

Terms of Reference

Stichting IDH

Pilot Project in Huila, Colombia: Coffee Supply Chain Compliance with EUDR and Legality Requirements

1. Introduction

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.

On basis of these Terms of Reference (“ToR”), IDH aims to select a party **to develop a pilot project that support two coffee companies and one smallholder association in Huila, Colombia, meet the legality requirements of the European Union Deforestation Regulation (EUDR) The pilot project will involve implementing comprehensive due diligence processes to ensure compliance with local and international legal standards.**

2. Background

The European Union Deforestation Regulation (“EUDR”) is a legislative framework aimed at combating deforestation and forest degradation linked to the production and consumption of commodities associated as major drivers of deforestation. These include cattle, cocoa, coffee, palm oil, soy, and timber, as well as products derived from these commodities like leather, chocolate, and furniture. The EUDR requires that companies that are placing these commodities on the EU market must perform due diligence to ensure that they are not sourced from deforested land. This involves:

- Collecting information about the supply chain.
- Conducting risk assessments.
- Implementing risk mitigation measures if necessary.

Besides requiring the companies to provide precise geolocation data of the land where the commodities are produced to enable the traceability of products back to their origin, ensuring compliance with deforestation-free criteria, the EUDR incorporates specific provisions to ensure that products entering the EU market are not only deforestation-free but also comply with local laws of the country of origin. Companies are required to identify, prevent, mitigate, and account for actual and potential adverse legal constrains, including human rights and environmental impacts in their operations and supply chains. This includes compliance with:

- International human rights standards.
- Land use rights and tenure.
- Environmental protection.
- Labor rights.
- Indigenous peoples’ rights.

For that, companies must conduct additional efforts on due diligence process to incorporate additional steps to ensure legal compliance:



- **Information Collection:** Gathering information about the supply chain.
- **Risk Assessment:** Evaluating the risk of non-compliance with local laws.
- Integrate due diligence into corporate strategies.
- **Risk Mitigation:** Implementing measures to mitigate identified risks, such as sourcing from certified suppliers or conducting independent audits.
- Monitor and report on due diligence activities.

Colombia is currently facing several challenges in achieving compliance with the EUDR and broader legality standards, which stem from its unique socio-economic, environmental, and governance context. Particularly in coffee sector, the limited resources and access to information from smallholder associations complicate traceability and the enforcement of legality standards throughout the supply chain.

Colombia is one of the world's largest coffee producers and exporters, consistently ranking among the top coffee-producing countries globally, alongside Brazil and Vietnam. More than 550.000 smallholder families, which on average pose 2,5 to 4,0 ha of coffee, depend on coffee production as their main livelihood. This EUDR and the implementation of due diligence on legality will directly impact the economy of the smallholder families and sustainability of the coffee sector if it is not able to address the new regulation by December 2024.

As part of IDH's commitment to transforming markets and offering better conditions to smallholders in the supply chain, **IDH is looking for a consultant to provide comprehensive support to key coffee stakeholders (the private sector, cooperatives and smallholder associations) in Huila. This will enable them to meet the stringent requirements of the EUDR, thereby securing smallholders access to EU markets.**

3. Assignment

Objectives

The overall objective of the assignment is to ensure that two coffee companies and one smallholder association in Huila, Colombia, meet the legality requirements of the European Union Deforestation Regulation (EUDR). The project will involve implementing comprehensive due diligence processes to ensure compliance with local laws. The following activities must be addressed:

1. Legal Framework Assessment

Activity 1.: Conduct a thorough assessment of the local, national, and international legal requirements relevant and applicable to the EUDR for coffee production in Colombia, specifically in the Huila department. This includes laws and legal documents related to land use, environmental protection, gender, labour rights, indigenous peoples' rights, and human rights related issues.

2. Stakeholder Engagement and Consultation

Activity 2.: Facilitate stakeholder engagement, including consultations with coffee companies in Huila, the National Government, the Government of Huila, and local coffee smallholder associations to ensure perspectives and needs are incorporated into the legal framework and risk assessment. (At least 3 workshops in person in the region).

3. Risk Assessment and Mitigation Planning

Activity 3.1: Conduct a risk and impact assessment to identify gaps and main potential legal non-compliance issues related to coffee production in Huila, Colombia.



Activity 3.2: Develop a clear, simple and practical guidelines on due diligence process regarding the legality criteria of EUDR for the coffee sector. This must include a risk mitigation plan outlining measure to address identified risks, such as improving documentation processes, enhancing supply chain transparency, and ensuring compliance with labour and environmental standards, among others. Risk mitigation plans should be differentiated between the companies and the smallholder associations.

4. Due diligence process with two coffee companies and one coffee smallholder association

Activity 4.1: Support two coffee companies and one smallholder coffee association in Huila in developing a due diligence process considering the points addressed above.

Activity 4.2: Facilitate an event in the region to disseminate the results of this assignment.

Activity 4.3: Adjust the guidelines developed based on the results achieved in the Pilot.

All the activities should be done in close collaboration with the IDH Team in Colombia.

Deliverables

The deliverables of this assignment will be:

Deliverables of assignment	Deadline
1. Comprehensive report detailing applicable legal requirements and compliance gaps.	27/08/2024
2. Stakeholder consultation reports	23/10/2024
3. Risk assessment report and risk mitigation plan for the companies and the smallholder association.	26/11/2024
4. Guidelines on due diligence process regarding the legality criteria of EUDR for the coffee sector.	26/11/2024
5. Report detailing the process carried out with the companies and the smallholder association in Huila.	28/02/2025
6. Event in the region to disseminate the results of the project.	20/03/2025
7. Adjusted guidelines document based on the pilot carried out with the 2 companies and associations.	28/03/2025

5. Selection Procedure

The procedure will be as follows:

1. Publishing the tender to submit a proposal based on this ToR.
2. 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 evaluation committee will evaluate the proposals based on the selection criteria as published in this ToR.



3. Decision on selection of the Applicant.
4. Inception meeting with the selected Applicant.

The schedule below indicates the timelines for the tender procedure:

Tender process	Timeline
ToR published	02/07/2024
Deadline for submission of proposals**	19/07/2024
Selection of Applicant	24/07/2024
Start of assignment	06/08/2024

* Proposals must be submitted in English.

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

6. 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 be handed in English and 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. Proposal must explain the methodologies to be implemented in each activity and how it would be developed.
- b. A work plan to develop the assignments.



- c. A sample of previous work relevant to the deliverables in this ToR.
- d. An overview of the project team, including the CVs of the project team members.
- e. Budget presented in Euros (incl. VAT) detailed by activity with a break-down of days/rate per project team member.
- f. Statement on Ground for exclusion (see section 7 below).

Administrative:

- g. Completed detail request form (Annex 4)
- h. Copy of most recent (audited) financial accounts
- i. Statement of acceptance draft contract (Annex 3)

The proposal must be submitted to Francisco Leon at leon@idhtrade.org, Carolina Tenorio at tenorio@idhtrade.org, and Susana Loaiza at loaiza@idhtrade.org, before **19th of July, 2024 at 11:59 pm**.

7. 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 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 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 Proposal overall	<p>The extent to which the proposal meets the requirements set out in Section 3 above and throughout this document.</p> <p>Can the Applicant deliver the requirement deliverables? Will the Applicant be able to deliver a comprehensive solution?</p> <ul style="list-style-type: none"> - <i>Clarity and Comprehensiveness:</i> The proposal should clearly demonstrate an understanding of the project's objectives, scope, and the specific requirements outlined in the ToR. - <i>Alignment:</i> The proposed activities and deliverables should align with the goals of ensuring legality and compliance with EUDR requirements. - <i>Detailed Methodology:</i> The proposal should include a detailed methodology explaining how the organization plans to achieve each activity, including the tools and techniques to be used. - <i>Innovative Solutions:</i> Consideration of innovative approaches and technologies to enhance the effectiveness of the project. - <i>Feasibility:</i> The proposed approach should be realistic and feasible within the given timeframe and resources. - <i>Detailed Work Plan:</i> A clear and detailed work plan outlining the sequence of activities, milestones, and deliverables. - <i>Detailed Methodology:</i> The proposal should include a detailed methodology explaining how the organization plans to achieve each activity, including the tools and techniques to be used. 	5
2 Design and Development process	<p>The extent to which the Applicant demonstrates that a clear design and development process will be followed and IDH is adequately consulted for input during the design and development.</p> <ul style="list-style-type: none"> - <i>Engagement Strategy:</i> A robust strategy for engaging with stakeholders. 	5



		- Well-designed tailored activities to the needs of the sector, companies and coffee association to ensure understanding and implementation of due diligence in legality.	
3	Track record	<p>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.</p> <p>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.</p> <p>The organization to be contracted should possess the following qualifications:</p> <ul style="list-style-type: none"> - Proven experience in conducting legal compliance assessments and due diligence in agricultural supply chains. - Expertise in environmental, labour, and human rights laws applicable to the coffee sector. - Strong capacity in stakeholder engagement and training program development. - Demonstrated ability to work with smallholder farmers and local communities in Latin America, particularly Colombia. <p>Relevant experience in non-profit sector 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 (including 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. 5 points for lowest budget – 1 point for highest budget. All others will receive points relative to the lowest offer.

NB: The maximum budget for this assignment is a max. of max. **200.000 EUR (incl. VAT and all applicable taxes, charges, expenses).**

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 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 1](#)).

8. 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 Francisco Leon via leon@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 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.

9. 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.

10. Annexes

Annex 1: Letter of Assignment

Annex 2: IDH General Terms and Conditions for Services

Annex 3: Statement of acceptance draft contract

Annex 4: Detail Request Form