

## Terms of Reference

### IDH Sustainable Trade Initiative

#### **Designing a sector mechanism to gather and distribute financial contributions to close the Living Wage gap quantum in the tea sector.**

#### **1. Introduction**

**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 programs that aim to mainstream social and environmental sustainability in 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 an assignment to provide insights into possible collection and distribution mechanisms to execute living wage ("LW") gap closure in the tea industry and to calculate the LW gap quantum in tea, in an origin specific manner.

#### **2. Background**

IDH has been working in the tea sector since 2008. Since 2015 onwards the program has focused on tackling the challenge of wages in the tea industry, from 2015-2020 through the Malawi Tea 2020 program, and since 2021 by exploring a living wage commitment. Since 2022 concrete 1-1 partnerships with buyers, retailers and producers are in place to measure the living wage gap in their supply chain, in line with the steps of the [IDH LW Roadmap](#). IDH convened this group of companies further to work towards a living wage commitment in the tea sector, a process that has been ongoing since Q4 of 2022 and is based on deeply collaborative workshops with the industry and other stakeholders.

**IDH is looking for a consultant(s) to execute this assignment and provide suggestions on suitable distribution mechanisms and calculate the Living Wage gap quantum.** Mindful of the expertise required for this assignment (both on the topic of living wage and tea market expertise), we welcome a consortium of individuals combining their expertise as well.

#### **3. Assignment**

##### *Objectives*

The overall objective of this assignment is twofold:



**1. To provide insights into possible collection and distribution mechanisms to execute living wage gap closure:**

- a. Identify collection and distribution mechanisms suitable for the tea industry (going beyond identification of e.g., a premium), getting to the crux of how extra value would reach workers to execute living wage gap closure.
  - i. How do these collection and distribution mechanisms appear from and work for a buyer/retailer perspective who are willing to make a so-called voluntary contribution?
  - ii. How do these collection and distribution mechanisms appear from and work for a producer perspective at origin considering specific regulatory frameworks e.g. government mandated wage setting and collective bargaining agreements (CBA's) being in place? We expect the consultant(s) to provide realistic suggestions that are feasible in the most prominent tea origins such as Kenya, India, Sri Lanka, Malawi, Tanzania and Rwanda.

**2. To calculate the living wage gap quantum in tea:**

- a. Provide a calculation and analysis based on data provided by IDH for Kenya and India in terms of what it means to close the living wage gap by 50% in 2030.
  - i. Considering the context that the current commitment group buys between maximum 5-20% of tea produced by a given producer and therefore the contributions of these buyers and retailers will not allow for 100% living wage gap closure at producer level.

*Deliverables*

The deliverables of this assignment will be:

Deliverables and meetings of assignment	Deadline
Kick-off meeting with IDH team	First week of assignment, location TBD based on the consultant location
Deliverable 1: Inception report outlining the scope and approach of the assignment	July 17 <sup>th</sup> , 2023
Inception report call	July 21 <sup>st</sup> , 2023, or July 24 <sup>th</sup> , 2023
Consultation workshop with tea producers*	TBD
Consultation workshop with tea buyers*	TBD
Draft report including deliverable 2 -3 -4 as described below	August 31 <sup>st</sup> , 2023
Validation workshop	September 7 <sup>th</sup> , 2023



Deliverable 2: Overview of distribution mechanisms to execute living wage gap closure	September 15 <sup>th</sup> , 2023
Deliverable 3: Analysis and calculation of living wage gap quantum for India and Kenya	September 15 <sup>th</sup> , 2023
Deliverable 4: Final report	September 15 <sup>th</sup> , 2023

\*Organisation and facilitation by IDH team

#### 4. Selection Procedure

The procedure will be as follows:

1. Publishing the tender and inviting service providers to submit a proposal based on this ToR.
2. Option to submit questions regarding the assignment and the ToR. Questions will be answered via an information notice that will be shared with all consultants that indicated their interest in the assignment or submitted questions.
3. The evaluation committee will evaluate the proposals based on the selection criteria as published in this ToR.
4. Decision on selection of the service provider.
5. Kick-off meeting with the selected service provider.

The schedule below indicates the timelines for the tender procedure:

Tender process	Timeline
ToR published	May 16 <sup>th</sup> , 2023
Closing date questions*	May 29 <sup>th</sup> , 2023, 12:00 (noon) CEST
Publication of information notice	June 2 <sup>nd</sup> , 2023
Deadline for submission of proposals**	June 12 <sup>th</sup> , 2023, 12:00 (noon) CEST
Selection of Service provider	June 16 <sup>th</sup> , 2023
Start of assignment	June 26 <sup>th</sup> , 2023

\* Questions received by IDH after this date will not be answered.

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



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 6.

The assignment will be awarded to the service provider 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.

### Questions

Questions regarding the assignment or the ToR can be submitted until May 29<sup>th</sup>, 2023, 12:00 (noon) CEST, by e-mail to [Chait@idhtrade.org](mailto:Chait@idhtrade.org) . With the express mention: "Questions tender "Living Wage in the tea sector".

Questions must be submitted in the English language and using the Template Question Form, attached to this ToR as annex 2.

The submitted questions will be grouped, anonymized, and combined in an information notice. This notice will be sent to all consultants in a reply to the e-mail in which the questions were submitted.

The responsibility for the timely and accurate submission of the questions lies with the service provider. When IDH indicates that questions have not been received by IDH before the indicated deadline, the service provider must demonstrate that the questions were sent timely.

## **5. Proposal requirements**

IDH is requesting the service providers to hand in a proposal of maximum 5 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 (both excluding & including VAT if applicable) with a break-down of days/rate per project team member.
- e. Statement on Ground for exclusion (see section 6 below)

Administrative:

- f. Completed detail request form (annex 1)
- g. Copy of most recent (audited) financial accounts
- h. Statement of acceptance draft contract (annex 5)

The proposal must be submitted to Gabriel Chait at [Chait@idhtrade.org](mailto:Chait@idhtrade.org) before **June 12<sup>th</sup>, 2023, at 12:00 (noon) CEST.**

## **6. 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 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?	<b>10</b>
		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.	
2	<b>Track record</b>	<div>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.</div> <div>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.</div> <div>The extent to which the Service provider has experience in similar assignments.</div>	<b>10</b>

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 10.

#### *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 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 3).





## **7. 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 Gabriel Chait, Senior Program Manager Tea, via [Chait@idhtrade.org](mailto:Chait@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 person stated in the first sentence of this paragraph.

The documents provided by or on behalf of IDH will be handled confidentially. 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.

## **8. 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.

## **9. Annexes**

Annex 1: Detail request form

Annex 2: Template Question Form

Annex 3: Letter of Assignment Template

Annex 4: IDH General Terms and Conditions for Services

Annex 5: Statement of acceptance draft contract