

10 June 2024

## Terms of Reference

### Aldea Global and Stitching IDH

#### Consulting services for finance and fundraising strategy

##### 1. Introduction

Aldea Global, former NGO, (“**Aldea**”) is a group of stock corporations per business line: Aldea Coffee, Aldea Global and AldeaZon. It was established in Nicaragua by a group of smallholder farmers in 1993 and separated its business lines in 2022. Aldea provides its members with commercialization services, inputs, credit, and non-financial services. Aldea exports high-quality coffee beans, fair trade and organic coffee from its members to the USA, Europe and Asia. Aldea is Nicaragua’s fourth largest coffee exporter.

Stichting IDH (“**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. To build on IDH's track record in smallholder value chains, the IDH Farmfit Fund was established in 2020 to continue and develop the innovative finance approach. The Fund manages EUR 100 M, which the Dutch government and several large multinational companies have committed to invest in. Furthermore, US DFC, the development arm of the US Government, supports the IDH Farmfit Fund with a USD 250 M guarantee facility. The Fund aims to incentivize both banks (development and commercial banks) and supply chain companies to invest sizeable amounts in innovative farmer financing structures to improve farmers' lives.

On basis of these Terms of Reference (“**ToR**”), Aldea and IDH aim to select a party to investigate, evaluate, and develop a plan for Aldea to optimize its funding structure which should include (not limited) to the design and development of a long-term financing plan for Aldea’s businesses, identification of the best suitable financing structures and potential pool of lenders (local and international), revision of Aldea’s corporate structure, potential tax, legal and jurisdiction implications with the objective to enhance the operation of its business and fundraising strategy.

##### 2. Background

Aldea had to transform from an NGO to a stock corporation (in Spanish “*Sociedad Anónima S.A.*”) in 2023 by mandatory governmental requirement. Given the most recent law requirements, Aldea has developed a new Strategy for 2023-2027 considering its 3 key business units: i) Microfinance (MFI), ii) Coffee processing / exports, iii) Agri-inputs sales. Aldea has decided to create three different Companies to manage each operation, giving more visibility and accuracy to measure the financial performance of each business. These are:

1. Aldea Coffee S.A.: The entity manages the coffee operation, including the plant's coffee processing and commercialization (a for-profit Company).
2. Aldea Global S.A.: The entity manages the MFI operation (a for-profit company).
3. Aldea Zon S.A.: The entity manages the Agri- inputs and equipment commercialization (a for-profit company).

Aldea has been growing and performing well over the past years. Consequently, Aldea's working capital and trade finance needs have also increased. Aldea currently works with approx. +15 social/impact international lenders that finance Aldea's short-term financing needs (these lines are mainly renewed yearly). This expensive and inefficient funding strategy hinders the Company's growth capacity. Therefore, Aldea seeks to consolidate and diversify its funding sources strategically by diversifying them into more efficient, more significant, and strategic medium-long-term lenders in order to finance its sustainable growth where Aldea aims to:

1. Identify and evaluate alternative and innovative financing and capitalization structures for Aldea's companies, including the identification of potential international lenders / partners, and possible financing structures suitable for the nature of Aldea's business.
2. Revise its corporate structure in order to identify if it is the best suitable structure for enhancing its fundraising from international lenders,
3. Identify and evaluate potential fiscal and regulatory implications of such strategies and their impact on Aldea's businesses.

### 3. Assignment

#### *Objectives*

The overall objective of the assignment is **to revise Aldea's financing and capital structure to strengthen the company's operations and to design an efficient funding strategy that suits its long-term objectives aligned to its digitalization strategy**. The assignment includes but is not limited to revising its corporate structure, fundraising strategy, identification of potential suitable lenders, identifying and managing potential risks that are hindering the Company's growth potential such as single country risk exposure, fiscal and regulatory implications, among others. Aldea group companies aim to increase ticket-size loans with current lenders and expand its lender portfolio with a target average debt of USD 5M of a total debt up to USD 100M over the next five years as per its projections and business strategy.

The group's strategy aims to integrate its three business lines through digitalization to improve the productivity of smallholder farmers. In addition, Aldea expects to create a value chain platform that will participate in the whole value chain of smallholder farmers, which means that Aldea will be able to provide services and products suitable for smallholder farmers in each stage of the production process, serving smallholder farmers with inputs provision, produce transportation, credit, and off-takers linkage, as well as technical assistance.



*Scope of the Assignment*

Identification and assessment of alternative funding structures and potential international lenders that could cater for Aldea’s growth businesses aligned with Aldea’s digitalization strategy.
Revise Aldea’s corporate structure for enhancing its fundraising strategy aligned with its digitalization strategy.
Assessment of current accounting and financial reporting to identify potential improvement in financial analysis and reporting of its three (3) profit companies.
Identification, analysis, and mitigation of potential fiscal, regulatory risks of such strategies.
Financing and capitalization strategy and policy for its three (3) profit companies.

*Deliverables*

The deliverables of this assignment will be:

<b>Deliverables of assignment</b>	<b>Timeline</b>
<p>The Consultant will develop the following reports for each business line of Aldea Group:</p> <ul style="list-style-type: none"> <li>• Assessment Report</li> <li>• Recommendation Plan</li> <li>• Implementation Support</li> <li>• Final Evaluation Feedback</li> </ul>	Four (4) months after contract signing

**4. Selection Procedure**

The procedure will be as follows:

1. Publishing the tender and inviting services 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. Evaluation of the proposals by the evaluation committee. The evaluation committee comprises Aldea’s top managers, a consultant, and IDH representative. The 3 proposals that receive the highest scores will be presented to the evaluation committee. Evaluation of the proposals by the evaluation committee. The evaluation committee will evaluate the proposals based on the selection criteria as published in this ToR.
4. Selection of top two Applicants to do a team pitch.
5. Decision on selection of the Applicant.

6. Inception meeting with the selected Applicant.

The schedule below indicates the timelines for the tender procedure:

Tender process	Timeline
ToR published	10/06/2024
Closing date questions*	26/06/2024
Publication of information notice	03/07/2024
Deadline for submission of proposals**	24/07/2024
Team pitch***	29/07/2024
Selection of Applicant	12/08/2024
Start of assignment	26/08/2024

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

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

\*\*\* Evaluation committee may request shortlisted Service providers to a pitch session via video conference.

After the deadline to submit a proposal has passed, the selection 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 selection 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 and Aldea 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 Terms of Reference can be submitted until 26/06/2024, by e-mail to [dgadea@aglobal.org.ni](mailto:dgadea@aglobal.org.ni) and [warren@aglobal.org.ni](mailto:warren@aglobal.org.ni), with copy to IDH representative, [ruesta@idhtrade.org](mailto:ruesta@idhtrade.org), with the express mention: “Questions tender [name tender]”.

Questions must be submitted in the English language and using the Template Question Form, attached to this ToR as annex 1.

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 Aldea indicates that questions have not been received by Aldea before the indicated deadline, the service provider must demonstrate that the questions were sent timely.

## 5. Proposal requirements

Aldea is requesting the service providers to hand in a proposal of 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. A succinct, well-documented approach addressing the requirements set out this ToR. We request that the proposal structure matches 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.

An overview of the project team, including the CVs of the project team members. Firstly, the team must have >10 years of professional experience in the trade business of soft commodities (preferably coffee in Latin America). Experience working in Nicaragua is a plus. Secondly, the team must be knowledgeable on the different type of financing instruments and strategies used by international financial institutions for financing soft commodity trading activities in emerging markets and must have a wide-ranging network of contacts with international lenders. Finally, the team must have the right expertise to be able to assess potential tax, legal, regulatory implications (and benefits) to be incorporated as part of the proposed strategy to Aldea.

- c. Budget presented in Euros (ex and incl. VAT) with a break-down of days/rate per project team member. The budget for this project is up to 60,000 (SIXTY THOUSAND) Euros.
- d. Statement on Ground for exclusion (see section 7 below)

### Administrative:

- e. Completed detail request form (annex 2)
- f. Copy of most recent (audited) financial accounts
- g. Statement of acceptance draft contract (annex 5)

The proposal must be submitted to Diedericks Gadea at [dgadea@aglobal.org.ni](mailto:dgadea@aglobal.org.ni), Warren Armstrong at [warren@aglobal.org.ni](mailto:warren@aglobal.org.ni), and IDH representative Cristina Ruesta at [ruesta@idhtrade.org](mailto:ruesta@idhtrade.org) before **24/07/2024**.

## 6. Testing and weighing

The assignment will be awarded to the Applicant 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. Applicants 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 or Aldea 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.

**Applicants must confirm in writing that they are not in one of the situations 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 Applicant deliver the requirement deliverables? Will the Applicant be able to deliver a comprehensive solution?	<b>5</b>
2 <b>Design and Development process</b>	The extent to which the Applicant demonstrates that a clear design and development process will be followed and Aldea is adequately consulted for input during the design and development.  The extent to which it is clear what is required of Aldea in terms of human resources, digital assets and other input to deliver the Assignment without being too onerous on Aldea staff.	<b>5</b>
3 <b>Track record</b>	The extent to which the Applicant presents the required level of expertise and knowledge to fulfil the requirements both at team member and company level.  To extent to which the Applicant 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.	<b>5</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 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 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 the Evaluation committee has decided to which Applicant it intends to award the assignment, a written notification thereof is sent to all Applicants participating in the tender procedure.

The Applicant is contracted via a letter of assignment, following IDH's template (Annex 03).

#### **7. Communication and Confidentiality**

The Service provider will ensure that all its contacts with Aldea and IDH, with regards to the tender, during the tender procedure take place exclusively in writing by e-mail to Diedericks Gadea via [dgadea@aglobal.org.ni](mailto:dgadea@aglobal.org.ni) and Warren Armstrong via [warren@aglobal.org.ni](mailto:warren@aglobal.org.ni), and IDH representative, Cristina Ruesta at [ruesta@idhtrade.org](mailto:ruesta@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 and Aldea than the person stated in the first sentence of this paragraph.

The documents provided by or on behalf of IDH and Aldea 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 and Aldea 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 and Aldea. The provided information will after evaluation by IDH and Aldea be filed as confidential. The provided information will not be returned to the Service provider.

#### **8. Disclaimer**

IDH and Aldea reserve 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 and Aldea are 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 and Aldea, 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 01: Template Question Form

Annex 02: Detail request form

Annex 03: Letter of Assignment

Annex 04: IDH General Terms and Conditions for Services

Annex 05: Statement of acceptance draft contract

Annex 06: Aldea Global sales per business unit and financial indicators