

18<sup>th</sup> December 2020

## Invitation to Tender – Consultancy – Feasibility and Design of Technical Assistance and Financing Model for Sustainable Cattle Ranching in Colombia

### Part 1 Tender Details and Invitation

Tender for:	Feasibility and Design of Technical Assistance and Financing Model for Sustainable Cattle Ranching in Colombia	
Project:	Partnerships for Forests	
Activity Number	Tender 01	
The Company:	Palladium International Limited	
Closing Date and Time:	22nd January 2021 – 5pm COL	
Contact Person:	Allison Voss, Palladium, Partnerships for Forests - Colombia Juan Sebastian Estrada Carmona, Bancolombia	
Timetable:	ITT made available:	1/12/2020
	Deadline for receipt of Clarifications:	16/12/2020
	Deadline for receipt of Tenders:	22/01/2021
	Evaluation of Tenders:	25/01/2021
	Notification of Award:	29/01/2021
	Confirm Contract Award and Contract Start Date:	26/02/2021
Tender Validity Period:	30 Days after the Closing Date	
Details for submission:	Tenders should be submitted by email to Allison Voss at <a href="mailto:allison.voss@partnershipsforforests.com">allison.voss@partnershipsforforests.com</a> AND Juan Sebastian Estrada Carmona at <a href="mailto:juestrad@bancolombia.com.co">juestrad@bancolombia.com.co</a> before closing date and time.	
Jurisdiction	Colombia	

Thank you for your interest in the above. The Company invites you to tender for this activity.

The following pages include the Terms of Reference (TOR), the technical and financial selection criteria and the conditions of tender along with the due diligence form that the successful tenderer (if any) will be required to complete and the standard contract template which the successful tenderer (if any) will be required to sign once the agreed commercial terms have been included.

Please forward your Tender in accordance with the Details for Submission above by the Closing Date and Time.

I look forward to your response, and if you have any queries, please don't hesitate to contact me by e-mail [allison.voss@partnershipsforforests.com](mailto:allison.voss@partnershipsforforests.com).

Yours sincerely,

Allison Voss

Palladium, Partnerships for Forests – Colombia

## Part 2 Terms of Reference

Activity No. P4F- 0632

### 1. Background

Partnerships for Forests (P4F) supports investment models in which the private sector, public sector and communities can achieve improved returns from sustainable forests and sustainable land use. By creating market-ready 'Forest Partnerships' that offer an attractive balance of risks and benefits for the private sector, public sector and communities, the programme aims to mobilise significant investment, principally from the private sector.

UK International Climate Finance is a £5.8bn portfolio of Official Development Assistance - ODA (2016-2021), which includes a range of projects helping countries achieve a low carbon transition. This includes helping countries turn their National Determined Contributions (NDCs, as agreed at the UN Climate Change Conference in Paris in 2015) into stronger policies, investable plans and tangible progress on the ground. The UK Department of Business, Energy & Industrial Strategy (BEIS) is providing £2bn of this ICF support, with a significant portion dedicated to help partner countries halt deforestation. Colombia is BEIS' number one recipient of support to address deforestation.<sup>1</sup>

P4F uses public funding from BEIS for projects, and therefore, a significant and measurable impact in terms of hectares transitioned to more sustainable use, private capital mobilized and social impact, particularly for small producers, must be taken into consideration in the development of the recommendations of this consultancy engagement.

In Colombia, P4F is supporting Bancolombia to develop a strategic plan to provide technical assistance (TA), which can be offered on on-going, sustainable manner for the bank, alongside its Sustainable Credit Line to allow cattle ranchers to transition to more intensive production practices. Bancolombia already has the majority of its clients being small and medium-sized enterprises (SMEs) and independents clients (clients generally with less than 70 ha under management) and its aim is to reach 400 clients (independent 30%, SMEs 40%, medium/large companies 20%, corporate 10%) during the 2021-2023 pilot. All parties acknowledge that small and independent clients are a key target audience as the most vulnerable groups given that P4F uses U.K. ODA resources, however, the analysis of client needs and return on investment must to be carried out in those that have the variables or economies of scale to make sustainable cattle ranching profitable.

Bancolombia has the largest market share in Colombia and is the leading bank in financing for the agricultural sector in the country. Sustainability is at the core of Bancolombia's actions, recognized as one of the top sustainable banks in the world by the Dow Jones Sustainability Index.<sup>2</sup>

Bancolombia works proactively in an environment that is constantly changing and facing important environmental, social and economic challenges. Committed to incorporating ESG (Environment, Social and Governance) standards into its corporate strategy, the bank has redefined its purpose with the goal of

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<sup>1</sup> International Climate Finance. (2020). "Guidance International Climate Finance." Retrieved from: <https://www.gov.uk/guidance/international-climate-finance>

<sup>2</sup> Portafolio. (2020). Bancolombia recognized as the most sustainable bank in the world for the second time." Retrieved from: <https://www.portafolio.co/negocios/empresas/bancolombia-fue-reconocida-como-el-banco-mas-sostenible-del-mundo-546642>

promoting sustainable economic development to achieve the wellbeing of all. Bancolombia thus has chosen three action fronts that can fulfill said purpose and measure results:

- Strengthen the competitiveness of the productive fabric in the countries where Bancolombia is present;
- Build sustainable cities and communities; and
- Encourage financial inclusion.

In its sustainable financing strategy, Bancolombia provides preferential financing through its Sustainable Credit Line for investments in renewable energy, energy efficiency, cleaner production, sustainable mobility and sustainable building across different economic sectors, including agriculture. The bank is in the process of expanding the range of projects suitable for the Sustainable Credit Line to include the implementation of sustainable agricultural systems, which comprise a range of complementary activities, including but not limited to silvopastoral systems. With this credit line, Bancolombia will provide financing only to clients with land areas approved by the Unidad de Planificación Rural Agropecuaria - UPRA<sup>3</sup> as areas suitable for livestock development.

Bancolombia recognizes that the knowledge required to plan and implement sustainable production systems is not yet widespread through the cattle ranching sector and that significant efforts are required to promote them, including the provision of TA to the producers as part of the credit allocation strategy. Moreover, given the zero-deforestation objectives of all parties involved, there is an important role Bancolombia can play in connecting credit conditions to environmental impacts.

## **2. Objectives of the assignment – why the need for a technical assistance and financing model**

Although funds were historically made available from the international cooperation and third sector to fund focused technical assistance component of pilot projects, they lacked scalability strategies to finance the needed transition of the agricultural sector to sustainable system; these must include mechanisms in which technical assistance can be provided to the producers until these systems and practices become mainstream. In other words, the TA needs to be sustainable in the long term, with costs considered within the activity financial sheets and resulting in positive balance at the property level, and not depending on grants in the mid and long term.

P4F is therefore commissioning this consultancy to develop a business plan for Bancolombia to incorporate TA alongside its Sustainable Credit Line for cattle ranching and agricultural sectors, and to develop a pilot project to test the basic assumptions of that business model.

For this assignment, the consultant is expected to:

- I. **Phase 1:** Design the optimal business model for Bancolombia to provide TA and credit under the Sustainable Credit Line for cattle ranching clients from independent to corporate clients;
- II. **Phase 2:** Identify existing cattle ranching TA providers in Colombia, assessing their expertise, know-how and track record to help producers transition the traditional agricultural and cattle production system toward more intensive and sustainable models;
- III. **Phase 3:** Assess risks and opportunities of credit disbursement for determined list of investments for clients to transition to more sustainable production systems; and

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<sup>3</sup> <https://www.upra.gov.co/>

- IV. **Phase 4:** Design 2-year pilots with a differential focus by region to test the viability and sustainability of the Bancolombia business model for providing credit and TA for different types of clients (independent to corporate).

The section 3 below describes in detail the scope of these objectives, while sections 4, 5 and 6 details the duration, what is expected from the consultancy company and the financial limit for this procurement.

### **3. Scope of the assignment**

*Phase 1: Design the optimal business model for Bancolombia to provide TA and credit under the Sustainable Credit Line for cattle ranching clients from independent to corporate clients*

#### **Description**

With Bancolombia support, the consultant will analyze and determine different TA and credit scenarios under the Sustainable Credit Line for different sized cattle ranching clients in specific regions of Colombia. The scenarios will be based on different credit amounts and value and impact of TA services. The first step in this phase is to understand the Bancolombia model for providing financing under the Sustainable Credit Line for improving cattle ranching production practices. It is critical that the consultant spend time understanding how Bancolombia operates internally and how the credit process works under this credit line, identifying bottlenecks and inefficiencies that could be addressed.

Then, the consultant will work with the Bancolombia team to understand the regional representative production systems of the targeted regions and define the types of acceptable sustainable production systems best suited for each region (e.g., semi-intensive, silvo-pastoral, ICLFS) and for each type of client. Bancolombia has classified clients in four different types based on number of hectares (per FEDEGAN classification) and asset size (Finagro classification). These client categories are: 1) independent; 2) small and medium-sized enterprises (SMEs); 3) medium and large companies; and 4) corporates. The consultant will be provided with more information from Bancolombia on this classification of cattle ranching clients.

Bancolombia has already developed an initial list of acceptable investments; however, it must be reviewed and refined to account for the different landscapes and producers' profiles across the country. The consultant will focus on refining the list of potential investments that can be made in this sector under the credit line, and in Phase 2, the TA support available will be aligned to meet producer needs to make transition to more sustainable practices.

The consultant must take into account regional differences to ensure that areas supported align with those approved by the UPRA for cattle ranching. After evaluating different TA and financing models, the consultant should provide a recommendation differentiated by region for number of TA partners, level of TA engagement, refined list of investment criteria for credit allocation under Sustainable Credit Line and overall model for providing TA and financing on an on-going basis by the bank and TA providers.

Phase 1 and 2 should be take place in parallel.

### Format

For this item, deliverables must include 1) “.doc” and “.pdf” document with the business plan for Bancolombia to provide TA alongside credit under its Sustainable Credit Line on a long-term basis; 2) excel financial model conducting scenario analysis from Bancolombia and cattle rancher perspectives for different models of TA and financing, including opportunity cost analysis for ranchers; and 3) “.ppt” document summarizing key results. Deliverables 1 and 3 must highlight the following from Bancolombia’s perspective for the SCR credit line with TA:

- Vision, value, strategy and impact
- Operational plan
- Stakeholder plan
- Financial plan

### Minimum Quality Requirements

The business plan must address the following:

#### - ***Vision, value, strategy and impact***

*Main objective:* Define how the vision and value for this new business model (TA and financing) can align with Bancolombia’s sustainability goals. The consultant must address the following:

- Identify regions defined by the UPRA as suitable for cattle ranching and map Bancolombia cattle ranching clients by type (independent to corporate) by region
- Analyse the bank’s ability to communicate the sustainable cattle lending product to clients
- Describe the acceptable production systems that cattle ranching clients can use financing for, making sure to differentiate needs by region and by client type (see I. Description)
- Define the credit line value proposition and what impacts can be achieved through TA and financing in terms of hectares under zero deforestation agreements and number of beneficiaries – making sure to include how this business model can impact Bancolombia’s smaller cattle ranching clients to increase in productivity and profitability

#### - ***Operational plan***

*Main objective:* Design the operationality of the Sustainable Credit Line for cattle ranchers to transition to more intensive production systems. The consultant must address the following:

- Refine list of investment criteria under Sustainable Credit Line for cattle ranching clients to be able to transition to more sustainable production systems
- Develop a differentiated approach of investments acceptable based on client size, geographic location and other considerations. For example, how should the list of investment criteria vary by size of client? What investments are adequate given current knowledges and already adopted good practices by the

client? What investments are needed given the regional landscape and challenges? What investments can be profitable given their market access?

- How would farmers commit to sustainable production? Could the loan agreement have some kind of environmental covenants? In case the farmer does not apply the environmental terms, would it be the case for an anticipation of the credit repayment or a restructuring of the financing conditions? (to address as well in risk analysis – Phase 4)
- Identify capacity enhancement opportunities within Bancolombia current capacities (staff and their expertise, for instance) and tools (loan and loan impact monitoring, and environmental covenants for instance)
- Identify if there are needed areas of improvement in Bancolombia capacity to run this credit line, considering staff current capacities, availability of monitoring tools and environmental covenants
- **Technical assistance plan** (this is a summary of findings from Phase 2, which should be done in parallel)  
*Main objective:* Develop plan for Bancolombia to engage with TA providers
  - Define TA partners role, type, cost and benefit of TA provided, and how credit can align with TA services offered for producers to make more sustainable production systems. This should be differentiated by client size, as large companies or corporates may require much less TA, if any at all
  - Alongside Bancolombia team, determine list of TA partners and sign Memorandums of Understanding (MOUs)
- **Financial plan**  
*Main objective:* Determine the optimal TA and financing model from Bancolombia perspective that will be financially sustainable and will be profitable for clients.
  - Develop financial model from cattle ranchers' perspective, including return on investment for transitioning to more intensive and sustainable production systems. Financial model analysis will be conducted for different sizes of clients in specific regions determined by Bancolombia.
  - With Bancolombia team, develop financial model from Bancolombia's perspective for Sustainable Credit Line. The model will include different scenarios of type and number of clients and amount of credit extended.
  - Conduct scenario analysis for different models for financing and TA services (including, but not limited to cost, revenue, investments, profit, and cash flow), both from Bancolombia's and cattle ranchers' perspective, developing prioritization and criteria for selection based on expected scenarios (i.e., cost-benefit analysis), and comparing it with business as usual models. Financial models should also include climate change risks into criteria.
  - Recommend the optimal amount of TA and financing needed for clients to make transition to more sustainable production systems, including over what time period should TA be provided
  - Define model for cattle ranching clients to sign zero-deforestation agreements, determining the model for monitoring and verification of compliance by Bancolombia or partner, with detailed cost-benefit analysis included
  - Without outside grant support (P4F or other) to pay for TA support for producers, how can model be financially viable for producers and Bancolombia?

- Is the producer able to cover a percentage of the costs of TA? Is there a possibility to link the impact of the transition to more intensive practices (increase in productivity and profitability) to supplement TA cost in the long-term?

All stages of work should be performed and implemented with the participation of Bancolombia's team. These will be verified by meetings with P4F and Bancolombia, register of communications (emails, messages), reports and meeting notes presented at the quarterly reports.

*Phase 2: Identify existing cattle ranching TA providers in Colombia, assessing their expertise, know-how and track record to help producers transition the traditional agricultural and cattle production system toward more intensive and sustainable models*

### **Description**

Occurring at the same time as Phase 1, the consultant will develop a mapping and strategic plan for Bancolombia to partner with technical assistance providers across Colombia which will allow the bank to provide credit to producers that receive the needed know-how to transition to more intensive and sustainable production systems. The mapping will be conducted for two different types of providers:

- 1) Providers that can provide the technical knowledge to transition producers to more intensive and sustainable production systems and
- 2) Providers with the available tools and/or service providers to monitor implementation and fulfilment of zero-deforestation agreements and fulfilment of environmental indicators.

The mapping of TA providers by region must also include a cost-benefit analysis of TA providers for their services offered. The strategic plan must clearly identify TA partners that can propel Bancolombia's team to ensure economic viability of providing this credit as well as the viability of the transition to more intensive production systems.

### **Format**

For this Item, deliverables must be a 1) “.doc” and a “.pdf” document with a TA provider mapping, ranking and identification; and 2) “excel” model analyzing cost-benefit analysis of TA providers' services.

### **Minimum Quality Requirements**

Considering the two different types of providers described on this section under *description*, the assessment must include:



- **TA Provider Mapping:**

*Main objective:* Identify TA providers and service offerings to understand if and how they align with Bancolombia's Sustainable Credit Line product for cattle ranchers to transition to more intensive production systems. Questions to be answered regarding TA providers:

- When was the organization founded and where?
- What is the TA providers' track record?
- Describe the management team
- What is the service offering?
- Does provider offer technological solutions to monitor producers' commitments (i.e., monitoring of zero deforestation commitments and/or implementation of best ranching practices)?
- How does the service offering lead to sustainable cattle ranching practices?
- Who provides the TA and what is their expertise?
- What regions of Colombia does the provider work?
- What is TA providers expansion potential (looking to provide services to new regions where Bancolombia provides credit)?
- What is the typical client profile (i.e., type of production system, sales, ha under management) and how does this align with sizes of clients that Bancolombia works?
- How many clients does the provider work with (annually)?
- Who typically pays for the TA service?
- Description of key partners of the TA provider (banks, government, others)
- Experience managing Bancolombia or ODA resources?

- **Cost-Benefit Analysis**

*Main objective:* Determine the cost-benefit of engaging with TA providers who's services align with Bancolombia's credit for cattle ranchers. Questions to be answered:

- What is the cost of the TA offered?
- What is the typical payment plan (by producers) for TA service? Difference between client profile?
- What is the anticipated benefit of service, and over what time horizon can returns be seen?

Based on these inquiries, the assessment will contain:

- A mapping of TA providers by region;
- A cost-benefit analysis of TA providers for different sizes of Bancolombia clients; and
- A list of recommended TA providers by region that Bancolombia could sign MOUs with as partners.

At the end of Phase 2, consultant must deliver at least one proposed institutional arrangement among Bancolombia and TA provider.



*Phase 3: Assess risks and opportunities of credit disbursement for determined list of investments for clients to transition to more sustainable production systems*

**Description**

The consultant will assess the risks associated with the financing under Sustainable Credit Line for investments that will transition to more sustainable production systems. The consultant will also highlight the mitigants for reducing these risks, which could be reduced by having the appropriate TA providers as partners. Moreover, building on Phase 1, the consultant will analyze and recommend how this new business model could provide further access to credit to smaller producers and attract new clients to Bancolombia (and not only be used by current clients).

**Format**

For this item, deliverables will include 1) “.doc” and “.pdf” document analyzing the key risks, mitigation strategies and opportunities 2) “.ppt” document summarizing key findings for Bancolombia and P4F (internal document) and 3) “.ppt” document summarizing key findings for public distribution (external document).

Deliverables 1 and 2 from this phase should also begin to explore how to take these findings forward in pilots which will be developed in Phase 4.

Deliverable 3 from this phase should be used to socialize result with other financial institutions, the Roundtable for Sustainable Cattle Ranching in Colombia and other relevant stakeholders.

**Minimum Quality Requirements**

They are:

- **Risk analysis and plan**

*Main objective:* Develop risks and mitigants strategy and framework for Sustainable Credit Line for different sized cattle ranchers in different regions to be able to transition to more intensive production systems.

Questions to address include:

- What risks does the product imply, both from Bancolombia’s and producers’ perspectives? Risks should be differentiated by client profile (size, region, etc.)
- How can location of producers be integrated to analyse the risk 1) that their productive activity represents a potential environmental damage from pressure on ecosystems and driver of deforestation, and 2) that credit remains economically viable and profitable for Bancolombia?
- Which risks attributed to the client can be mitigated through the financial product (e.g., covenants) and/or TA offering?
- How do these risks affect the client’s credit rating?

- **Opportunities**

*Main objective:* Create strategy for how the business model (TA and financing) can increase the number of small producer clients as well as how it can reach new clients for Bancolombia. Questions to address include:

- How can this credit line improve access to financing for small producers?
- How can TA providers act as sourcing partners for new bank clients?
- How can this TA and credit line model reach small cattle ranchers and medium ones?
- What actions could Bancolombia take to successfully share these credit lines directly with new clients?  
What client segments can be better targeted and how can Bancolombia reach them?

- **Other Considerations**

- Are there any aspects that have not been considered within the business plan or the financial product?

*Phase 4: Design of 2-year pilots with a differential focus by region to test the viability and sustainability of the Bancolombia business model for providing credit and TA for different types of clients (independent to corporate)*

**Description**

The consultant will design 2-year pilot projects (2021-2023), which must be differentiated by region, to test the viability of the optimal TA and financing model for different sizes of producers (as Bancolombia classifies them: independent, SME, medium to large companies, and corporates). The regions to conduct the pilots should be selected carefully to ensure that land grabbing is not an issue and where the transition to more intensive production systems is viable. Bancolombia will only work with clients with land areas classified by the UPRA as suitable for cattle ranching development.

The consultant will design the pilot to test two hypotheses:

- 1) From different producer's perspectives (independent to corporate clients) operating in regions suitable for cattle ranching, access to affordable credit that also covers TA needs leads to financial returns sufficient to disincentivize new forest clearings for pastures, encourage zero-deforestation commitments and increase social, economic and environmental impact
- 2) From Bancolombia's perspective, incorporating TA and monitoring costs into Sustainable Credit Line reduces risks and increases productivity for clients to a point where interest rates can be reduced while keeping margins at acceptable level.

The pilots should include all sizes of producers and is recommended a split of 30% independent, 40% SMEs, 20% medium to large companies and 10% corporates (+-5% for each category depending on financial analysis conducted for each size of producer in Phase 2). Moreover, the consultant will develop a detailed implementation plan and timeline for the regional pilots, with key milestones and review points to ensure that the hypothesis is tested.

## Format

For this item, deliverables will include 1) “.doc” or “.pdf” document designing the pilots by region and 2) “.ppt” document detailing the pilots, milestones, activities, review points and budget (in excel) and overall implementation plan for 2021-2023.

## Minimum Quality Requirements

They are:

### - **Regional selection**

*Main objective:* Select regions for pilots. Questions to be addressed include:

- Based on analysis in previous phases, which regions would make the most sense to conduct pilots (given land grabbing risk, social risks, TA providers, environmental additionality and other considerations)? Using the analysis from Phase 1 in defining vision, value and impact of business model, develop the argument for why particular regions would be areas to provide TA and credit (rationale may include: many clients in that region, quality and availability of TA and zero-deforestation monitoring, and others).
- How would piloting in these regions not duplicate any efforts of past and present sustainable cattle ranching initiatives done in Colombia? In what ways would it be complementary?
- What regional governance and initiatives are in place to safeguard against cattle ranchers using credit for other purposes?

### - **Bancolombia client selection**

*Main objective:* Select number and type of client in each region. Questions to address include:

- How many clients should be included in these two-year pilots?
- To understand the impact of transitioning to more intensive production systems, how many clients of each size should be included (minimum number of independent and SME clients should be no less than 50% unless reasons made clear in analysis in Phase 2)?

### - **Stakeholder plan**

*Main objective:* Develop stakeholder plan that includes TA providers and others. Questions to be addressed include:

- Which staff from Bancolombia would be involved in these pilots? Does Bancolombia have the management, technical and business capabilities to implement the pilot?
- Based on analysis in Phase 1, which TA providers (with signed MOUs) would be engaged and what services would they offer and to how many clients?
- What other stakeholders in Colombia should be involved?

### - **Operational plan**

*Main objective:* Determine structure and resources needed to operationalise pilots. The key question to be addressed is:

- Are the required infrastructure initiatives (including staff, organisation, location, land, office, IT, production, storage, suppliers etc.) in place to support the pilot?

- **Implementation plan**

*Main objective:* Create implementation plan for pilots with specific timeline, milestones, review points and monitoring and evaluation to determine results. Questions to be addressed include:

- What is the timeline for implementation?
- What is the budget (investment and operational costs)?
- What are the milestones and review points that can be achieved (work closely with P4F)?
- What is monitoring and evaluation plan to ensure hypotheses are effectively tested?
- Does the pilot have clear output and outcome targets to support understand progress?

This phase of the consultancy will work closely with P4F to ensure that pilots can deliver milestones and results according to P4F program requirements, as well as that review points are included to evaluate impact of pilots given Bancolombia's objectives.

#### 4. Deliverables and duration of consultancy

The consultant is expected to deliver the following:

Deliverables	Timeframe to deliver	Format
1) Draft business plan report	Two and a half months after contract signature with the consultant	<p>For this item, deliverables must include 1) “.doc” and “.pdf” document creating the business plan for Bancolombia to provide TA alongside credit under its Sustainable Credit Line on a long-term basis; 2) excel financial model conducting scenario analysis from Bancolombia and cattle rancher perspectives for different models of TA and financing; and 3) “.ppt” document summarizing key results. Deliverables 1 and 3 must highlight the following:</p> <ul style="list-style-type: none"> <li>▪ Vision, value, strategy and impact</li> <li>▪ Operational plan</li> <li>▪ Stakeholder plan</li> <li>▪ Financial plan</li> </ul>

2) TA providers assessment	Two and a half months after contract signature with the consultant	For this item, deliverable must be 1) a “.doc” and a “.pdf” document with a TA provider mapping, ranking and identification; and 2) “excel” model analyzing cost-benefit analysis of TA providers services.
3) Risk and opportunity analysis report	Three and a half months after contract signature with consultant	For this item, deliverables will include 1) “.doc” and “.pdf” document analyzing the key risks and opportunities; 2) “.ppt” document summarizing key findings for Bancolombia and P4F (internal document) and 3) “.ppt” document summarizing key findings for public distribution (external document).
4) Design of pilots report	Five months after contract signature with consultant	For this item, deliverables will include 1) “.doc” and “.pdf” document designing the pilot and 2) “.ppt” document summarizing the pilot, milestones, review points and overall implementation plan for 2021-2023.
5) Final business plan report with details from all developed activities, achievements and next steps	Five months after contract signature with the consultant	Final business plan report in a “.doc” and “.pdf” format and “.ppt” format. <ul style="list-style-type: none"> <li>▪ Vision, value, strategy and impact</li> <li>▪ Operational plan</li> <li>▪ Shareholder plan</li> <li>▪ Financial plan</li> <li>▪ Risk plan</li> <li>▪ Pilot plan</li> </ul>

- **Project management and governance:** in addition to the deliverables and activities defined in the scope, the consultant should be available to participate in weekly meetings with P4F and Bancolombia. During those meetings, the consultant should provide evidence about the project advances and risks.
- **Language:** All the deliverables from all phases will be delivered in Spanish. Final business plan “.doc”, “.pdf” and “.ppt” must delivered in both English and Spanish.
- **Approval:** All products will be approved by P4F and Bancolombia.
- **Location:** The dedicated staff ideally should be located in a time zone with a difference no greater than 7 hours ahead or behind Bogotá (UTC – 5), to allow for the scheduling of virtual meetings during working hours in Colombia. The services will be provided remotely via conference calls, telephone and email.
  - Ideally, the consultant would be based in Colombia to have the flexibility to travel to different regions as necessary
  - It is envisioned that at least 1-3 field visits will be necessary to understand client profiles, regional context, TA service offerings, Bancolombia model and/other considerations

- **Duration of consultancy:** 5 months
- **Presentation summary:** Each product should have a ppt summarizing each deliverable, including an executive summary per product of 1 or 2 slides. PPTs should also be in English and Spanish.

## 5. Essential minimum specifications required of lead consultant

- Ideally, experience supporting private banks in the development of green finance instruments which include the provision of technical assistance to clients as part of the financing strategy oriented to the agricultural sector;
- Proven experience in financial modeling in the agriculture sector (ideally in cattle-ranching) in Colombia;
- Knowledge of ranching best practices;
- Knowledge of existing technical assistance companies' business models;
- Knowledge in the development of green finance instruments;
- Experience of applying professional skills in rural environments;
- Creative thinker, able to envision opportunities for partnerships;
- Should demonstrate the teams experience in conducting similar assignments by submitting samples of previous work; and
- Written and spoken fluency in English and Spanish.
- Technical, administrative and financial actions for the implementation of good agricultural and / or livestock practices and technological updating of production processes (desirable)
- Improvement of the competitiveness of agricultural and livestock entrepreneurs with the implementation and certification standards related to good agricultural and / or livestock practices (desirable)
- Cost-benefit analysis of adaptation measures for productive sectors (desirable)

The services may be provided by a single company or by a consortium or association.

## 6. Financial component

The financial limit for this procurement is **GBP 60,000**.

Contractor will be paid by reimbursement for deliverables complete.

Please refer to Part 3 and Part 5 for details relating to preparation of the financial submission.

## 7. Responsibilities of the company

Confirm that the selected Consultant is aware and compliant with all terms and conditions of the contract and briefing documents.

## 8. Contractor responsibilities

To be prepared to complete – and be assessed to the satisfaction of the Company – the Due Diligence Assessment Form and to sign the Standard Contract Terms (for reference included at Part 6 and Part 7 respectively).

To have in place insurance policies covering Professional Indemnity and Public Liability (if contracting as an appropriately registered entity rather than in an individual capacity).

To be registered and legally authorised to develop this work in Colombia.

Organise appropriate travel, accommodation and travel insurance arrangements using the Company's systems (if applicable).

To hold any regulatory permits or approvals required to provide the services, either as an individual or through a registered entity.

To complete the monthly progress and financial reports and activity completion report in the prescribed format and on the required date.

## Part 3 Conditions of Tender

### 1. Tender content

#### 1.1. The Tender must contain the following:

1.1.1. a cover letter from the Tenderer for the activity (specify the Activity Number set out in Part 1), , including the declaration contained in Part 8;

1.1.2. a technical submission (see Part 4);

1.1.3. a financial submission (see Part 5).

#### 1.2. Every Tender shall state in the cover letter:

1.2.1. the Tenderer's nominated contact person;

1.2.2. in the case of an individual, full or given names, surname, date of birth and permanent address;

1.2.3. in the case of a company, NGO or other registered entity, the full name of the entity, the address of the registered office of the entity, the names of all proprietors or directors, the relevant registration number and a copy of the certificate of registration; and

1.2.4. in the case of a trust, the full names and addresses of each trustee of the trust;

1.2.5. a list of all the nominated personnel expected to contribute to the performance of the Terms of Reference (TOR), including their names, surnames and title of their position.

#### 1.3. Tenders are to be in English.

1.4. 'The Tenderer' (where capitalised) means the person or organisation to whom this invitation has been sent. Depending on the context, an uncapitalised version of 'tenderer' may also refer to the Tenderer.



## 2. Tender Assessment Process

- 2.1. Tenders must comply with the requirements of the TOR. Failure to submit a Tender including the information required by the TOR generally will factor into The Company's assessment of the level of compliance of the Tender and may result in rejection of the Tender.
- 2.2. The Company will evaluate Tenders on the following basis:
  - 2.2.1. a technical assessment (see Part 4);
  - 2.2.2. a financial assessment (see Part 5);
  - 2.2.3. other factors, which may impact on the Tenderer's performance.
- 2.3. The Company will assess Tenders based on the Technical Assessment Selection Criteria specified in Part 4 and will provide a list of ranked technically suitable tenders.
- 2.4. The Company will undertake a financial assessment in accordance with Part 5
- 2.5. This procurement will follow a structured and transparent process to ensure that a fair and level playing field is maintained at all times, and that all Tenderers are treated equally. The indicative key dates for this procurement as they are currently anticipated to be are set out in the Timetable in the Tender Particulars.
- 2.6. The Company reserves the right:
  - 2.6.1. to accept or reject any tender, and to annul the tendering process thereby rejecting all tenders, at any time prior to the award of contract at its sole discretion;
  - 2.6.2. to cancel or vary the Invitation to Tender process at any time whether before or after the closing date;
  - 2.6.3. to reject any tender that does not adhere to the structure and content requirements as outlined in these Terms and Conditions;
  - 2.6.4. to recall tenders from any source including those tenderers who have already submitted tenders, without thereby incurring any liability to the affected tenderer or tenderers or any obligation to inform the affected tenderer or tenderers of the grounds for this action;
  - 2.6.5. to accept Tenders for the whole or any part of the requirement;
  - 2.6.6. make whatever changes it sees fit to the Timetable, structure or content of the procurement process, depending on approvals processes or for any other reason;
  - 2.6.7. to require that tenderers submit to the Company's Due Diligence process prior to or after the submission of Tenders; and
  - 2.6.8. to negotiate with the most favourable tenderer should it be deemed that the offered prices are unreasonable or greater than the targets set in the planning process, as per Part 6.
- 2.7. The Company shall not be bound by any advice given or information furnished by it.
- 2.8. The conduct of this Invitation to Tender is not intended to give rise to any legal or equitable relationship.
- 2.9. A Tender will not be considered if the Tenderer or a representative of the Tenderer gives or offers anything to an employee or agent or subcontractor of the Company as an inducement or reward, which could in any way tend to influence the actions of that employee or agent.

2.10. Your Tender will be valid for the Tender Validity Period.

### 3. Technical Assessment

3.1. The Technical Assessment will be undertaken by an internal Procurement Committee.

3.2. The Technical Assessment of the Tender will account for 80% of the overall score using the following formula:

$$\text{Technical Score} = \frac{\text{Tender's Weighted Technical Score (out of 100)}}{\text{Highest Weighted Technical Score (out of 100)}} \times 80\%$$

3.3. The Procurement Committee, in assessing the technical part of the Tender, will consider the Selection Criteria specified in Part 4.

3.4. Tenderers should note that technical submissions for those Tenders assessed by the Company as not acceptable on due diligence grounds (as set out in 2.3) will not be subject to technical or financial assessment.

3.5. Tenderers should note that technical submissions that do not meet the Minimum Score Requirements set out in the Form of Technical Submission in Part 4 will be assessed by the Procurement Committee as not technically acceptable.

3.6. The Technical Submission must:

3.6.1. be in a type font of no less than 12 points;

3.6.2. be in a single column format;

3.6.3. be 12 pages or less in length;

3.6.4. have attached up-to-date CVs of the preferred consultant/s (which do not count toward the page limit noted in 4.1.3) relevant to the activity (no longer than 4 pages each)

### 4. Financial Assessment

4.1. Following consideration of the technical merit of Tenders, a like-for-like price assessment will be undertaken by the Company of the Tenders assessed as technically suitable. The like-for-like price assessment will represent 20% of the overall score.

4.2. The following formula for the scoring and ranking of Tenders on the basis of price will be used:

$$\text{Price Score} = \frac{\text{Tender Price of Lowest Priced Technically Acceptable Tender}}{\text{Tenderer's Tender Price}} \times 20\%$$

4.3. Tenderers should note that financial submissions for those Tenders assessed by the Procurement Committee as not technically acceptable will not be subject to financial assessment.

4.4. The financial component of the Tender must be submitted as set out in Part 5 and must be an unconditional offer and fixed for the duration of the Project.

4.5. The Tenderer may include per diem rates as an estimate, however the Company shall only reimburse actual expenditure upon presentation of receipts.

### 5. Acceptance of Tenders

5.1. The Company is not bound or required to accept the lowest priced Tender or any Tender.

5.2. A Tender will not be deemed to be accepted unless and until a Contract in the form listed in Part 7 is signed by The Company (with the agreed commercial terms included).

5.3. A Subcontract Agreement will be used if the preferred Tenderer is a registered entity, and a Consultant Agreement will be used if the preferred Tenderer has no such registration and is contracting as an individual.

5.4. The Company reserves the right to enter into negotiation with any other tenderer if by the 'Confirm Contract Award and Contract Start Date' stated in the Timetable either contract negotiations have not been concluded with the preferred tenderer or if the preferred tenderer has not completed the Due Diligence Assessment Form in a manner acceptable to the Company.

## 6. Alternative Tenders

6.1. The Company reserves the right to accept and consider alternative Tenders providing they:

6.1.1. are submitted with a compliant Tender;

6.1.2. clearly identify the differences and improvements offered in the Alternative Tender.

## 7. Non-Compliant Tenders

7.1. Tenders will be regarded as non-compliant if they do not comply with any part of the requirements of this Invitation to Tender.

7.2. The Company may however, in its absolute discretion evaluate any non-compliant Tender.

## 8. Lodgement of Tenders

8.1. It is the responsibility of the Tenderer to ensure that the Tender is received by the Company by the closing date and time prescribed in this Invitation to Tender. A Tender lodged after the closing date is a late Tender.

8.2. A late Tender will normally not be considered unless it can be demonstrated by the Tenderer that the Tender would have arrived at the tender point by the required date and time as prescribed in this Invitation to Tender. The Company may allow a late Tender to be assessed at its absolute discretion.

8.3. The Company will not consider or entertain any queries about a decision to assess or reject a late Tender.

8.4. Tenders are to be in English and all pricing and costs are to be in Pound Sterling (GBP).

## 9. Tenderer Costs

9.1. Tenderers are responsible at their own cost for:

9.1.1. making all arrangements and obtaining and considering all information relating to the TOR;

9.1.2. the preparation, delivery and lodgement of their tender;

9.1.3. dealing with any issues, including disputes, that may arise out of the tendering process.

## 10. Basis of Payment

- 10.1. Payments will be made in Pound Sterling (GBP), within 30 days of receipt of an acceptable invoice and subject to performance as identified by milestones or deliverables specified in the Contract.
- 10.2. All Tenderers should be aware that agreed pricing shall be Withholding Tax (WHT) and Value Added Tax (VAT) inclusive, as per the Company's standard contract templates.
- 10.3. Reimbursement shall be on the basis of actual expenditure evidenced by receipts.

## 11. Confidentiality

- 11.1. The Tenderer acknowledges that in the course of this Tender, it may become acquainted with or have access to the Company's Confidential Information (including the existence and terms of this Tender and the TOR). It agrees to maintain the confidence of the Confidential Information and to prevent its unauthorised disclosure to any other person.
- 11.2. The Tenderer will not disclose or use any Confidential Information except to the extent that such disclosure or use:
  - 11.2.1. is strictly necessary for submitting the Tender;
  - 11.2.2. is required by relevant laws;
  - 11.2.3. is authorised by prior written approval from the Company; or
  - 11.2.4. occurs after the Confidential Information already is or comes into the Tenderer's possession (or in the public domain) otherwise than pursuant to this Tender, pursuant to a separate confidentiality undertaking by the Tenderer or a third parties' (or that parties') unauthorised disclosure.
  - 11.2.5. If the Tenderer is required to disclose Confidential Information due to a relevant law or legal proceedings, it will provide reasonable notice of such disclosure to the Company.
  - 11.2.6. The parties agree that this obligation applies during the Tender and after the completion of the process.

## 12. Request for Information

- 12.1. Any prospective Tenderer may until Deadline for receipt of Clarifications set out in Part 1 request information on any point of clarification in this Tender. The information requested shall be given in writing by The Company as soon as practicable, and where in the opinion of The Company the information could have an effect on other tenderers, that information may at the Company's sole discretion be given in writing to all known prospective tenderers.

## 13. Business Partner Code of Conduct

- 13.1. Tenderers shall comply with the Company's Business Partner Code of Conduct in the submission of any tenders.

## 14. Unsuccessful Tenders

- 14.1. Unsuccessful Tenders will be notified in writing and shall be entitled to a feedback session regarding their tender.

## 15. Tenderer Acceptance of Conditions

- 15.1. A Tender lodged in response to this Invitation to Tender does so with agreement to these Conditions of Tender unless any departures from these Conditions are detailed in the tender

submission. The Company reserves the right to reject any departure from these Conditions of Tender, and thereby determine that the tender submission is non-conforming for that reason.

## 16. Publicity

16.1. No publicity regarding the procurement or the award of any Contract will be permitted unless and until the Company has given express written consent to the relevant communication. For example, no statements may be made to the media regarding the Invitation to Tender, its contents or any proposals relating to it without the prior written consent of the Company.

## 17. Jurisdiction

17.1. This Agreement shall be subject to the laws of the Jurisdiction.

17.2. The Supplier and the Company will use their best efforts to settle amicably any dispute, controversy, or claim arising out of, or relating to this Agreement or the breach, termination, or invalidity thereof.

17.3. If no agreeable settlement can be found, any dispute, controversy, or claim arising out of or relating to this Agreement or the breach, termination, or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement. The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration. The Parties will be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute.

17.4. The place of arbitration shall be the headquarters location of Company at the time the claim is filed and the language of the arbitration will be English. The relevant laws shall be the laws of the Jurisdiction.

17.5. Should the claim involve a State, a State-controlled entity, or an intergovernmental organization, the case shall be administered by the International Bureau of the Permanent Court of Arbitration.

## 18. Client Specific Provisions

18.1. Subcontractors and Consultants will be required to comply with the terms of the Head Contract for the Project, including the DFID Standard Terms and Conditions and any additional terms advised by the Company.

## Part 4 Technical Assessment and Selection Criteria

### 1. Technical Submission.

- 1.1 The Technical Assessment places emphasis on the degree of confidence the Procurement Committee has in the Tender content and the Tenderer's ability to deliver the services effectively. A high degree of confidence is gained where:
- 1.1.1 A deep understanding of key issues is clearly demonstrated. Merely providing general statements of information and a can-do attitude will not generate high scores.
  - 1.1.2 A convincing methodology is provided to achieve results, whilst ensuring optimal value for money over the lifetime of the contract. The methodology should include clear links between performance outputs and pricing mechanisms (such as milestones for payment linked to clear deliverables).
  - 1.1.3 The methodology includes monitoring & performance management tools where appropriate, such as: critical path analysis, risk strategies/mitigation plans, communications plans etc.
  - 1.1.4 A detailed Work Plan is provided that breaks down activities and outputs, which are clearly cross referenced (where appropriate) to the level of effort of Nominated Personnel, payment mechanisms and governance/quality assurance mechanisms to ensure effective delivery on time and within budget.
  - 1.1.5 Strong examples demonstrate the proposed methodology has been applied successfully in environments relevant to this ITT.
  - 1.1.6 A well balanced team of Nominated Personnel is proposed that provides the right mix and level of skills, with assured availability at the right time and with the right number of days.
  - 1.1.7 Greater effort has been made to provide certainty in the Tender detail so that it can be relied on from a contractual perspective (for example, poor management processes, lack of performance measures and vague terminology represent a potential performance risk).

1.2 The following selection criteria and weighting will be used in the assessment process to assess the technical capacity of the Tenders.

Scoring Methodology for the technical submission	
5	Excellent, addresses the requirements of the TOR and all ITT issues, and where relevant demonstrates fine tuning, to make a match with Client expectations, and is of a quality and level of detail and understanding that provides confidence in certainty of delivery and permits full contractual reliance (where applicable).
4	High degree of confidence that they can meet the requirements of the TOR (and where relevant strong evidence they have tailored their response to meet these). Demonstrates they have a thorough understanding of what is being asked for and that they can do what they say they will; translates well into contractual terms (where applicable).
3	An understanding of all issues relating to delivery of the TOR and tailoring the response to demonstrate that proposals are feasible so that there is a good level of confidence that they will deliver; can be transposed into contractual terms (where applicable).
2	Understands most of the issues relating to delivery of the TOR and addresses them appropriately with sufficient information, but only some relevant tailoring and so only some confidence that they will be able deliver in line with expectations.
1	Some misunderstandings of the issues relating to delivery of the TOR and a generally low level of quality information and detail. Poor appetite to tailor when asked and so fails to meet expectations in many ways and provides insufficient confidence.
0	TOR issues are scantily understood and flimsy on quality information, with minimal tailoring if anywhere relevant. Provides no confidence that the issues will be addressed and managed at all in line with expectations.



1.3 Technical Submissions **MUST** follow the question structure below, addressing each question separately and distinctly:

Form of Technical Submission		Page Limit	Weight X Score		Max Weighted Score	Minimum Score Requirement
1	<p><u>Quality of Personnel and/or Partners</u></p> <p>Tenderers should describe, referring to the CVs submitted to evidence any statements, how the Nominated Personnel fulfil each of the criteria set out in the Specification of the advisory support in the TOR and are sufficiently skilled staff to undertake all aspects of the Scope of the assignment.</p>	3 pages	6	[0 to 5]	30	2 out of 5
2	<p><u>Methodology and Approach to Delivery of TOR</u></p> <p><b>2.1</b> Tenderers should describe from their own understanding of the Objectives of the assignment and the Scope of the assignment in the TOR, as well as the context of the project, how their Nominated Personnel will facilitate delivery of the tasks set out in the Scope of the assignment. <b>(Weighted 7/10)</b>.</p> <p><b>2.2</b> Tenderers are also expected to describe their approach to ensuring optimal value for money. <b>(Weighted 2/10)</b></p> <p><b>2.3</b> A half page anticipated Workplan, plotting the delivery of the tasks mentioned above linked to the level of effort of each of the Nominated Personnel, should also be provided. This Workplan must identify proposed output based payment deliverables, dates and amounts. <b>(Weighted 1/10)</b></p>	7 pages	10	[0 to 5]	50	2 out of 5
3	<p><u>Relevant Experience</u></p> <p>Tenderers should identify 2 assignments undertaken within the last 2 years relevant to the TOR and the project context. A brief summary of each of the assignments should be provided, as</p>	2 pages	4	[0 to 5]	20	2 out of 5

	should the name and contact details for referees who can verify the Tenderers performance on the assignment.					

2. The Tenderer must provide a CV (including the names and contact details of two referees must be attached) for all Nominated Personnel expected to contribute to the performance of the TOR (no longer than four in length).
3. The Technical Submission format **must** follow the above question structure and clearly address the criteria above as this will impact on the assessment process.
4. The Technical Submission **must** not exceed twelve pages (excluding CVs).

## Part 5 Financial Assessment and Selection Criteria

### 1. The financial component must:

1.1. Using the below format state the daily fee rates (based on an 8 hour working day for one person) for all the Nominated Personnel. Fee rates should include all costs that are not reimbursable. Fee rates must be in Pound Sterling (GBP) and **must be inclusive of all relevant taxes**. This will form the basis of the comparative tender assessment.

Consultant	Daily Fee Rate	Number of Days	Cost
E.g. Consultant A	e.g. £100	e.g. 2	e.g. £200 (2x£100)
E.g. Consultant B	e.g. £50	e.g. 3	e.g. £150 (3x£50)
<b>Total Tender Price</b>			e.g. £350

1.2. Using the below format provide a budget and total value of all expected reimbursable expenses (see Sections 2-4 below for eligible expenses) in the format below. While these will not form part of the Tender Price and will not be considered in the comparative price assessment, Tenderers should note that the Financial Limit of this Tender is £60,000 and that the Tender Price plus (+) the Total Reimbursable Expenses cannot exceed the Financial Limit. Where the Financial Limit is exceeded, the Company reserves the right not to accept the Tender.

Reimbursable Expenses Line Item	Units	Price	Cost
E.g. International Flight to [X] from [X]	E.g. 2 (if 2 consultants)	e.g. £100	e.g. £200 (2 x £100)
<b>Total Reimbursable Expenses</b>			e.g. £200

### 2. The following financial aspects need to be taken into consideration:

- 2.1. the rates should be based only on the number of days specified the Terms of Reference;
- 2.2. the rates are to be inclusive of relevant taxes.
- 2.3. all activity preparation costs are the responsibility of the Tenderer;
- 2.4. a requirement is for the preferred Tenderer to submit a monthly Progress and Financial Report and an Activity Completion Report at the end of the activity. All costs associated with the preparation and submission of these reports are the responsibility of the preferred Tenderer.
- 2.5. payment of fees and reimbursable costs may be withheld due to non-approval by the Regional Programme Manager of the Progress / Financial / Activity Completion Report.

### 3. Standard allowances and costs

3.1. To be eligible for reimbursement all expenses must be incurred in accordance with the [P4F Guidelines for Using Grant Funds](#).

Category and allowance (per assignment)	
Flights (Economy Class Only)	Return airfare can be reimbursed when flying is the most effective transportation option.
Domestic Travel	In-country ground transportation (taxis, trains, buses, car rental etc.) costs can be reimbursed as long as the costs are not part of normal 'business as usual' travel.

Accommodation, meals and other living / travel expenses	Hotel accommodation, meals and other living/travel expenses can be reimbursed as long as staff are travelling away from their normal place of business and/or area of residence.
<b>NB:</b> The Tenderer may include per diem rates in their tender as an estimate, however the Company will only reimburse actual expenditure upon presentation of receipts	

4. Insurance cover:

- 4.1. Preferred Tenderers contracted by the Company as individuals shall be added to the Company's corporate travel insurance policy and/or expatriate travel insurance policy as required. Policy details available upon request.
- 4.2. Preferred Tenderers contracted by the Company as a registered entity shall be required to evidence Professional Indemnity and Professional Liability insurance, and provide their consultants with the appropriate level of cover regarding work-related travel.

## Part 6 – Declaration by Tenderers

Tenderers shall submit their tender with the following declaration:

*I declare that to the best of my knowledge the answers submitted and information contained in this document are correct and accurate.*

*Where requested by the Company, I/We will promptly provide the certificates or other documents referenced in this ITT.*

*I/We understand that any information given by us will be relied on and used by the Company to assess my/our suitability to participate further in this potential procurement.*

*I understand that the Company may reject my/our Tender if it is non-compliant, or false/misleading in any way.*

*Where this statement is being provided by an individual on behalf of the Company, that individual has the necessary corporate authorisation to provide the declaration on behalf of the Company.*

*I / We have not communicated to any person other than the Company the amount of any tender, adjusted the amount of any tender by arrangement with any other person, made any arrangement with any other person about whether or not I / we or that other person should tender, or otherwise colluded with any other person in any manner whatsoever, and undertake that at any time thereafter in the tendering process for the above*

*I/We have not engaged in any behaviour which has or could contravene Bribery Act 2010 (UK), the Foreign Corrupt Practices Act (US) or any similar legislation.*

*I/We have not provided or offered any payment, gift, item, hospitality or any other benefit to the Company, its employees, consultants, agents, subcontractors (or any other person involved in the decision-making process relating to this tender) which could give rise to a perception of bribery or corruption in relation to the Tender or any other dealings between the parties.*