

13<sup>th</sup> May 2024

## Terms of Reference

### **Baseline assessment to estimate the efficiency of cultivation practises, associated carbon footprint and household incomes for the four coffee-producing districts of Karnataka and Kerala, India**

#### 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 sustainability commodity programs that aim to mainstream international and domestic commodity markets. IDH jointly formulates strategic intervention plans with public and private partners, and we co-invest with partners in activities that generate public goods.

Based on these Terms of Reference (“**ToR**”) IDH aims to select a suitable consulting organization or agency to perform a comprehensive baseline assessment for the proposed coffee landscape program. This assignment aims to prepare a robust framework for demonstrating impact and progress in the transition to a climate-resilient landscape with a low-carbon pathway.

- Data collection and analysis of the current farming practises: potential readiness for adoption of Regenerative Agriculture practises (refer Annexure 2) for coffee and other intercropped production systems in the area.
- Natural resource management information: soil health indicators (soil organic carbon, NPK indicators), water usage and management, Bio-diversity measurement: native tree concentration and agroforestry.
- Establish carbon footprint baselines for current farming systems for the production of coffee and spices in the four shortlisted districts.
- Income assessment for the farmers and farm workers and establish income baselines.
- The four districts (coffee production areas only) for baseline: Kodagu, Hassan, Chikmagalur in Karnataka and Wayanad in Kerala. All these 4 districts are contiguous and share geographical boundaries.

#### **1. Background: Impact of climate change on coffee and spices production**

Climate action needs to accelerate rapidly in the coming decades to avoid the worst impacts of climate change on the agriculture sector and transform the rural economies to a more sustainable and stable low-carbon pathway. Private sector organizations with global sustainability commitments on climate change and net-zero goals have a central role in facilitating this transformation. As this is a shared responsibility, IDH understands that pre-competitive collaboration and alignment between key industry players is instrumental to rapidly scaling up meaningful climate action at a landscape level.

The impact of Climate Change on Coffee Production is reducing farm yields and destabilizing incomes in many parts of coffee-producing regions of India. Coffee growers in the states of Karnataka and Kerala which produces ~85-90% of India’s coffee and black pepper, are facing multiple risks linked to climate change, such as erratic rainfall and higher temperatures that cause crop damage at sensitive times such as blooming, increased incidence of pests and disease, and increased soil erosion. In the last decade, coffee production yields in the region have dropped as much as 10-15%. Higher



temperature and variable precipitation levels by 2030 are expected to reduce coffee bean yields further unequivocally.

**Proposed Intervention: Multi-stakeholder action and pre-competitive collaboration for responsible and sustainable sourcing can address climate change adaptation and mitigation efforts in the coffee and spices sector more holistically and at scale.**

Recognizing the climate change faced by the coffee and spices growing farmers, IDH since early 2022, has engaged private sector partners as well as other public actors and civil society in Karnataka, to move towards a shared agenda and commonly owned targets based on Production, Protection, Inclusion (PPI) framework. The Landscape approach creates and links a rising market demand for responsibly produced agricultural commodities as well as uses market forces and local governance to co-invest in sustainable production. The Landscape program was launched in early March 2023 in Bangalore, India where it was agreed to build a multi-stakeholder partnership towards the following impact areas:

- Build greater climate resilience and improve farm yields in the production systems for coffee and black pepper in Karnataka with a focus on the districts of Kodagu, Hassan and Chikmagalur (and additionally in the adjoining Wayanad district of Kerala).
- Apply regenerative agriculture principles to preserve and enhance natural resources with a focus on improving soil health (organic carbon and nutrient profile) and water management.
- Reduce GHG emissions from coffee production and interventions in the commons.
- Improve smallholder and farm worker’s incomes and shift it towards more stable and equitable incomes.
- Preserving and enhancing biodiversity through nature-based solutions.

**Proposed Production-Protection-Inclusion framework for the Karnataka Landscape**

Production	Protection	Inclusion
<ul style="list-style-type: none"> <li><input type="checkbox"/> Stabilize and reduce variability productivity in a sustainable way</li> <li><input type="checkbox"/> Diversification of farmers’ sources of income from agriculture: multi-cropping and/or agroforestry.</li> <li><input type="checkbox"/> Enable adoption of climate smart practices (towards a resilient cropping system to maximize economic value).</li> <li><input type="checkbox"/> Reduce GHG footprint from production activities</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Revitalize degraded land and soil health incl. carbon sequestration</li> <li><input type="checkbox"/> Secure equitable access to, and management of water as a resource.</li> <li><input type="checkbox"/> Enable communities and ecosystem actors to conserve biodiversity.</li> <li><input type="checkbox"/> Mitigation of deforestation</li> <li><input type="checkbox"/> Human animal conflict issues to be explored</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Improving livelihoods through diversification and entrepreneurial enterprise</li> <li><input type="checkbox"/> Agency of farmers and communities towards stewardship of natural environment</li> <li><input type="checkbox"/> Strengthening farmer collectives</li> <li><input type="checkbox"/> be gender aware and intentional to enhance women’s participation in economic activities</li> <li><input type="checkbox"/> Creating local ownership through participatory approaches in planning</li> </ul>

**2. Assignment**

We expect that this assignment will help design an approach to establish an efficient and robust baseline for key indicators around current farming practises, natural resource management, carbon



footprint and farm-related income. Such a baseline will provide industry players and other stakeholders with the necessary metrics and processes with which to: inform corporate investments into climate-resilient farming systems, low-carbon coffee production; provide an agreed standard to quantify and monitor impacts; and reduce barriers through pre-competitive collaboration on enhanced capacities.

### **Objectives**

To achieve the outcomes for developing a climate-resilient coffee sector in Karnataka and Kerala this baseline has been proposed with the following objectives:

1. Establish industry-accepted, robust carbon footprint baselines for coffee production in the key sourcing region of India: districts of Kodagu, Hasan and Chikamagalur (in Karnataka) and Wayanad (in Kerala), India.
2. Assessment of the current farming practises and natural resources management: Assessment of farming practises (use of inputs, cultivation methods and post-harvest management), age of the plants, farm yields for coffee and other spices, soil health management and improvement practises, soil organic carbon assessment (using geospatial analysis or similar tools), water management practices etc.
3. Assessment of the farming incomes): use of IDH Better Income framework for income measurement and assessment (land size, farm yields, price discovery, cost of production, diversified incomes from other crops etc. (Kindly refer to **Annexure 1** for IDH Better Income Framework).
4. Assessment of the current farm wages in the coffee sector, working conditions and role of women in coffee farming as farm workers.
5. Put in place a standardized framework and mechanism for regular data collection, sharing, and analysis to facilitate annual impact monitoring and reporting on the PPI framework and priorities for the coffee sector.
6. Provide suggestions to enable private sector partners such as coffee traders, roasters and processors to understand, document, and report on carbon emissions and sequestration in coffee systems; report on engagement with smallholder farmers, report on Bio-diversity.

### **Boundary of Assessment**

The boundary for the baseline assessment will be the four districts mentioned above and will include the smallholder farmers (land size less than 10 Ha as defined by the Coffee Board of India) growing coffee as a primary crop along with other crops (such as black pepper). For the carbon footprint assessment, the GHG emissions and carbon sequestration should focus on coffee farms (e.g. directly associated with coffee production) and post-harvest activities near the farm gate. Efforts need to be made to ensure that the methodology is also aligned, to the extent possible, with JDEP / Nestle / USAID / ETC. on CO<sub>2</sub>e methodology, Product Category Rules (PCR) for green coffee, the World Food Life Cycle Database (Quantis, 2016), the Ecoinvent v3 guidelines (Weidema et al., 2013), and/or other relevant standards.

### **Study Design and Sampling**

A representative sample protocol needs to be decided (together with the organisation selected to undertake the assignment) that indicates how many farmers are needed to be interviewed in each of



the three coffee-producing districts in Karnataka<sup>1</sup> and one district of Kerala by using the mean and standard deviation of the relative contribution to the regional supply of each district. This will result in a list of districts with associated sample sizes of farmers. The proposed landscape program will aim to cover ~50,000 farmers in the target districts by 2027 and therefore a sample size of ~350-400 farmers (90-100 farmers per district) is suggested. Through the existing interventions, IDH already has access to over 5000 coffee farmers across 3 districts of Karnataka where the primary data collection can be facilitated. IDH would also support the consultant with suitable networks and connections in the district of Wayanad. The consultants need to suitably budget for the fees of local enumerators as per requirement. Survey tools need to be translated from English to the Kannada or Malayalam language to facilitate field data collection from the local farmers.

IDH will need a copy of the cleaned raw data to share with the strategic partners of this program. Any company-specific identifiers would need to be scrubbed from the database, so one partner would not know which data points come from which of their competitors.

### ***Methodology guidelines***

The data requirement in the program is high, environmental indicators are measured alongside farmers' practices and livelihoods/incomes. A few guidelines that should keep in consideration:

- a. The Consultant must consider the Regenerative Agriculture for coffee framework (included as **Annexure 2**):
  - i. Use it as the initial framework for study
  - ii. Establish the baseline for farming methods in line with the Regen Ag
- b. The consultant must design the study covering the relevant features of each location to understand the functioning of the different systems of coffee cultivation and understand the diversity of farming systems in the coffee landscape. The possible approach could be to subdivide study areas into clusters or blocks based on farmer diversity and coffee production (data statistics available at the Coffee Board website). Then, from each cluster, coffee planters/farmers may preferably be selected (randomly) for the study.
- c. Carbon footprint, soil organic carbon measurement and Water footprint estimation in the program geography through empirical models or remote sensing must follow the standard prescribed by IPCC or national/international agencies. Therefore, the consultant/agency should have expertise in GIS and remote sensing applications.
- d. Both quantitative and qualitative research methods should be applied for data collection with significant emphasis on data quality monitoring. The sample size and method of deriving the sample size would be therefore critical.
- e. An income measurement survey tool for the coffee sector has been designed by IDH and key questions from the survey tool may be used for the baseline study as needed by the shortlisted consultant.
- f. Suitable participatory methods need to be used for farmers discussion with a clear emphasis on how the program will aim to benefit the coffee growers in the long term

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<sup>1</sup> Representative sampling at the district is possible in Karnataka and Kerala as a result of IDH and our partner's activities. The consultant may suggest a larger overall sample size; results would be more granular, but the trade-off is a far greater data collection effort required. District-level sampling is therefore recommended as a suitable compromise between cost and level of detail.



(yield improvement, soil health improvement, better price discovery due to improved quality profile etc)

- g. The social, environmental and economic technical coefficients to quantify such indicators should come from mixed sources, mainly from household survey data (both quantitative and qualitative), including farmers' fields and expert knowledge.

### ***Expected Deliverables***

1. Inception report: This should include details as the: the study design, objective specific methodology and deliverable, project delivery planning, timeline for completing the task, sampling frame, considering the heterogeneity in terms of the age and size of the coffee farm/plantation, inter-crops, agroecology etc.
2. The final baseline report should cover:
  - a. Development of an evidence-based profiling/baseline of the soil health, carbon and water footprint, biodiversity profile. This should be based on current agricultural practices and locally adapted production alternatives for all representative locations. Comprehensive diagnostic analysis of crop profile, production practices and yield assessment to identify location-specific entry points for closing yield gaps and enhance resource-use efficiency using regenerative production practices.
  - b. Land Use Land Cover Classification (LULC) as per the IPCC Good Practice Guidance guideline for LULC classification. Establish the carbon baseline and estimates, Soil Organic Carbon, carbon sink capacity and develop an appropriate methodology for estimating changes in the same due to program interventions.
  - c. Development of the income baselines for the program geography and the complete characterisation of existing farming and rural livelihoods conditions with-respect-to income generation (also using proxy indicators for income such as HH consumption pattern, HH assets details etc.), gender and social inclusion and constraints and suggest pathways for improving incomes.
  - d. Development of coffee and intercrop practice profile. Additionally, prepare case studies of successful locally adapted production practices.
  - e. Impact of climate change and climate variability on the coffee farming system and livelihood security of the households based on the generic characterisation of the farming systems.
  - f. Learning manuals on the various tools, equipment's, and methods employed in the whole baseline process for collecting, analysing and interpretation of the data.
  - g. Data: Cleaned data files in the specific format (csv, dta) to be submitted once the data collection is completed. Minutes of qualitative exercises and details of participants will also need to be submitted.



Summary of the key deliverables for this assignment:

Deliverables	Details	Deadline
Inception report (Including the detailed work plan to conduct the assignment)	<p>The final detailed plan for collecting data and qualitative information and analysing data/information based on alignment with this ToR . This plan should include the following materials:</p> <ul style="list-style-type: none"> <li>▪ Draft surveys/questionnaires</li> <li>▪ Criteria for sampling/sample selection</li> <li>▪ Working schedule</li> </ul> <p>The report can be shared in advance and subsequently be presented on a virtual call.</p>	Within 2-3 weeks after the selection of the consultant or signing of the contract.
Draft report	<p>The draft report (in English), both in word and power point presentation format:</p> <ul style="list-style-type: none"> <li>● Context overview</li> <li>● Objectives of the study</li> <li>● Research methodology</li> <li>● Findings on the current environmental, social and economic situation as per the PPI framework</li> <li>● Recommendations for improvement based on the findings</li> <li>● Conclusion</li> <li>● List of stakeholders,</li> <li>● List of references</li> </ul>	Within 8 weeks after the submission of the inception report and data survey forms
Final report	The final report (EN), both in word and power point presentation format, in alignment with the requirement stated in Section 2 (Expected Deliverables)	2 weeks after the Feedback is provided on the draft report

### 3. Selection Procedure

The procedure will be as follows:

1. Publishing the tender and/or inviting services providers to submit a proposal based on 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. Evaluation of the proposals by the chair of the evaluation committee. The 3 proposals that receive the highest scores will be presented to the evaluation committee. The committee will evaluate the proposals based on the selection criteria as published in this ToR.



4. Selection of top 2 proposals to do a team pitch
5. Decision on selection of the proposal / service provider.
6. Inception meeting with the selected service provider.

The schedule below indicates the timelines for the tender procedure:

Tender process	Timeline
ToR shared with the consultants	13 May 2024
Closing date for the questions on the TOR	17 May 2024
Response to the questions	20 May 2024
Deadline for submission of proposals*	1800 HRS IST, 24 May 2024
Team pitch and presentation of Proposal of shortlisted firms**	1 <sup>st</sup> week of June 2024
Selection of Service provider	2 <sup>nd</sup> week of June 2024
Complete the contracting process and start of assignment	3 <sup>rd</sup> week of June 2024

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

\*\* IDH may request shortlisted Service providers to a pitch session 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 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. Applicants are expected to develop their methodological approach in line with prescriptions laid out in section 2 above. The proposed methodology may be further discussed with IDH after contract awarding and fine-tuned during the inception phase.
- If the proposal is complete, the selection committee will evaluate the proposal based on the criterion as mentioned in Section 5.

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 17<sup>th</sup> May 2024, 1800 Hrs] Indian Standard Time, by e-mail to Mr. Saurabh Sinha (sinha@idhtrade.org) and Mr. Pritam Nanda (nanda@idhtrade.org) With the express mention: "Questions: Tender – Coffee Landscape Baseline".



The responsibility for the timely and accurate submission of the questions lies with the organisation / service provider. When IDH indicates that IDH has not received questions 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 a maximum 12 pages (excluding CVs, sample work and references). The proposal must be submitted in a PDF format (unlocked) with copy and paste enabled to facilitate the evaluation.

The proposal must at least include:

##### Content:

- a. Description of the consultancy organization and statement of experience related to implementing baseline studies and landscape analysis in the agricultural/environmental space. List the most relevant references, to a maximum of 10 in total (for all team members together).
- b. A succinct, well-documented approach and methodology demonstrating the understanding of the assignment, how the consultant(s) intends to conduct the assignment, along with likely sources of data. This part of the proposal shall not be longer than 10 pages in Word or 10 slides in Power Point.
- c. Maximum of three client references and a sample of previous work relevant to the deliverables in this ToR.
- d. Proposed work plan and timeline for the study.
- e. Detailed financial proposal for the activities that will be carried, inclusion of a budget (in INR and EURO) with a detailed cost break-down of:
  - i) Hourly rates and total time specified for each expert and rate per Consultant
  - ii) Materials / logistics
  - iii) Travel and transport expenses
  - iv) Data collection costs
  - v) Contingency budget (if any)
  - vi) Overall budget (excluding applicable taxes)

IDH is interested in seeing a detailed breakdown of each consultant's daily fee, the total number of working days for each consultant, the consultancy's total budget including taxes, the cost per primary data collection item as well as the cost of travel and transport, etc.

- f. Clear description of the project team, relevant experience of team members and time allocation per team member (including resumes of not more than 2 pages per resume). The proposed team should have the technical capacity to perform the tasks outlined in these Terms of Reference, including:
  - i) Demonstrated experience in agricultural, climate, ecological, natural capital, and socio-economic baseline data gathering in similar agro-ecological settings
  - ii) Experience working in similar geographies and on similar assignments. Fluency in Kannada and Malayalam
  - iii) Experience in quantitative and qualitative research.
  - iv) Experience in reconciliation of geographic information
- g. Statement on Ground for exclusion (see Grounds for Exclusion section below)





#### Administrative:

1. Completed Detail Request Form (**Annexure 3**)

The proposal must be submitted to Mr. Saurabh Sinha at [sinha@idhtrade.org](mailto:sinha@idhtrade.org) and Mr. Pritam Nanda at [nanda@idhtrade.org](mailto:nanda@idhtrade.org) before 1800 Hrs Indian Standard Time, 24<sup>th</sup> May 2024.

#### **5. Testing and weighing**

The assignment will be awarded to the service provider with the most economically advantageous tender that is determined based on 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;
  - e) they or persons having powers of representation, decision making or control over them have been the subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, 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 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. [IDH values quality highly, therefore a minimum grade of 3 must be scored by the service provider on each component. If the service provider scores a grade of 3 or less on one of the components he will be excluded from the tender procedure and awarding the contract.]

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>	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	<b>Track record</b>	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.  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 non-profit sector is advantageous.]	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 both in Indian Rupees and in Euros (ex any applicable taxes) 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.

### **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-mails. 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 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.

### **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 aforementioned 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 to the TOR**

Annexure 1: IDH Better Income Framework

Annexure 2: Indicative Regenerative Agriculture Framework for the program

Annexure 3: Detail Request Form (IDH template)

Annexure 4: IDH General Terms and Conditions for Service

Annexure 5: Statement of acceptance