

# TERMS of REFERENCE

## Environmental and Social Impact Assessment (ESIA) and development of E&S Management Plan for Aqre's current and future operations, Madagascar

November 2020

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 Land Degradation Neutrality (LDN) Technical Assistance Facility (TAF) was established to help alleviate this bottleneck, and link projects to the LDN Fund<sup>1</sup> and LDN impacts. The facility is managed by IDH The Sustainable Trade Initiative. 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 Aqre Group, operating in Madagascar, on its way to investment readiness, and invites eligible consultants to submit a proposal for the assignment 'Environmental and Social Impact Assessment (ESIA) and development of E&S Management Plan for Aqre's current and future operations'.

These Terms of Reference (ToR) elaborate on the assignment and the proposal requirements as well as the selection procedure. Consultants that consider submitting a proposal are requested to carefully read this ToR, as deviation can result in exclusion from further participation in the procedure.

### 1. Assignment background

The LDN Fund is currently evaluating an investment proposal submitted by Aqre. Aqre has two production companies, which process two main crops sourced from more than 15.000 smallholders spread over several areas in Madagascar:

- The leaves of Artemisia are the basis for Artemisinin production. Artemisinin Combined Therapies (ACTs) are malaria curing medicines approved by the WHO.
- Bark is being processed into ingredients used for Malaria prevention and treatment and in beverage flavouring.

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<sup>1</sup> 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.

Aqre also produces extracts primarily for the pharmaceutical, cosmetic and food industry. Bionexx mainly extracts vanilla, Centella asiatica, Pyrethrum and Spilanthes.

The processing plant holds an environmental permit issued in 2009, and was audited by government environmental authorities in 2019.

## 2. Assignment Objective

The IDH-managed Technical Assistance Facility seeks to commission a combined social and environmental audit and impact assessment of Aqre's existing operations and for proposed new/scaled activities. The purpose of the Environmental and Social Impact Assessment (ESIA) is to assess and predict potential adverse social and environmental impacts and to develop suitable mitigation measures, which are to be documented in an Environmental and Social Management Plan (ESMP).

Based on the ESMP and a sound understanding of risks and impacts (negative and positive) Aqre's will then build its social and environmental management system (ESMS).

## 3. Description of the assignment

### **Content**

The audit and impact assessment of the processing facilities and of the sourcing activities from smallholders, should be carried out consistent with the requirements of:

- relevant Madagascar laws and standards;
- the full set of IFC Social and Environmental Performance Standards; *and*
- relevant World Bank Environmental Health and Safety Guidelines.

In addition, the consultant should outline the environmental and social due diligence applied when Aqre source raw materials internationally and recommend any environmental and social safeguards that should be applied consistent with IFC PS supply chain standards.

The approach and scope of the audit and ESIA should follow PS1, and the assessment and management plans should reflect the applicable performance standards.

Furthermore, the audit and assessment should confirm that all current or proposed activities of Bionexx and the new production company consistent with the LDN Fund Exclusion List<sup>2</sup>.

In addition, the assessment should report on the actual and potential positive social and environmental impacts of Aqre's activities and recommend actions to further grow or maximise such positive impacts, especially related to contributing to Land Degradation Neutrality in Madagascar and to gender equality. Geospatial data of Aqre's operations, and smallholders supplying to Aqre, in relation to e.g. nature reserves (HCV areas), should be used to demonstrate potential for impact in the larger landscape. Furthermore, especially potential gender related risk and opportunities (options to move the project from gender sensitive to gender responsive) should be considered.

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<sup>2</sup> The LDN Fund exclusion list will be shared with short-listed candidates.

### **Method/Approach**

We expect that the audit phase of the work will be conducted first, and that this will provide a strong basis (scoping) for assessing the impacts of expansion of Bionexx and the new production company. Depending on the level of detail in on the sourcing activities of the new production company at the time the ESIA is commissioned, the assessment of these operations may be detailed and site specific or a high level assessment based on outline plans and potential planting locations.

The audit and ESIA should include consultation with relevant stakeholders.

The audit and ESIA should be carried out in close consultation with Aqre to ensure proportional and feasible recommendations. All outputs will be reviewed by Aqre, IDH and LDN Fund E&S specialists.

Aqre will make information/documentation/data available and provide support in making contact with farmers and other stakeholders. In particular, relevant business plans, E&S documentation, access to key staff for interviews, access to the farmer database to select sites and farmers to visit for the audit.

The Consultant will confer with IDH and Aqre throughout the contract period and seek confirmation in writing for any proposed deviations from this terms of reference as deemed necessary to achieve the contract objectives.

## **4. Key Deliverables**

The consultant will develop five concise reports/notes as detailed in the following table.

<b>Deliverable</b>
<b>1. Kick- off note</b> Confirming arrangements for exchange of data and information, arranging site visits etc.; confirming scope of existing / planned projects to be assessed including any associated facilities and the approach to be taken to assessing the impacts of the new production company; a preliminary stakeholder list and an initial identification of which IFC PS and EHS Guidelines are relevant to the work.
<b>2. Draft E&amp;S audit report</b> Assessing E&S performance against national laws and regulations; IFC PS and relevant World Bank EHS guidelines and including recommendations for actions to close any gaps in performance against these standards.
<b>3. Draft Environmental and Social Impact Assessment (ESIA)</b> For Bionexx expansion and the new production company, including Environmental and Social Management Plans.
<b>4. Final Audit Report, ESIA and ESMP</b> Finalized audit report, ESIA and ESMP reports addressing comments from Aqre, IDH and LDN Fund. The main conclusion of the ESIA and ESMP should be presented to Aqre, the LDN TAF and the LDN Fund in a call.
<b>5. Positive impact assessment and recommendations (Note)</b> Recommendations and suggestions from the consultant with respect to strengthening and maximizing positive social and environmental impacts of the project, including LDN and gender impact.

All final documents need to be provided in English and French.

## 5. Required expertise/qualifications and timeline

For this assignment we are looking for an organisation/consultant with expertise in:

- conducting social and environmental impact assessment to IFC standards;
- projects against Malagasy E&S laws and regulations;
- working in consultancy in Madagascar;
- writing high-quality reports in English and French;
- relevant environmental, ecological/conservation, and social (especially labour and land use) skills and experience.

Next to being proficient in English and French the consultant (team) needs to speak Malagasy to be able to conduct interviews with smallholders and other relevant stakeholders in Madagascar.

In addition, expertise and experience on the following is considered a bonus:

- smallholder agriculture and forestry projects;
- working with international investors.

The audit and assessment should be conducted by consultants already based in Madagascar to avoid international travel restrictions although where necessary, internationally based consultants could be involved in providing review and guidance.

The assignment should be completed within 4 months of contracting.

## 6. Proposal

Interested service providers should submit a proposal detailing:

1. Brief presentation of the consultant /expert 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/methodology towards the different parts of the study. Where relevant, specifically stating which aspects of the assignment will be done remotely, and which activities will be done on-the-ground.
3. A workplan, including timelines for activities.
4. A financial proposal for all activities that will be carried out to achieve the deliverables, including a detailed cost breakdown (e.g. daily staff rates, hours per deliverable/activity, ect.) and must include all logistical costs (e.g. local travel, accommodation, etc.).  
**All amounts must be stated in Euro, and include VAT and other taxes where applicable.**  
**The total project cost may not exceed 45.000 EUR.**
5. Confirmation that none of the ground for exclusion as stated in paragraph 9 are applicable to the Consultant.

## 7. Selection procedures

IDH invites Consultants to submit their proposal based on this ToR. The deadline for submitting a proposal is **15 January 2021**. Proposals submitted after 15<sup>th</sup> of January will not be considered in the tender procedure.

The LDN TAF project team may invite the Consultant to present and discuss their bid during a call.

The LDN TAF team, in consultation with Aqre and the LDN Fund, decides on selection of the Consultant. Contracting will follow the awarding of the contract.

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	20%
Qualification of the Service Provider and the Team*	50%
Financial proposal	30%

*\* due to the required on-the-ground audit, local presence in Madagascar will be rated high for this assignment*

## 8. 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 afore-mentioned 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.

## 9. 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 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, 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.

## 10. 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.

## 11. Contact information

Annabel Bol

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## *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.*