

## TERMS OF REFERENCE (TOR)

### IDH Sustainable Trade Initiative (IDH)

#### Promoting low emission coffee production for smallholders' income improvement

<b>Scope of service</b>	To support the further development of low-carbon emission coffee supply chain that can contribute to improving farmers' income while contributing to Roasters' carbon emission reduction commitment in 3 communes (Ea Tan, Ea Toh, and Dlie Ya) in the Krong Nang District, under the IDH-JDE funded project: <i>"Promoting low emission coffee production for smallholders' income improvement"</i> .
<b>Duration of Assignment:</b>	23, October 2023 to 10, June 2024
<b>Location of assignment:</b>	Krong Nang district-Dak Lak, Vietnam

#### 1. Background of the assignment

In the period of 2021-2025, the IDH-JDE funded project *"Promoting low emission coffee production for smallholders' income improvement"* has been implemented by Simexco in three communes (Ea Tan, Ea Toh, and Dlie Ya), Krong Nang district, Daklak province with a total coffee land area of 9,826 hectares and population of 8,818 coffee households.

The project has aimed to bring better income and a better environment to smallholders by delivering interventions relating to different income and environmental drivers, including: (i) Promote/upscale viable business models for large-scale sustainable production adapting to climate change with the delivery of agri-service toward regenerative agriculture; (ii) promote large scale purchasing mechanisms and (iii) develop the pathways for a low-emission coffee supply chain to contribute to farmers' benefit sharing and Roasters' commitment.

The project intervention activities, which have been tailor-made based on soil, climate, and crop characteristics, market requirements and the capability of implementing partners, have been designed into four work packages.

The first package activities are to promote service delivery models to cooperatives and farmer organizations via soil analysis service to determine soil health and advise farmers to use chemical and organic fertilizers reasonably and effectively. In addition, three agricultural service teams are providing services including pesticide spraying, planting hole digging; uprooting; transporting goods for members of the cooperative and non-members of the cooperatives and also establishing 5 models of weed management using bio-products to replace the use of herbicides.

The second package activities are promoting sustainable production, applying regenerative agriculture via capacity building, and innovative training to farmers. Training topics have been focusing on soil health and plant nutrition; intercropping, replanting, harvesting techniques and postharvest and processing technologies; techniques related to planting windbreaks and trees on both sides of the road; proper use of organic and chemical fertilizer, irrigation, and agrochemical management.



The third package activities are promoting the purchasing mechanism and supply linkage via strengthening the existing supply chain to enable the large-scale responsible sourcing scheme with differentiated price mechanisms and organizing the Farmers Festival to improve access to the market for coffee and intercrops.

The fourth package is exploring the potential pathways for a low-emission coffee supply chain that can contribute to improving farmers' income while contributing to Roasters' carbon emission reduction commitment. Based on the nature of this work and the capacity of implementation partners, this package will be outsourced to an external consultancy team to be able to conduct and deliver the expected outputs and outcomes of the package.

## **2. Objective of the assignment**

The core objective of this assignment is to assist the Simexco team in:

- Upgrading its existing carbon calculation tool & methodology (ie currently based on the Cool Farm Tool and other excel based tools) into an updated version following the concept of "CFT + extra modules". By that we mean that the calculation tool & methodology needs to be based on the CFT tool and complemented by extra modules to address topics not yet covered by the CFT tool. This approach should ensure alignment with the latest GHG accounting & reporting standards and guidelines and be aligned with the coffee industry and major coffee roasters' expectations
- Assisting the Simexco team use the newly developed carbon calculation tool & methodology to undertake the December 2022 - December 2023 carbon footprint for the selected supply chains and be able to collect data and calculate carbon footprint from a group of farmers
- Developing a mechanism to claim and commercialize lower carbon emission coffee to its customers, with its associated benefit-sharing scheme.

The consultancy may choose to propose to deliver all activities, or only one of them, dividing the proposal per work packages with corresponding detailed budgets. It is possible to create a partnership with other organisations to be able to deliver any/ all of these activities. It is expected that some of the project activities will be done in Vietnam and some can be done remotely

### **Activity 1: GHG/ carbon footprinting**

1.1 Review the GHG/ carbon footprinting work done over the past years in Krong Nang coffee areas (the three reports will be provided by IDH), the Greenhouse gas emission calculation tools (IDH Coffee Sector GHG Emissions Dashboard to be provided by IDH), as well as the IDH Compact M&E system which will be used to collect some of the carbon data. The review should focus on the following elements:

- High level analysis of the carbon footprint results and the associated GHG emission sources (eg quality of the work done, alignment, differences, gaps to current best practice, ability to use these results as baseline performance, etc), and high-level perspectives on the recommended improvement actions.

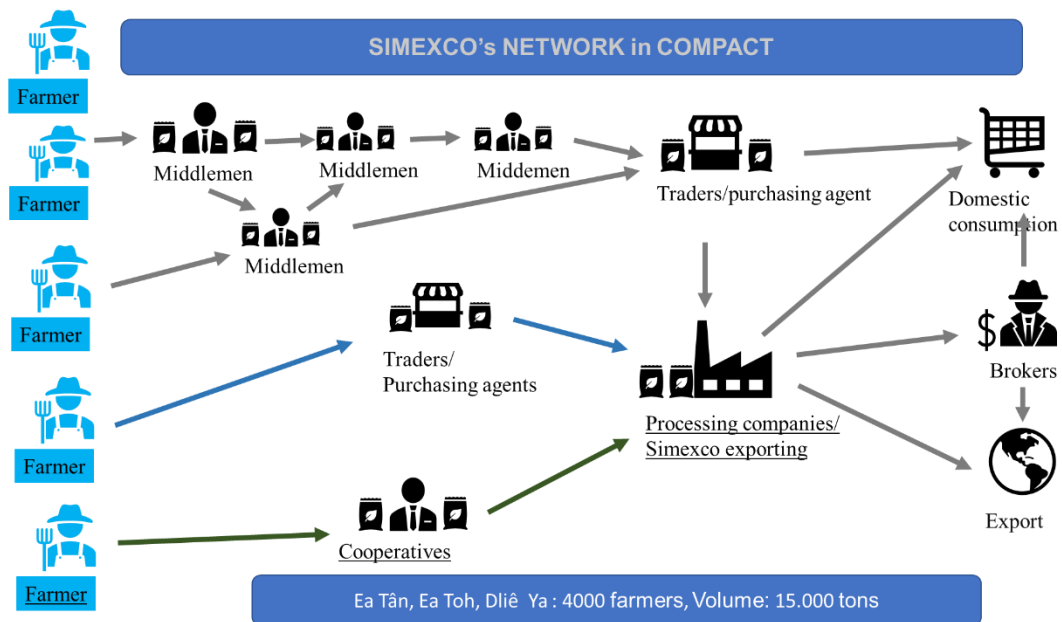


- High level analysis of the IDH Coffee Sector GHG Emissions Dashboard excel document and as needed provide improvement recommendations for consideration in Task 1.2 below ie upgrade of the carbon footprinting MRV tool and methodology.
- As some of the carbon data would be collected through the IDH Compact M&E system, the consultant will also need to review at a high level and understand how the IDH Compact M&E system operates, which carbon parameters are being collected and reported through the system, and the associated data collection methodologies.

#### 1.2 Upgrade existing practices to develop a new “CFT + extra modules” carbon footprint tool and methodology, ensuring that:

- It is fully aligned with latest best practices in carbon footprinting and associated key standards (eg the GHG Protocol and its guidelines, the SBTi standards, others as relevant).
- It is linked to the IDH Compact M&E system. Core data for carbon parameters will be extracted from the existing digital IDH compact M&E system to save the partners’ effort of collecting carbon data separately. The data then will be imported into the “CFT + extra modules” carbon footprinting tool for generating the GHG emission reduction and carbon sequestration results. The consultancy team should work with an IDH M&E expert to advise the carbon parameters required to extract for the carbon calculation.
- It covers all the supply chain activities that are in scope (ie coffee farming, coffee washing/ dry milling/ warehousing/ other processing, the various coffee logistics up to the client factory gate in Vietnam/ harbour in Vietnam) – see details in section 1.3 below and be able to collect data and calculate carbon footprint from a group of farmers
- It covers both GHG emissions and removal and covers all relevant types of GHGs (reporting per GHGs as well as CO<sub>2</sub>e). *Note:* GHG removals emissions have not yet been assessed over the past few years carbon footprint exercises and it is therefore a very important element of this project.
- The extra modules and the carbon footprint assessment & results summary dashboard are developed using Microsoft Excel which is more familiar with Simexco or maybe other companies at this stage. However, we will open for upgrading to the application with the allowance of budget availability
- It is as much as feasible easy to be used by the Simexco team, especially in relation to how the collected data is being inputted into the tool.
- It is developed with the appropriate quality so that it can be audited by a 3<sup>rd</sup> party verification organisation (ie in case Simexco’s client would like to gain 3<sup>rd</sup> party assurance on the claimed carbon footprint results).
- In addition to the excel based tool, the deliverables cover the full "CFT + Extra Modules" tool and methodology guidelines (including scope & system boundary, data requirements, approach to secondary & primary data collection, statistical sampling methodology, data quality management, etc), the tool User Guidelines and associated training (in English and Vietnamese; the consultancy will propose the approach for delivering such capacity building but it is likely to at least be constituted of 2 learning workshops).

1.3 Assist the Simexco team undertake a new carbon footprint covering the December 2022 to December 2023 period for the selected supply chains.



- *Note 1:* the Simexco team should operate as much as feasible the newly developed carbon footprinting MRV tool & methodology with the support of the Consultancy. This also include the field data collection, which will be undertaken by the Simexco team with the Consultancy support as needed, and the engagement with the IDH Compact M&E system team. This overall support and hand-holding is to be considered as part of the training approach provided to the Simexco team by the consultancy. The training by consultancy may be extended to other IDH-funded project partners if they request and under the Simexco and IDH agreement for sharing the tool (the tool can be publicly used by IDH partners).
- *Note 2:* we recognise that a mix of primary and secondary data will need to be collected for this 2022-23 carbon footprint to keep it within the project's budget. We expect the Consultancy to advise on best approach within budget constraints and how to further improve data quality over the coming years.

1.4 Provide an analysis of the new carbon footprint results verses previous carbon footprints undertaken by Simexco, as well as verses the results of the baseline emissions study conducted in 2022 of coffee beans from Central Highlands (IDH will provide a copy of this study). Provide high level recommendations on potential improvement actions to be implemented across the supply chain to further reduce its carbon impact.



**Notes to assist the crafting of the proposal:**

- We recognise that some of the global carbon footprinting standards/ guidelines might be in draft stages such as the GHG Protocol Land sector and carbon removals guideline or the SBTi MRV guidelines. We expect the consultant to flag these topics in its proposal and propose ways to address/ mitigate such situations whilst still delivering the project's objectives. Similarly the consultant will need to flag any other similar issues associated to any relevant developments in the coffee sector and in Vietnam, which may affect this project's work.
- In relation to developing carbon footprinting tools, we recognise the Intellectual Property issues associated to the ownership of the tool, the ability to use Carbon Emission Factors from privately owned LCA databases etc. IDH and Simexco's objective is to own the Intellectual Property associated with all this project's deliverables – including of the new "CFT + extra modules" carbon footprint tool and methodology (Note: IDH and Simexco recognise they cannot own the Intellectual Property of the "CFT tool" element and will have a licence agreement in place with the Cool Farm Alliance at the project starts). We invite the consultant to present solutions to address these challenges satisfactorily for all parties.
- Recognising that this work is to be partly delivered in Vietnam, we will take into account in the assessment of the consultancy proposal on its knowledge of the Vietnamese context and experience of delivering equivalent work in Vietnam.

**Activity 2: Low carbon claims mechanism and carbon valorisation & benefit sharing scheme**

2.1 Develop a methodology/ mechanism and guidelines to enable Simexco to claim/ communicate/ report to its clients the carbon footprint performance associated with its coffee for them to integrate it into their own carbon accounting & reporting/ SBTs/ Net Zero management activities. Among others, the topics this methodology/ mechanism will need to consider and address include:

- Purchasing of coffee and traceability.
- Management of carbon impact/ assets and retirement of these.
- Approach to reporting of such information, alignment with latest standards and best practice in this field, claims that could be used in marketing documents.
- The role of 3<sup>rd</sup> party assurance, the ability for the 3<sup>rd</sup> party assurance to be undertaken on such methodology/ mechanism to provide further assurance to coffee buyers etc.
- Considerations associated with the marketing and branding of different low to high quality coffees on bags etc.
- Be user friendly, low cost and efficient for Simexco and its partners to operate.

2.2 Develop a carbon valorisation & benefit sharing scheme and guidelines associated to the delivery of the carbon impact/ assets by relevant stakeholders (eg farmers, cooperatives, coffee collectors, others as relevant) for Simexco to best valorise such new product performance and in turn appropriately incentivise and reward its value chain partners (eg farmers, cooperatives, coffee



collectors, others as relevant). Among others, the topics this scheme will need to consider and address include:

- The efforts and costs associated to delivering such carbon impacts/ assets, to undertake carbon footprinting and other work, to manage the above claims mechanism, etc.
- The coffee farmers and their communities' current livelihood, and the just and fair role that climate mitigation and adaptation activities and performance should play to improve it.
- The value of carbon impacts/ assets in the context of the SBTi initiatives, the voluntary carbon credit marketplace, the coffee sector activities and risks associated to climate change, the Vietnamese Government carbon policies and programs, etc.
- The business partnerships between Simexco and its value chain partners (up & downstream), the principles of fairness and inclusivity, the IDH & Simexco Production, Protection & Inclusion Compact, Vietnam's legal/ regulatory framework.
- Be user friendly, low cost and efficient for Simexco and its partners to operate.

### **Role of supporting partners (IDH and Simexco)**

Farmer data collection will be conducted primarily by Simexco under the consultancy supervision while IDH will fund consultancy work only under this TOR. Both Simexco and IDH will support local logistics and connect the consultancy team to relevant stakeholders if needed.

### **Timeline of the assignment:**

The consultancy team will carry out the assignment within 6 months (10, December 2023 to 10, June 2024). The key project deliverables are:

- A report providing the high-level analysis, covering all key issues and main findings of previous carbon footprinting activities and results, of the of the IDH Coffee Sector GHG Emissions Dashboard, and of the IDH Compact M&E carbon system & parameters
- A new carbon footprinting MRV tool and associated methodology based on the "CFT + extra modules" concept, the methodology guidelines, the tool user manual, and associated training.
- The December 2022 to December 2023 carbon footprint report and associated analysis verses previous carbon footprints.
- A carbon valorisation & benefit sharing scheme and guidelines associated to the delivery of the carbon impact/ assets by relevant stakeholders.
- A methodology/ mechanism and guidelines to enable Simexco to claim/ communicate/ report to its clients the carbon footprint performance associated with its coffee for them to integrate it into their own carbon accounting & reporting/ SBTs/ Net Zero management activities.

### **3. Selection Procedure**

The procedure will be as follows:

- Publishing the tender and inviting services providers to submit a proposal based on this ToR.



- 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.
- Evaluation of the proposals by the evaluation committee (including IDH and Simexco). The evaluation committee will evaluate the proposals based on the selection criteria as published in this ToR.
- Decision on the selection of the service provider.
- Inception meeting with the selected service provider.

The schedule below indicates the timelines for the tender procedure:

Tender process	Timeline
ToR published	October 23 <sup>th</sup> 2023
Closing date questions*	October 28 <sup>th</sup> 2023
Publication of information notice	November 1 <sup>st</sup> 2023
Deadline for submission of proposals**	November 25 <sup>th</sup> 2023
Selection of Service provider	December 5 <sup>th</sup> 2023
Start of assignment	December 10 <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 4 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 selection committee will evaluate the proposal based on the criterion as mentioned in section 4.

The assignment will be awarded to the service provider with the most economically advantageous tender. This is determined based on the evaluation criteria of 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 October 28<sup>th</sup> 2023 GMT+7, by e-mail to [hungnguyen@idhtrade.org](mailto:hungnguyen@idhtrade.org) and [hoaitu@simexcodl.com.vn](mailto:hoaitu@simexcodl.com.vn) with the express mention: "Promoting low emission coffee production for smallholders' income improvement". Questions must be submitted in the English language.
- The submitted questions will be grouped, anonymized, and combined in an information notice. This notice will be sent to all consultants in 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.

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

IDH is requesting the service providers to hand in a proposal of maximum 15 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 succinct, well-documented approach addressing the requirements set out by this ToR. We request that the proposal structure matches the selection criteria as closely as possible
- An overview of the project team, including the CVs of the project team members; copy of nationality for project team members; information about the legal form and ownership structure (extract chamber of commerce)
- Budget presented in Euros (ex VAT) with a break-down of days/rate per project team member (per work package and in total)
- Statement on Ground for exclusion (see section 5 below)





**Administrative:**

- a. Copy of most recent (audited) financial accounts

The proposal must be submitted to Mr Hung Nguyen, Senior Program Officer at: [hungnguyen@idhtrade.org](mailto:hungnguyen@idhtrade.org) and Mrs Le Thi Hoai Thu, Communication Officer, Simexco at: [hoaitu@simexcodl.com.vn](mailto:hoaitu@simexcodl.com.vn) before November 25<sup>th</sup> 2023 at 08.00 (GMT+7)

**5. 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:
  - 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 offense concerning their professional conduct by a judgment that has the force of resjudicata
  - 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.

**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>	<p>The extent to which the proposal meets the requirements set out in Section 3 above and throughout this document.</p> <p>Can the Service provider deliver the required deliverables?</p> <p>Will the Service provider be able to deliver a comprehensive solution?</p>	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 and Simexco is adequately consulted for input during the design and development.</p> <p>The extent to which it is clear what is required of IDH and Simexco 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>To the extent to which the Service providers give 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 the non-profit sector is advantageous. Track record in the Vietnamese coffee sector and Vietnamese language is advantageous.</p>	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.

## **6. Communication and Confidentiality**

The Service provider will ensure that all its contacts with IDH and Simexco, with regards to the tender, during the tender procedure take place exclusively in writing by e-mail to Mr Hung Nguyen via [hungnguyen@idhtrade.org](mailto:hungnguyen@idhtrade.org) and Mrs Thu Le via [hoaitu@simexcodl.com.vn](mailto:hoaitu@simexcodl.com.vn). 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 with 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.