), what are the expected costs and benefits, what are the key criteria for success of an action, what are the risks and are there any unintended consequences. Actions can be both internal and external interventions.

The final deliverables of this assignment are:

- A concise (12 – 15 pages) written report with causes of the issue, narrative and business case, key challenges, best practices / solutions and concrete guidance on actions to be taken by the private sector.
- A PowerPoint deck that can serve as a pitch deck to engage private sector players to start working on an integrated agenda and that provides hands-on advice on the “how”
- A questionnaire that can be used by support organizations like IDH to better understand company partners so that more tailored advice can be provided and this can be incorporated into program/project design/convening.

3. Profile of the consultant

The consultancy should have the following skills and expertise:

- Demonstrated experience in engaging with private sector value chain players (input providers, processors, traders, brands and retailers) and effectively communicating with a private sector audience using business language.
- Demonstrated expertise in how the private sector can contribute to reach environmental and social targets. Expertise in potential trade-offs and synergies between environmental and social interventions.
- Demonstrated experience in building a strong narrative and data-driven business case, using both qualitative and quantitative data.
- Sufficient understanding and insights in upcoming regulation and consequences for the private sector.
- Experience in change management processes and what it takes to change the internal organization / culture of companies.
- Excellent communication skills in both written and oral English, with demonstrated credibility at the senior level and the ability to adapt communication styles to various audiences and diverse stakeholders and the ability and creativity to explore a range of knowledge products and outputs.
- Proactive, positive approach to collaboration and communications with IDH and partners in all phases of work.

4. Proposal

IDH is asking consultants to prepare a proposal (max. ten content pages) in which it is explained how the consultant will organize its engagement and team (when applicable) to contribute to the objectives as explained above.



The proposal should at least contain:

1. Description of your organization highlighting fit to this engagement (2 pages);
2. Point of View on the business case of having an integrated sustainability agenda in the private sector (1 page);
3. Phase wise approach and methodology to create concrete guidance to the private sector on “how” work on an integrated agenda (5 pages)
4. Work plan in Gantt chart with a mapping of phase wise deliverables (1 page)
5. Budget (1 page)

5. Selection criteria & procedure

The proposal will be assessed based on the following selection criteria:

- Quality of the proposal, based on the requirements in Sections 3:
 - o Quality of the proposed approach;
 - o Track record in working with the private sector, environmental and social interventions and change management;
 - o Demonstrated experience in executive communication;
 - o Track record of the core team
- Competitive pricing. The available budget for this assignment is a maximum of EUR 80.000.

Testing and weighing

The assignment will be awarded to the service provider with the most economically advantageous tender. The most economically advantageous tender is determined on the basis of the evaluation criteria of price and quality.

Grounds for exclusion

1. Service providers shall be excluded from participation in this tender procedure if:
 - a) 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;
 - b) 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;
 - c) they have been guilty of grave professional misconduct proven by any means which the IDH can justify;



- d) 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;
- e) 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.

Service providers must confirm in writing that they are not in one of the situations as listed above.

2. Service providers 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).

Scoring and weighing

The evaluation criteria are compared and weighed according to the procedure below. This concerns a general outline of the scoring methodology and an explanation how the service provider can demonstrate compliance with the requirements.

Step 1 - Criterion Quality

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

The proposal will be assessed based on the following selection criteria:

| Component | Criteria | Max. Grading |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1 Proposal overall | The extent to which the proposal meets the requirements set out in Section 5 above and throughout this document. | 5 |
| 2 Approach | The extent to which the Service provider demonstrates that a clear design and development process will be followed and IDH is adequately consulted for input during the design and development. The extent to which it is clear what is required of IDH in terms of human resources, digital assets and other input to deliver the project without being too onerous on our staff. | 5 |
| 3 Track record | The extent to which the Service provider presents the required level of expertise and knowledge to fulfil the requirements both at team member and company level. | 5 |



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|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| | | To extent to which the Service providers gives a clear description of the project team, relevant (delivering similar projects) experience of team members and time allocation per team member. Relevant experience in the private sector and in executive communication is advantageous. | |
|--|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

The evaluation committee will unanimously 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.

Step 2 - Criterion price

A combined price in Euros (ex VAT and incl. VAT) is to be presented. This is to be broken down by team member rate and hours. The criterion of assessment is “the best price for the proposed level of quality” with a maximum grading of 5.

Step 3 - Weighting

The final score will be weighted 70% on Quality and 30% on Price.

If scores of service providers are equal, priority will be based on the total scores that were given for the Criterion Quality. The assignment will be awarded to the service provider that has received the highest score for the Criterion Quality. If the evaluation of the Criterion Quality does not lead to a distinction, the score for the component “Proposal overall” will be decisive. If this does not lead to a distinction, the ranking will be determined by the drawing of lots.

Award

Once IDH has decided to which Service provider it intends to award the assignment, a written notification thereof is sent to all Service providers participating in the tender procedure.

The Service provider is contracted via a letter of assignment, following IDH's template.

The following timelines apply to the procedure and assignment.

| Activity | Timeline |
|------------------------------|---------------|
| Terms of Reference published | April 1, 2023 |



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|--------------------------------------|------------------------------------------------|
| Deadline for submission of proposals | April 15, 2023 |
| Selection of consultancy | April 28 ¹ , 2023 |
| Inception meeting | May 10, 2023 |
| Mid-term deliverables meeting | June 30 ¹ , 2023 |
| Final deliverables meeting | To be decided, depending on summer break, 2023 |

6. Contact information

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ⁱ When referring to trade-offs and synergies, these could be between climate & human rights; women and regenerative agriculture; women and water; deforestation and income