

REQUEST FOR PROPOSALS:

For consultancy services to Develop an Action Agenda for a National Funding Facility for Coffee Renovation and Rehabilitation in Ethiopia and an innovative financing mechanism Proposal for a Pilot testing

Organization Overview

The World Resources Institute (WRI), Founded in 1982, is a global environmental think tank that goes beyond research to put ideas into action. We work with governments, companies, and civil society to build solutions to urgent environmental challenges. WRI's transformative ideas protect the earth and promote development because sustainability is essential to meeting human needs and fulfilling human aspirations in the future.

Program Overview

The FOLU Ethiopia platform focused on three critical transitions: advancing sustainable and regenerative agriculture, introducing innovative financing for sustainable agriculture, and reducing food loss and waste.

With US\$ 22 billion in global sales, coffee is the world's most traded tropical agricultural commodity. Demand for coffee is expected to increase in the coming years because of a growing global population and rising incomes. However, it is not clear how coffee farmers will be able to meet this demand because poor agricultural practices, ageing coffee trees, pest and disease outbreaks, and the effects of climate change are undermining farmers' ability to increase their production and productivity. These constraints are especially prevalent among smallholder coffee farmers in Ethiopia.

Ethiopia is the world's fifth largest coffee exporter after Brazil, Vietnam, Colombia, and Indonesia, and the largest coffee exporter in Africa. Coffee is the backbone of Ethiopia's economy. It is the top export product and contributes to about five percent of Ethiopia's GDP. Ethiopia's foreign exchange earnings from coffee reached about 1.4 billion USD last year (about a third of the country's total foreign exchange earnings).

Coffee is supporting the livelihoods of more than a quarter of Ethiopia's population. More than two million smallholder families are growing coffee as the main source of their income, and they supply 90 percent of the total coffee production in the country. Coffee in Ethiopia is more than an agricultural commodity and a means for survival and livelihood because it is deeply embedded in the country's culture and society. And if coffee is planted under the shade of trees, it can boost agroecological benefits and contribute to biodiversity.

Though Ethiopia's coffee sector has reported some major achievements related to its growth in production and exports over the last decade, several constraints are still holding the sector back from attaining its full potential. These include poor agricultural practices, pests and disease outbreaks, and an ageing stock of coffee trees. The latter has become a severe bottleneck for Ethiopia's coffee economy. Most coffee trees in Ethiopia were planted over three decades ago resulting in about 80 percent of the trees being classified as old coffee. This is the major cause for the country's low productivity of coffee farms, with the average productivity ranging between 0.5 to 0.8 kg per tree. If farmers would invest in renovation (i.e., remove old coffee trees and replant with new coffee tree seedlings) or rehabilitation (i.e., prune or stump older coffee trees) of their coffee farms, harvests could reach 3 to 5 kg per tree instead.

The low productivity of Ethiopia's coffee trees poses an obvious problem for more than two million smallholder farmers dependent on coffee production for their livelihoods. This issue has also created a problem for Ethiopia's forests because this low productivity is pushing farmers to expand coffee plantations into forest land.

Despite the huge yield difference and other benefits of renovating or rehabilitating coffee farms, smallholder farmers have been reluctant to make these investments. A quick assessment by FOLU Ethiopia showed that for the majority of farmers the upfront cost for coffee renovation and rehabilitation are perceived as too high considering current coffee revenues. Even if selected smallholder farmers were able to cover the initial investment cost, they still needed other sources of income or credit to bridge the loss of coffee revenues over three to four years until the yield gains from the coffee tree renovation or rehabilitation started to kick in.

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Rationale for Establishing a National Funding Facility for Coffee Renovation and Rehabilitation

The lack of agricultural credit and rural financial services are a systemic constraint for rural transformation in Ethiopia. The government is under growing pressure to increase funding for agriculture and meet the needs of smallholders. However, public finance alone will not be sufficient to close funding shortfalls and strengthen the coffee sector. Likewise, financing and investment gaps to advance coffee renovation and rehabilitation cannot be closed through a solely commercial approach in the short and medium term because financial institutions and smallholder farmers perceive them as too risky or costly.

The efforts made so far to overcome these challenges have been project based and not yet scaled widely. They have had difficulties addressing multiple root causes and lacked coordination to ensure sustainable financial and other support over the long-term. Sustainable long-term strengthening of the coffee sector will require putting interventions into a broader context of building a more sustainable agricultural production system overall. This will require significant additional capital, which in turn will require a new structured setup that encourages financial and technical support, more transparent fund management, follow-up, and monitoring.

Coffee farms can be brought back to their prime yield if these financial challenges can be solved with innovative financing solutions and through collaborative efforts involving public and private actors. This can be achieved by establishing a new national funding facility for coffee renovation and rehabilitation. This facility could be set up to accommodate different blended financing mechanisms that combine public and private sector funding, impact investors, and philanthropic organizations. With such a facility, for example, private sector capital from domestic coffee exporters and roasters could be successfully unlocked and help in de-risking investments for financial institutions through risk sharing and creating incentives for smallholders to advance more sustainable coffee production practices.

FOLU Ethiopia is supporting the Ethiopian Coffee and Tea Authority (ECTA) to establish a national funding facility that would systematically channel resources to coffee renovation and rehabilitation. Such a facility would mobilize different types of funding from local and international sources. The funds would help to de-risk and incentivize smallholder coffee farmers to act on their aged coffee trees and to improve coffee productivity and livelihoods. In addition, financial service providers could be encouraged to take risks and support coffee through innovative financing mechanisms that blend private, public, and philanthropic sources. The funds could also be used to provide associated technical and capacity building support that would empower different government and non-government stakeholders to support coffee tree renovation and rehabilitation more effectively. Ultimately, the funding will help smallholders to improve their livelihoods through increased productivity after their trees have been rehabilitated or rejuvenated. This in turn will enhance the international competitiveness of Ethiopia’s coffee sector, provide other positive economic effects, and boost agroecological and other environmental benefits.

To execute this vision and develop an action agenda for a national funding facility, close collaboration between ECTA and the Ministry of Agriculture (MoA), Ministry Finance (MoF), Agriculture Transformation Institute (ATI), the Ethiopian Investment Commission, National Bank of Ethiopia (NBE), and the Federal Cooperative Agency (FCA) will be essential. Likewise, companies operating in the coffee value chain,

financial institutions, farmer interest groups, civil society organizations, and research institutions can play a role in developing the action agenda for such a facility and support its implementation.

Aim of the Consultancy Services Procurement

The aim of this consultancy service procurement is to hire qualified international consulting company to support in setting action agenda to establish a national funding facility for coffee renovation and rehabilitation in Ethiopia and to develop proposal for the piloting innovative finance mechanisms to support smallholder coffee producers in sustainable coffee production.

Profile of the Consultant

WRI is seeking to procure commercial services. Consultant will be firm, a group of firms or a consortium of Individual consultants registered and residing outside of Ethiopia.

Scope of Work and Outputs

The Consultant will work in collaboration with a local senior expert who could provide support locally, preferably worked with Ethiopian coffee sector and have suitable experience and knowledge of determining strategic priorities in setting funding facilities, developing action agendas, structuring funding facility and financing framework, identifying financing and investment opportunities, and designing pilot projects.

The assignment shall cover the following areas:

- Review the Ethiopian Coffee Strategy, previous assessments by FOLU Ethiopia, and other relevant documents, and identify the outstanding steps to establish an operational national funding facility for coffee renovation and rejuvenation in Ethiopia.
- Assess the needs for such a facility and outline the scope of a new national facility (covering institutional set up, fund management structure, operational requirements, fund management processes, and other relevant issues) that would be effective and most relevant for Ethiopia's coffee sector.
- Summarize and assess best local and international practices applicable to this assignment and draw lessons from these practices when preparing deliverables for this consultancy.
- Develop an action agenda for establishing a national funding facility for coffee renovation and rehabilitation in Ethiopia.
- Develop a proposal for a pilot project testing of an innovative financing mechanism to support smallholders' coffee renovation and rehabilitation and that would build support for a new national funding facility for coffee renovation and rehabilitation in Ethiopia.
- Throughout the assignment, consultant will closely work with FOLU Ethiopia, ECTA, the Federal Ministry of Agriculture (MoA), and development organizations actively involved in the Ethiopian coffee sector.
- Engage other concerned stakeholders as needed such as the Federal Ministry of Trade (MoT), Ministry of Finance (MoF), Cooperative Commission, financial institutions, relevant regional government bureaus, relevant UN agencies, and multilateral development organizations.
- On the validation workshop/s to be organized by FOLU Ethiopia, the consultant will present key deliverables of the assignment, including the draft action agenda and the draft proposal with limited and larger stakeholder groups at different periods during the assignment process to validate key outputs.

It is anticipated that the consulting firms submit their offer to design an appropriate methodology or approach using their knowledge and experience to carry out the assignment at the required level.

Expected Deliverables

- 1. Inception Report:** detailed description [of what] and understanding of the assignment, workplan with clear methodology and associated deliverables, list of experts, national documents, and stakeholders to be consulted, and estimated budget required to complete the various steps of the assignment.
- 2. Draft Action Agenda for a National Funding Facility for Coffee Renovation and Rehabilitation in Ethiopia:** Based on an assessment of the needs and opportunities to close the financing gap for coffee renovation and rehabilitation for smallholder farmers in Ethiopia, determine the scope of a new national funding facility for coffee renovation and rehabilitation. Outline its fund management structure, operational requirements, fund management processes, fund mobilization strategy, and other issues of relevance. Prepare an action agenda to establish such a national facility including promising fundraising steps based on a mapping of an initial group of potential local and international investors and funders.
- 3. Draft Project Proposal for a Pilot Project Testing an Innovative Financing Mechanism for Coffee Renovation and Rehabilitation in Ethiopia:** This draft project proposal would test a promising financing mechanism for coffee renovation and rehabilitation in Ethiopia and help to garner support for establishing a national funding facility for coffee renovation and rehabilitation.
- 4. Validation of Draft Action Agenda and Draft Project Proposal.** Present draft documents to stakeholders to validate actions and proposal and gather feedback for further improvement.
- 5. Final Report:** This includes two final separate documents, the revised *Action Agenda for a National Funding Facility for Coffee Renovation and Rehabilitation in Ethiopia* and the revised *Proposal for a Pilot Project Testing an Innovative Financing Mechanism for Coffee Renovation and Rehabilitation in Ethiopia*.

Timeline

The whole assignment should not exceed 60 days. The consulting firm must outline a clear process and time frame for the assignment.

Deliverable	Number of days needed
1. Inception Report	5
2. Draft Action Agenda for a National Funding Facility for Coffee Renovation and Rehabilitation in Ethiopia	25
3. Draft Project Proposal for a Pilot Project Testing an Innovative Financing Mechanism for Coffee Renovation and Rehabilitation in Ethiopia	20
4. Validation of Draft Action Agenda and Draft Project Proposal	5
5. Final Report	5

Budget

Value: The total amount for the scope of work should not exceed US \$100,000. Payments will be based on services provided against deliverables according to a set timeframe and subject to the production of an invoice. The Consultant will be required to comply with WRI procedures for external assignments.

An estimate of the number of days required to carry out the activities is to be provided by the vendors in their proposal and must be reflected in the estimate. However, once the budget has been validated, the payment of the service will be conditional on the delivery of the deliverables and not on the number of days actually worked. All expenses (equipment, vehicles, materials, supplies, consumables, means of communication, insurance, expenses, etc.) necessary for the performance of the service, including travel

expenses, mission expenses, etc., are the sole responsibility of the vendor and must be quantified in the budget proposal.

Payment Schedule

Deliverables	Approver	Payment Installments
Upon submission and approval of inception report	WRI	Installment N 1 (10%)
Upon submission and approval of a draft action agenda for a national funding facility for coffee renovation and rehabilitation in Ethiopia that includes key elements discussed above and as well as a presentation to stakeholders	WRI	Installment N 2 (30%)
Upon submission and approval of the draft proposal for a pilot project testing an innovative financing mechanism under such a funding facility	WRI	Installment N 3 (30%)
Upon submission and approval of the final report, which will include two documents, the revised action agenda and the revised proposal for the pilot project	WRI	Installment N 4 (30%)

GUIDELINES FOR PROPOSAL SUBMISSION:

Eligibility

Potential vendors will be excluded from participation in this procurement 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 final judgement.
- c. they have been guilty of grave professional misconduct; proven by any means which WRI can justify.
- d. They have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established, or with those of a country in which WRI has an office 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 convicted for fraud, corruption, involvement in a criminal organization or money laundering by a final judgement.
- f. They make use of child labor or forced labor and/or practice discrimination, and/or do not respect the right to freedom of association and the right to organize and engage in collective bargaining pursuant to the core conventions of the International Labor Organization (ILO).

Note: All proposals must include a written statement confirming that none of the situations listed above apply.

Requirements

The Consultant is expected to meet the following minimum requirements:

- At least eight years of practical experience in formulating strategies for the financial sector, designing sustainable funding facilities and funding frameworks, strengthening business development services.
- Prior engagements within the agricultural sector and experiences with institutions in the public sector, finance, and UN agencies.
- Experience with designing or implementing investment and funding instruments for rural development, specifically in the agriculture sector preferably in Africa.
- Proven experience in evaluating different investments and funding opportunities in a context of Private sector and banking.
- Proven experience of providing mentoring and other support to innovative, young small and medium-sized enterprises in in Sub-Saharan Africa.
- Knowledge of relevant investment and financing instruments using public, private, and philanthropic sources in the in agricultural sector.
- Proven experience in analysis, establishing strategic priorities, and communicating effectively with stakeholders.
- Excellent written and verbal English language skills.
- Experience working with different international and public organizations will be a preferred.

The team leader/ Principal Consultant should have:

- Master's degree in agriculture, commerce, business innovation, business development, finance, or related disciplines, PhD will be a strong advantage but is not a requirement.
- At least 10 years of proven experience in formulating new strategies, assessing and prioritizing available financing options for rural development within Africa, and designing funding facilities or frameworks that are innovative, rely on blended finance, and other mechanisms.
- Proven record in evaluating feasibility of a new national funding facility and the scope of investment opportunities to advance coffee renovation and rejuvenation in Ethiopia. The capacity to follow-up and offer support for the associate consultant. The following experiences are especially relevant for the assignment:
 - Significant prior experience, including senior leadership, in private equity and investment or funding options, rural development, African agriculture sector, rural finance and/or investment banking.
 - Experience in and analytical knowledge of emerging markets, including different countries or regions in Africa.
 - Experience in negotiating and structuring complex equity and quasi equity transactions.
 - Existing, usable network of strategic investors in emerging markets to capture their experiences.
 - Experience in establishing strong partnerships with the private sector.
 - Experience in developing project proposals and designing monitoring and evaluation systems that include required tools to track project activities and performance of a pilot project testing an innovative financing mechanism in support of coffee renovation and rejuvenation in Ethiopia.

Proposal Content

Prospective vendors should submit:

- Information on your legal form and ownership structure.
- A written statement confirming that you meet all of the Eligibility criteria.
- A statement of interest describing the proposed team and how it meets the above requirements.

- A proposed team and how it meets the above requirements and overall time and % capacity assigned to the project per person.
- CVs of team members.
- Examples of and references for similar previous work (between 1 and 5 examples);
- An outline of the proposed strategy, methodology, timeline and workplan to deliver the outputs described in this document.
- An account of how the work and/or organization is sustainable.
- Statement of any potential or perceived conflicts of interest and a description of how they will be prevented.
- A proposed budget in USD with a breakdown of costs sufficient to assess reasonableness and compliance with our funder requirements. Budget must be all inclusive.

The above set of documents should not exceed 20 pages in total (excluding the examples of similar work and CVs of team members).

Expression of Interest, Deadline for Questions, and Proposal

All expressions of interest and questions about this RFP must be received via email from the two contacts below by 5:00 PM on 16th June 2023 (EAT). Answers to the questions will be shared with all parties who have asked questions or otherwise expressed interest. The subject line should be titled: **Expression of Interest: consultancy_FOLU_Innovative Financing**. Answers to the questions will be shared no later than June 26th, 2023 to all parties. Follow-up questions would be answered under request after that date.

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Please make sure you include both contacts.

Proposals must be sent by **July 10, 2023, by 5:00 PM (EAT)** in electronic format to the same contact listed above.

EVALUATION AND SELECTION:

Evaluation Criteria

The following elements will be the primary considerations in evaluating all proposals submitted in response to this RFP

- Completion of all required elements;
- The extent to which the vendor's/organization's/consultant's proposal fulfills WRI's stated requirements as set out in the RFP;
- Experience with similar projects;
- Overall cost of the vendor's/organization's/consultant's proposal;
- Debarment and sanctions – WRI will not consider proposals from vendors/organizations/consultants, etc. that are presently debarred by the U.S. government or named on any restricted parties lists;

- Sustainability – WRI values sustainability and all other factors being equal, will favor a proposal to more sustainably perform the work.

Selection Process

The bidder offering the best overall value will be selected. Firms will be evaluated based on Weighted scoring method:

- I. Technical expertise (evaluated by the quality of the proposal, previous experience on the topic and CVs of the proposed team, Expertise of the Firm/Organization, Proposed Methodology, Approach, and Implementation Plan) – 70%
- II. Value for money – 30%

No proposal development costs shall be charged to WRI / all expenses are to be borne by the bidders. WRI may award to the bidder offering best value without discussion. However, WRI reserves the right to seek bidder clarifications and to negotiate with those bidders deemed to be within a competitive range.

WRI may, at its discretion and without explanation to the prospective vendors/ organizations/ consultants, choose to discontinue this RFP without obligation to such prospective vendors/ organizations/ consultants or make multiple awards under this RFP. Contracts will not be awarded to vendors/ organizations/ consultants debarred by the US government or named on restricted parties lists, those which are subject to a conflict of interest, or fail to supply or are guilty of misrepresentation in supplying the information requested by WRI as a condition of participation in this RFP.

Contact Information

Questions about the project should be directed to:

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