

## Terms of Reference

### IDH Sustainable Trade Initiative

#### Scoping Study on Roadmap for Responsible Sourcing in India and to Support the Creation of Minimum Sustainability Criteria for Imports

##### 1. Introduction

IDH Sustainable Trade Initiative (“IDH”) 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.

On basis of these Terms of Reference (“ToR”), IDH aims to select a party **to conduct a study to scope out policy pathways for responsible sourcing of palm oil in India.**

Through its Markets (palm oil) program in India, IDH works on three key verticals of convening, confidential disclosure, and linking buyers to responsibly produced palm oil. This program supports the production of traceable and sustainable palm oil at scale in countries like Indonesia and Malaysia, with the aim to mainstream the uptake of responsibly sourced palm oil in India with downstream stakeholders (traders, refiners, processors). IDH brings its expertise of a standard inclusive, key convenor in the global context, helping build a stronger case for responsible sourcing, in India and for India.

##### About the Project

In India, palm oil consumption has drastically increased by almost 230% over the last two decades. The country is a major market for deforestation-related agricultural commodities. It is the **largest importer of palm oil and consumes about 11% of global production**. India produces about 0.3 MMT of palm oil annually while its annual consumption is around 8.9 MMT. (Source: USDA)

The demand for palm oil is primarily driven by high consumption as vegetable oil in the food and FMCG industry. India's palm oil imports are expected to jump to a four-year high in 2022-23, as consumption rises after two years of contraction due to COVID-led lockdowns. Indonesia and Malaysia are primary sources of these imports, where palm plantations contribute to massive deforestation and peatland destruction.

Palm oil lies at the core of India's edible oil market owing to its low prices and the country's need for food security. Palm oil is present in nearly everything – close to 50% of packaged products and almost 100% of Indian street food and snacks contain palm oil (in the form of hydrogenated vegetable oil – Vanaspati). Most products in supermarkets, from doughnuts and chocolate, to deodorant, shampoo, toothpaste and lipstick also have palm oil. It is also used in animal feed and as a biofuel in many parts of the world.

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Palm oil is an extremely versatile oil with properties and functions that makes it useful and widely used. Compared to other vegetable oils, oil palm is a very efficient crop, able to produce high quantities of oil over small areas of land, almost all year round. This makes it an attractive crop for growers and smallholders (in Indonesia and Malaysia), who can rely on the steady income that palm oil provides. There is an evidently large trade dynamic at play when it comes to a commodity like palm oil.

Palm oil continues to be a major driver of deforestation of some of the world's most biodiverse forests, destroying the habitat of endangered species. [FAO data](#) posits that palm oil has contributed to an estimated 5% of tropical deforestation in tropical areas. When looking at global deforestation, palm oil contributes to 2.3% of global deforestation. (Source: The European Commission)

This forest loss coupled with the conversion of carbon-rich peat soils is emitting millions of tonnes of greenhouse gases into the atmosphere contributing to climate change. There also remains issues of exploitation of workers and child labour at plantations.

An understanding of palm and its various derivatives along with the daily interaction with the commodity through the various segments (cosmetics, confectionery, pharmaceuticals and others) remains limited in the Indian consumer context. Furthermore, the deforestation risk associated with palm and its ecological footprint is not realized given negligible media attention and the absence of on-product labelling. In addition, the absence of a level playing field for importers of responsibly sourced palm oil poses a serious challenge. **Price volatility and costs of certification remain the biggest barriers in the uptake of responsibly sourced palm oil.**

#### More details

- [A first view report](#) of the Indian market which builds awareness on responsible sourcing of palm oil and our work here.
- Report on [Responsible Sourcing Consultation and Policy Engagement through DGFT](#).

## 2. Assignment

### *Objectives*

India is well-positioned to drive the demand for sustainable palm oil and bring it from niche to norm. For the Government of India, the increase in domestic production, aimed at import substitution with a view to increasing food security continues to be a priority. Over the past few years, the Indian government has taken steps to increase its palm oil production but factors such as water shortage and impact on groundwater, small landholdings and long gestation period has discouraged its large-scale adoption. Additionally, given current consumption trends, India will likely remain import-dependent in the edible oils sector.

The objective of the assignment is to conduct a study to analyse India's current and future role on the global stage in responsible sourcing of high deforestation risk commodities, and recommend a potential roadmap for policy intervention through a set of minimum criteria (pivoted on environmental sustainability and imports). This suggested approach may then be used to build policy engagement to create a paradigm shift in the Indian market towards responsible sourcing.



Over the past few years, the broad narrative on this theme has moved beyond certification and voluntary standards as these are seen as ever-moving targets and cost centres for market stakeholders at different levels. A clear guidance through minimum sustainability criteria in imports can be driven through the work of this study. These will be presented to key policy stakeholders to build support and a signal to the market for transformation towards more responsible sourcing practices.

The study shall take a holistic view of priorities of market and policy stakeholders while strengthening the business case for responsibly sourced palm oil in India.

The study shall:

- Work on building a whitepaper on global SDG commitments and shaping the need for the policy stakeholders in India to convene around minimum sustainability criteria (on palm oil related imports as a starting point),
- Present recommendations feeding into national development priorities – working on imports, trade and increase of domestic production of palm oil.

#### *Deliverables*

The final report will aim to be a pragmatic cost benefit analysis and whitepaper developed in close collaboration with IDH Markets team, detailing issues and a roadmap for policy interventions to drive responsible sourcing. It will also suggest the opportunity and pathways to create a level playing field for companies to source responsibly in the Indian market.

The Cost/Benefit Analysis is to be focussed on current India-Indonesia and India-Malaysia trade discussions, bilateral ties from a policy perspective. It is also expected to further strengthen ongoing engagement with market consumers in the long-term. The selected consultant is expected to undertake scenario analyses to explore options in the short run and long run – for government, business and consumers.

The report will be presented to the Government of India to help and suggest initial thinking on a roadmap for minimum sustainability criteria in imports. This work is intended as a coherent consolidation of efforts of the existing voluntary standards and national legal frameworks in producing and exporting countries (ISPO and MSPO).

The study itself is expected to:

- Collate and study best practices across the world to come up with a cogent and feasible definition for responsible sourcing for a market like India.
- Recommend criteria for responsible sourcing in India through a cost-benefit analysis with a long-term view and pre-empt the various challenges and potential solutions in building an “in India, for India’ set of import criteria.
- Suggest a roadmap for building and executing Minimum Import Criteria: for India-Indonesia and India-Malaysia trade discussions, bilateral ties and also for market consumers in the long-term.



- Calculate and assess scenarios of different policy options in the short term and the long term with a gradual increment in requirements informed through import criteria for government, business and consumers. This will then create suggestive holistic criteria for the country in a space currently crowded with voluntary standards.

As the study develops, an analysis report of current trade flows, commodity prices and import volumes (based on a thorough review of credible, standard inclusive data) will need to be prepared to make an informed selection of priority interventions to further develop in the final report.

Additionally, a summary presentation with the main results should be submitted that reads independently from the complete report. This paper will serve as the reference point for building out minimum import criteria for India on responsible sourcing of imported commodities, beginning with palm oil.

A proposed timeline for the assignment (including its deliverables) is presented below:

Deliverables of assignment	Deadline
Kick-off meeting	05-Jun-23
Literature review to be completed	19-Jun-23
Data collection and writing of the methodology	03-Jul-23
Report First Draft (with placeholder content)	31-Jul-23
First Report review Meeting	07-Aug-23
Final Report review Meeting	18-Aug-23
Report Final Draft	31-Aug-23

*\*Bi-weekly calls with the team to be scheduled*

### 3. Selection Procedure

The procedure will be as follows:

1. Publishing the tender and/or inviting services providers to submit a proposal based on this ToR.
2. Selection of top 3 service providers to do a team pitch, along with a Q&A session.
3. Decision on selection of the consultant.
4. Inception meeting with the selected consultant.

The schedule below indicates the timelines for the tender procedure:



Tender process	Timeline
ToR published	29-Mar-23
Deadline for submission of proposals*	21-Apr-23
Team pitch**	15-May-23
Selection of consultant	31-May-23
Start of assignment	05-Jun-23

\* Proposals submitted after the deadline will be returned and will not be considered in the tender procedure.

\*\* IDH may request shortlisted Service providers to a pitch session at the IDH Gurgaon office or via video conference.

After the deadline to submit a proposal has passed, the evaluation committee will evaluate the proposals.

The proposals will first be tested for completeness:

- The absence of the documents referred to in Section 6 of this document can lead to exclusion from further participation in the tender procedure. This is also the case when minimum requirements listed in this ToR are not met.
- If the proposal is complete, the evaluation committee will evaluate the proposal based on the criterion as mentioned in section 5.

The assignment will be awarded to the candidate with the most economically advantageous tender. This is determined based on the evaluation criteria price and quality.

IDH will reject the proposal if any illegal or corrupt practices have taken place in connection with the award or the tender procedure.

#### **4. Proposal requirements**

IDH is requesting the service providers to hand in a proposal of maximum 10 pages (excluding company biographies, CVs, sample work and references). The proposal must be handed in a MS Word or PowerPoint version next to a PDF submission to facilitate any copy-and-pasting of content that we may need during evaluation.

The proposal must at least include:

##### Content:

- a. A succinct, well-documented approach addressing the requirements set out this ToR. We request that the proposal structure match the selection criteria as closely as possible



- b. Maximum of three client references and a sample of previous work relevant to the deliverables in this ToR
- c. An overview of the project team, including the CVs of the project team members
- d. Budget presented in Euros (ex VAT) with a break-down of days/rate per project team member
- e. Statement on Ground for exclusion (see section 7 below)

Administrative:

- f. Completed detail request form (annex 1)
- g. Copy of most recent (audited) financial accounts
- h. Statement of acceptance draft contract (annex 4)

The proposal must be submitted to Neha Simlai at [simlai@idhtrade.org](mailto:simlai@idhtrade.org) and Sneha Maheshwari at [maheshwari@idhtrade.org](mailto:maheshwari@idhtrade.org) before **21st April 2023 at 11:59 IST**.

## **5. Testing and weighing**

The assignment will be awarded to the candidate 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 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).

#### 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	<b>Proposal overall</b>	The extent to which the proposal meets the requirements set out in Section 3 above and throughout this document. Can the Service provider deliver the requirement deliverables? Will the Service provider be able to deliver a comprehensive solution?	5
2	<b>Design and Development process</b>	<p>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.</p> <p>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.</p>	5
3	<b>Track record</b>	<p>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.</p> <p>The 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.</p> <p>[Relevant experience in non-profit sector is advantageous.]</p>	5



4	<b>Expertise in, and knowledge of import commodities, tariff structures, palm oil supply chain, geopolitical trade dynamics</b>	The extent to which the Service provider has subject matter expertise and knowledge, on trading, policy analysis, market and technical understanding of existing criteria in responsible sourcing.	5
5	<b>Convening skills and stakeholder engagement</b>	The extent to which the Service provider is adept at outreach and engagement with stakeholders at various levels in different organisations. The study needs effective communication and trust building with IDH's (potential) partner organisations.	5

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) 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 (Annex 2).





## **6. Communication and Confidentiality**

The Service provider will ensure that all its contacts with IDH, with regards to the tender, during the tender procedure take place exclusively in writing by e-mail to Neha Simlai via [simlai@idhtrade.org](mailto:simlai@idhtrade.org) and Sneha Maheshwari via [maheshwari@idhtrade.org](mailto:maheshwari@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 IDH than the persons stated in the first sentence of this paragraph.

The documents provided by or on behalf of IDH will be handled confidentiality. The Service provider will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Service provider or its engaged third parties will give IDH grounds for exclusion of the Service provider, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Service providers 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 Service provider.

## **7. Disclaimer**

IDH reserves the right to update, change, extend, postpone, withdraw, or suspend the ToR, this tender procedure, or any decision regarding the selection or contract award. IDH is not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant.

Participants in the tender procedure cannot claim compensation from IDH, any affiliated persons or entities, in any way, in case any of the afore-mentioned situations occur.

By handing in a proposal, participants accept all terms and reservations made in this ToR, and subsequent information and documentation in this tender procedure.

## **8. Annexes**

Annex 1: Detail request form

Annex 2: Letter of Assignment

Annex 3: IDH General Terms and Conditions for Services

Annex 4: Statement of acceptance draft contract