

Terms of Reference: An assessment of Fairtrade commercial partners' EUDR compliance preparedness

1. Introduction

Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. When farmers can sell on Fairtrade terms, it provides them with a better deal and improved terms of trade.

One of the key markets for Fairtrade producers is the European Union (EU), and as such compliance with EU regulations is key. The European Union Deforestation Regulation (EUDR) is the latest in a series of EU regulations to protect forests. It came into effect on 29 June 2023 as a regulation on operators or traders who bring cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products, such as leather, chocolate, tyres, or furniture into the EU. It must be proven that these goods (and the supply chain as a whole) were not produced using land that was recently deforested, or that they contributed to the degradation of existing forests after 31 December 2020. All goods must also be produced legally, in line with national regulations, and finally, there must be a due diligence process and statement of confirmation confirming this for all relevant goods.

One of the main requirements for compliance with EUDR will be the confirmation of the GPS coordinates of farms in order to prove that the land used is not associated with the destruction or degradation of forests. The first importer of these relevant goods into the EU will need to prove that the products did not cause deforestation or forest degradation and therefore will need to engage in a due diligence process. Products whose geolocation coordinates are not confirmed cannot be placed on the market (European Commission DG Environment, 2023b). Traceability is not the only requirement, however. The EUDR requires a due diligence process that includes data collection, and verification by producers.

Regarding timelines, there will be an 18-month period (ending December 30, 2024) for implementation before compliance must be demonstrated, and micro and small business will receive a longer period (June 30, 2025). Therefore, even if the producer is not directly placing the product on shelves in the EU, their buyers may soon be inquiring about their alignment with EUDR as they will have to prove it.

2. Background

Fairtrade has revised its generic standards to support compliance for all Fairtrade certified entities. Given the data requirements of the EUDR in particular, it becomes critical to have adequate measures for data collection, without duplicating existing work where possible, and therefore ensuring that our efforts meet a real demand.

To this end, Fairtrade International's Global Impact (GI) unit has been developing a data collection plan to support producers with EUDR requirements and ensure preparedness



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and compliance across the value chain. Along this vein, GI has already partnered with Satelligence (<https://satelligence.com/>) to enable a structured deforestation monitoring process. In essence, Fairtrade small scale producer organizations (SPOs) submit geolocation data (both points and polygons) of their associated producers to Fairtrade International, after which this data is used by Satelligence for producing a deforestation risk assessment for the SPO which can be used to prove compliance with EUDR to commercial partners and better manage forests within the SPO's scope.

While this Fairtrade partnership with Satelligence promises to bring great value to SPOs by empowering them to utilize their deforestation risk data, GI's data collection plan as a whole could be complemented and improved by a comprehensive understanding of how commercial partners are currently procuring and using 3rd party data to respond to EUDR data needs. For example, are most commercial partners expecting the SPO's to directly provide the data/data assessment to prove EUDR compliance (as the Fairtrade-Satelligence partnership implicitly assumes)? Are commercial partners procuring this data instead from traders or other mid-points in the value chain? Are there other third-party solutions being explored by commercial partners, such as procuring these data from data brokers drawing upon non-governmental or governmental databases? The data needs and solutions of Fairtrade's top commercial partners are most of interest. Additionally, other best practices of companies beyond the Fairtrade top partners that can provide guidance for the GI unit are equally relevant (This shortlisting of partners is something that can be done at the inception stage).

The GI unit needs a review and mapping of current EUDR-related corporate data reporting strategies, while paying specific attention to the leading third-party sources which may be providing such services already, and in a competitive manner. This may include the end-to-end process from how geolocations are being mapped to sharing the data, storing, processing, managing alerts, mitigation measures being taken thereafter, and ensuring traceability. This necessarily includes how this entire process is being scaled up for global supply chains so that compliance with the law also does not end up disrupting global supply chains, or preparedness for that eventuality. Further complementary questions include: what are the different actors supply chain responsible for in this regard? Which external vendors are supporting them, and how? Are the tools that these actors are using relevant for Fairtrade to know more about? And do any recommendations arise from this inquiry as to how GI can create efficiencies around this in the future? (i.e. GI needs to understand where there are processes and partnerships it could capitalise on.)

3. Objective

The primary research question of this review consultancy is **“What are Fairtrade's commercial partners and other similar scale of companies doing to prepare for EUDR compliance in terms of data?”**. Secondary questions include the following: “To what extent and how are Fairtrade's commercial partners and other similar scale of companies managing the entire data cycle? I.e. how are they mapping the geolocations, or engaging (or not) 3rd party data providers or partnerships that are supporting them in the exercise, storing the data, processing, handling alerts, mitigation measures and traceability? And

how can Fairtrade draw learnings to improve its own process? Finally, what are the associated costs?"

The ultimate outcome of this review is to ensure that GI's data collection and support plan for EUDR compliance is cognizant of existing strategies and thus is appropriately adjusted or adapted to create more efficiencies for providing data/data analysis where the market need exists and not otherwise. The goal is to avoid redundancies in GI's service provision, while identifying efficiencies in processes or partnerships that GI can capitalise on.

4. Methodology

The sampling criteria used for the population in question will be discussed and decided during the initial inception phase with Fairtrade International, drawing on the consultancy teams' experience and network, and EUDR expertise. That said, it is expected that at a minimum the following will be included as a starting point.

1. Document review to understand Global Impact's (and Fairtrade's in general) data collection and support plan as it relates to EUDR compliance, as well as key gaps in Fairtrade's understanding of EUDR and its connection with HREDD in particular.
2. Key Informant Interviews from organizations of relevance to this work, including:
 - Within Fairtrade International, focusing especially on especially Global Product Managers for coffee and cocoa, cocoa and coffee traders, and relevant National Fairtrade Organizations.
 - Externally, with Fairtrade commercial partners; and other partners including ISEAL's deforestation working group, DIASCA, SAFE-GIZ, Cocoa Coalition, ISEAL, ICO, etc.
 - Any other key informants identified in the course of interviews and the study's inception period using the snowball sampling to add to the original sample chosen.
3. A desk review of strategies being undertaken by organizations situating themselves as (EUDR-relevant) third-party data providers or brokers. Here the consultant is to liaise with Fairtrade International to receive existing research and insights so as to avoid duplication, in particular, the consultant would add value by explaining the relationship between EUDR and HREDD.

The researchers are invited to specify more details on their preferred methodological approach in their proposal, with a view to balancing methodological rigour against the feasibility of the timeline proposed by Fairtrade: completion of all reports by November 2024.

5. Milestones and Deliverables

- Deliverables:
 - A kick-off meeting, to be co-facilitated with support from GI, to sensitize Fairtrade internally to the project and to align on timelines and execution at the outset.

- A project management Gantt chart with detailed submission and feedback milestones scheduled on a week-by-week basis, to allow for transparent oversight by GI. In particular, this should highlight proposed interview schedules and points of submission for feedback to GI, so that this can be factored into the calendars of those whose feedback is required.
 - A detailed inception presentation, highlighting key early findings and a tentative outline of the final report, as well as any key updates to the timeline and scope (allowing for the study to evolve flexibly in response to the consultants' assessment of the task).
 - The proposed schedule and project plan should include time for Fairtrade to provide written feedback, and for feedback to be implemented.
 - A concise final report of no more than 30 pages (excluding annex/es), which outlines findings in terms of EUDR data strategies, alongside recommendations for Fairtrade in terms of its data collection and support plan.
 - The proposed schedule and project plan should include time for Fairtrade to provide written feedback, and for feedback to be implemented. This may include two rounds of review.
 - A final presentation of the contents of the analysis as presented in the report.
- Milestones:
- Kick-off: 15 August 2024
 - Inception presentation: End September 2024
 - Final report: End October 2024
 - Presentation and discussion: early December 2024

6. Qualifications of the researcher

- Fluency in English both written and spoken.
- Existing research experience including knowledge of qualitative data collection and analysis methods as well as conceptual skills needed for research design.
- Proven experience of conducting analysis relevant to compliance and data collection/third party data services.
- Proven professional experience within the thematic context of EUDR, the relevant regulatory framework, and a suitable network within the relevant industry which will facilitate the interview process.
- Some understanding of data management cycles is preferred. If it is associated with geo location and deforestation alerts, then that is ideal. Ability to present information concisely and clearly, with a demonstrable track record in sharing complex information in a clear and engaging manner.
- Demonstrable policy on or orientation towards research ethics
- Understanding of Fairtrade principles, key tools and approaches
- An experienced collaborator, willing to engage productively with the GI team and open to an iterative process of feedback.

7. Timeline

- Date advertised on Fairtrade's website: Mid-June 2024
- Deadline for submission of proposals: Early July 2024
- Interviews (projected): 2nd/ third week of July
- Contracting by: end July 2024/early August
- End of contract: December 2024

8. Budget

The maximum budget is 20,000€ inclusive of 19% VAT to be paid in Germany (as this is where Fairtrade International, the body commissioning this assignment, is based).

Please note that while cost is not the primary factor by which proposals will be evaluated, value-for-money will be one evaluative factor amongst many, in line with our commitment to spend our funds in an ethical manner.

9. Application process

Please hand in your proposal comprising of a technical and financial offer, of max. 10 pages (CVs not included in this wordcount) **by 12:00 noon CEST on Friday 5 July 2024** to impact-tenders@fairtrade.net. The proposal and all attached documents should be in English.

- a. The technical offer should clarify the consultants' understanding of the assignment and the topic at hand, a proposal for a suitable analysis framework, a workplan including time plan and division of roles (in case of a research team) as well as a communication plan with Fairtrade International and ethics considerations.
- b. The financial offer should include a calculation of days and personnel needed including any potential expenses (e.g. for travel, software, data access subscriptions etc. Note that this assignment does not foresee to include field travel).
- c. The CVs of the individual consultant/s working on the assignment (providing proof of the qualifications) should be provided in the Annex together with other relevant documentation (e.g. work examples if applicable).