

TERMS of REFERENCE

Land Degradation Neutrality (LDN) Impact Monitoring Design and Baseline development

18 June 2019

IDH invites eligible consultants / service providers to submit a proposal for the assignment 'LDN Impact Monitoring Design and Baseline development'. These Terms of Reference (ToR) elaborate on the assignment and the proposal requirements as well as the proposal selection procedure. Parties that consider submitting a proposal are requested to carefully read this ToR, as deviation can result in exclusion from further participation in the procedure or their submitted proposal not being selected.

1. Project background and objectives

Investments in Land restoration and Sustainable Land Management (SLM) practices are needed to avoid, reduce and reverse land degradation. However, project preparedness can be a major bottleneck for restoration and SLM investment. The LDN Technical Assistance Facility (TAF) was established to help alleviate this bottleneck, and link projects to the LDN Fund¹ and LDN impacts. The LDN TAF can provide grants and reimbursable grants to (potential) LDN investment projects, to improve technical quality, and strengthen environmental and social impacts, so that the investment project meets the LDN Fund investment criteria.

More information on the LDN TAF can be found on:
<https://www.idhsustainabletrade.com/landscapes/ldn-taf/>

The LDN TAF seeks to support the LDN Fund and its investees in developing a harmonized approach towards monitoring of social and environmental impacts, and developing evidence around impacts achieved, especially around impact on the LDN Fund contribution to achieving land degradation neutrality.

The LDN Fund aims to measure each project's contribution to LDN, in line with the UNCCD LDN Scientific Conceptual Framework². According to this framework, progress towards the Land Degradation Neutrality is measured using three indicators, namely:

- Land cover (assessed as land cover change);
- Land productivity (assessed as Net Primary Productivity, NPP);
- Carbon stocks (assessed as soil organic carbon, SOC).

¹ The Land Degradation Neutrality Fund, copromoted by the UNCCD, is a first-of-its-kind fund investing in profit-generating sustainable land management and land restoration projects that contribute to SDG 15.3. The LDN Fund provides long-term debt and equity financing for sustainable land use projects that avoid, reduce or reverse land degradation. It is structured as a blended finance fund, pooling resources from both public and private investors committed to the goal of stopping land degradation. The LDN Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods, more flexible repayment schedules.

²<https://knowledge.unccd.int/knowledge-products-and-pillars/guide-scientific-conceptual-framework-ldn/key-elements-scientific-5>

The LDN Fund uses these indicators on the basis of a “one-out, all-out” principle, where the fund only invests in projects where all three indicators are expected to improve or remain neutral. As gains in one of these measures cannot compensate for losses in another, if one of the indicators/metrics shows a negative change, LDN is not achieved, even if the others are substantially positive.

2. Description of the assignment

To be able to monitor the LDN impact of the projects invested in by the LDN Fund, the LDN TAF seeks to contract service provider(s) to develop robust and realistic methodologies and a toolkit for developing LDN baselines and monitoring the LDN fund contribution to LDN through its investment projects, based on at least the three indicators:

- Land cover (assessed as land cover change);
- Land productivity (assessed as Net Primary Productivity, NPP);
- Carbon stocks (assessed as soil organic carbon, SOC).

The assignment will include three main phases:

- a) Developing the methodology
- b) Piloting the methodology by developing the LDN baseline for 2 LDN investee project locations
- c) Developing the guidance document / toolkit /platform for rolling out the methodology

a) Methodology

The methodologies need to be developed in-line with the UNCCD Scientific Conceptual Framework², and need to, where applicable, be able to incorporate and build on data mobilised and generated by the LDN fund investees. The methodology needs to be sufficiently robust, while at the same time be cost-effective and efficient and not create a burden to investees for baseline development, monitoring and reporting.

To ensure alignment with the needs of parties implementing the methodology, consultation with the LDN TAF team, the LDN Fund manager, LDN Fund investees, LDN experts and UNCCD representatives will be part of the methodology development process.

The methodology will need to take into account that:

- The methodology needs to be replicable for an initial estimated 8 – 12 LDN fund investee projects.
- LDN fund investee projects are likely to vary in scope/scale (number of hectares impacted can vary between 1.000 to 50.000 ha and could be (fragmented) smallholder farms), geography, geographical spread, and land use types and classifications, as well as in project duration;
- As the LDN Fund can invest in countries that have defined LDN baselines and targets, as well as in countries that have not (yet) defined these, the methodology will need to be able to cater to both these situations³.
- The LDN investment timeframe is 10 to 15 years and the methodology therefore need to be robust enough to be able to draw conclusions from over this time frame. The methodology for development of the baseline situation might differ from the repeat measurements.

³ Over 122 countries have committed to setting LDN targets, and through the LDN Target Setting Programme, the secretariat of the UNCCD supports interested countries with their national LDN target setting process, including setting national baselines, targets and associated measures to achieve LDN.

- The LDN Fund needs to measure the project's (overall) contribution to LDN. The UNCCD Scientific Conceptual Framework was developed for national target setting. The methodology will have to provide tools to apply this conceptual framework to be able to draw conclusions on project level. A suggestion has been to, line with the UNCCD Scientific Conceptual Framework² classify the project area into relatively homogenous blocks and assess sub-indicators for each block. However, other recommendations can be made.
- It is likely that, in order to get accurate results on this scale and timeframe, on site measuring may be necessary. If on site measurements are not deemed necessary in the proposed methodology, please substantiate.
- The LDN Fund will seek to apply adaptive management based on annual monitoring reports. Preferably, these reports will include annual reporting on the LDN impacts. A lower frequency can be agreed to if substantiated by the methodology;
- Cost for gathering / analysing the LDN impact data (for baseline and for continuous monitoring) will be considered in relation to accuracy of data. Cost-effective measures will be preferred.
- LDN investment projects, in some cases, have data to validate a project's impact on carbon, based on standard requirements such as by the Verified Carbon Standard (VCS) or others. Methodologies aligning with data used for such approaches are preferred as this results in overall reduction in data collection efforts / costs for the investee;
- The LDN Fund seeks to track its impact over a 15-year timeframe, the methodology proposed will need to include advice on how to accommodate future technology developments;

b) Piloting methodology

To test the robustness of the methodology this assignment includes the piloting of the methodologies. The Service Provider will develop the project LDN baseline (land cover, land productivity and/or carbon stock) for two existing LDN investment project. If needed, the pilot may include field travel to the project location (most likely South America and Asia).

Based on findings from the pilot, the methodology is finalized.

c) Guidance document / toolkit

The assignment includes operationalising the methodology in the most cost-effective, user-friendly way, and developing detailed guidance document / a toolkit / platform for its implementation for

- baseline development;
- periodical monitoring; and
- drawing conclusions regarding the contribution of LDN Fund investment projects to LDN.

The guidelines / toolkit / platform should clearly differentiate between steps that need to be taken by the LDN Fund and/or the investee. Where relevant and applicable, recommendations can include that implementation is to be contracted out to a specialist consultant/organisation. For all activities, the responsibilities of the different parties and the interval needs to be clear.

In case that local data gathering is part of the methodology, a detailed guidance document for local or regional experts to gather data / carry out on-site measurements, as well as a list of regional experts that can be consulted, should to be provided. If necessary, a ToR detailing the requirement for hired experts should be part of the toolkit.

Where possible and relevant, it will be preferred that data on the LDN indicators gathered for LDN Fund projects will be made publicly available to the restoration and SLM research community.

3. Key deliverables and timeline

The scope of work includes several stages with key deliverables.

Stage 1: Development of the draft methodology

- Kick off meeting (virtual or in Paris/Bonn/Utrecht);
- A draft methodology / methodologies for indicator(s), for developing LDN fund investment project baselines on LDN, and for continuous monitoring the LDN fund contribution to LDN.
- The draft methodology is presented for approval for the next stage (virtual).

Stage 2: Piloting the draft methodology

- Development the project LDN baseline for two existing LDN investment project.
- If needed, this stage may include field travel to the project location (most likely South America and Asia).
- The project LDN baseline is presented (for the relevant indicator(s));
- Based on pilot findings, adjustments to the methodology are proposed and discussed.

Stage 3: Final methodology and toolkit/platform (baseline and monitoring)

- Final methodology for LDN investment project baseline development for relevant indicator(s);
- Detailed guidance document / toolkit for the cost-effective roll out of the methodology for
 - LDN baseline development;
 - LDN contribution monitoring;
 - (overall) conclusion regarding project contribution to LDN.

Assignment Deliverable	Due date
Stage 1	
Draft methodology	September 11, 2019
Approved draft methodology	September 18, 2019
Stage 2	
Piloting methodology, if necessary including field visit	2nd half of September / beginning October, 2019*
Baseline data (2 projects) and proposed adjustments to methodology	October 17, 2019
Stage 3	
Final methodology and toolkit / platform	November 3, 2019

* to be coordinated with the pilot project companies/organisations

3. Proposal guidelines

Interested service providers should submit a proposal detailing:

1. Brief presentation of the consultant /service provider and its relevant experience, as well as of consortium partners and/or subcontractors (where applicable). Including a clear description of the project team, relevant experience (including resumes) of team members and time allocation per team member, including their roles and responsibilities.
2. A description of the approach towards the deliverables and activities. Including:

Stage 1

- Outline of the proposed methodology for
 - o Determining the LDN baseline situation;
 - o Continuous LDN indicator monitoring (if different from baseline), including suggested monitoring frequency;
 - o Drawing conclusions regarding positive/negative/neutral contribution to LDN.Description should include information about the necessity for on-site measurements and hiring of experts.
- Analysis of replicability and accuracy of proposed methodology. Specifically, advantages / disadvantages of the proposed methodology regarding:
 - o The divers scope / scale of the investee projects;
 - o The possibility of fragmented project areas (scattered smallholder farms);
 - o Geographic diversity of project areas
 - o Diversity in land use types and classifications.
- If applicable, justification of assumptions and/or deviations from the UNCCD Scientific Conceptual Framework².
- Regarding land cover and land productivity, we currently assume that the indicators can be measured using satellite data / remote sensing. If the proposed methodology requires on site measurement, please included a justification for this choice.
- Regarding carbon stock, we currently assume that, in order to get accurate results on the required scale and timeframe, on site measuring are necessary. If the proposed methodology does not include on site measurements, please include an explanation how the proposed method compares to on-site measurements, regarding accuracy etc.
- Estimated costs per project⁴ for determining
 - o LDN baseline
 - o Periodic monitoring of LDN indicator(s) over 15 years; and
 - o drawing conclusions regarding LDN contribution.
- If data collection of the proposed methodology aligns with common standards (e.g. VCS) possible cost-reductions should be mentioned.
- *Not obligatory*: Information on usefulness of collected data for monitoring of additional performance indicators (other than the three LDN indicators) that could be used by the LDN Fund for project monitoring. If applicable, additional costs per project should be mentioned.
- *Not obligatory*: Description on how the collected data can be made public to the restoration and SLM community e.g. through an online platform. Development of /integration in such a platform is not part of this ToR but could be done as a follow-up assignment.

⁴ Assumption: 8-12 LDN projects

Stage 2

- Approach / timeframe for piloting the proposed methodology for two LDN investee projects.

Stage 3

- Outline / components of the toolkit. If applicable, differentiating between the baseline development, continuous monitoring and drawing conclusion regarding contribution to LDN.

3. A detailed workplan, including timelines for activities
4. A financial proposal for the activities that will be carried out to achieve the deliverables, including a detailed cost breakdown (e.g. daily staff rates, hours per deliverable/activity, travel costs).

The financial proposal should comply with the following requirements:

- a. All amounts must be stated in Euro, and include VAT and other taxes where applicable;
 - b. The total budget (including costs for baseline analysis for 2 projects) will not exceed **70.000 EUR**.
5. Documentation that allows for IDH Organizational Assessment, specifically
 - a. Information about the legal form and ownership structure of the applying organization (extract chamber of commerce);
 - b. Copy of annual (audited) accounts of organization/company of the previous 3 years⁵;
 6. Confirmation that none of the ground for exclusion as stated in paragraph 5 are applicable to the Consultant.

4. Selection procedures

The selection procedure for the winning bid will be as following:

- IDH invites Service Providers to submit their proposal based on this ToR.
- Interested service providers are encouraged to confirm their interest in submitting a proposal, per email, by June 26, 2019 and to submit a proposal to IDH latest July 10, 2019. Proposals submitted after July 10 will not be considered in the tender procedure.
- If there any questions regarding the ToR, the Service Providers can submit these questions by e-mail to Dagmar Mooij by June 26, 2019. Questions and replies will be shared with all Service Providers that have confirmed interest in submitting a proposal.
- The IDH team receives and checks the proposals for completeness.
- The IDH project team may invite the Consultant to present and discuss their bid during a physical meeting or a call.
- The LDN TAF team, in consultation with the LDN Fund and UNCCD LDN experts, decides on selection of the Consultant.
- An inception meeting is scheduled with the selected Consultant on July 18, 2019, and the contracting phase is kicked off.
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⁵ In case of a consortium only documents of the lead applicant are required.

Tender process	Deadline
Terms of Reference published	June 18, 2019
Deadline for submitting questions	June 26, 2019
Deadline for expressing interest	June 26, 2019
Deadline for submission of proposals*	July 10, 2019
Awarding of contract to successful consultant/organization	July 16, 2019
Inception meeting /call	July 18, 2019
Contracting	August 9, 2019

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

The proposal will be awarded to the Consultant with the most economically advantageous tender. The most economically advantageous tender is determined on the basis of the evaluation criteria of price, quality and efficiency.

Scoring criteria	Weight
Methodology and approach	30%
Feasibility of cost-effectivity of methodology / toolkit	30%
Qualification of the Service Provider and the Team	30%
Financial proposal	10%

5. General terms and conditions

IDH reserves the right to update, change, extend, postpone, withdraw or suspend the ToR, this tender, or any decision with regard to 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. IDH reserves the right to suspend or annul the Tender Procedure at any moment in time. Participants 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 these Terms of Reference, and subsequent information and documentation in this tender procedure.

6. Grounds for exclusion

Service Providers shall be excluded from participation in a procurement 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 of 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, where such illegal activity is detrimental to the MFA's financial interests.
- f) Tenderers 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).

Service Providers must confirm in writing that they are not in one of the situations as listed above.

IDH will reject offers if any illegal or corrupt practices have taken place in connection to the award or the tender procedure.

7. Confidentiality

The documents provided by or on behalf of IDH will be handled with confidentiality. The Consultant will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Consultant or its engaged third parties will give IDH grounds for exclusion of the Consultant, 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 Consultant.

7. Contact information

Proposals have to be submitted by email by July 10, 2019 to:

Dagmar Mooij
mooij@idhtrade.org

About IDH Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative, convenes companies, governments, financiers and others in public-private partnerships. Together we drive the design, co-funding and prototyping of new economically viable business models to delink tropical commodity production from deforestation and create shared value for all stakeholders. IDH has a network of over 400 companies, CSOs, financial institutions, producer organizations and governments. IDH works in 12 agricultural sectors and 12 landscapes in over 40 countries to achieve scalable impact on the Sustainable Development Goals. IDH's approaches are designed to drive sustainability from niche to norm in mainstream markets. IDH focuses on creating positive impact on deforestation, living incomes and living wages, working conditions, toxic loading and gender.