

Information Note

Thematic NGO Call for Proposals

Reducing deforestation and increasing the sustainability of the Danish soy supply chain

Department for Green Diplomacy and Climate (GDK)
Ministry of Foreign Affairs/Danida, Denmark

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1. Context

The Deforestation Crisis

The world's forests are valuable ecosystems and play a pivotal role in the survival of humans and other species. Forests cover 31% of the Earth's surface and are home to 80% of its land-based biodiversity. Forests are crucial to combatting climate change and reaching the targets set by the Paris Agreement and the UN Sustainable Development Goals. Still, the world's forests continue to disappear, and decisive action is necessary to halt and reverse this development. European imports of agricultural commodities such as beef, soy, palm oil, rubber, coffee and cocoa for food production and other consumer products have traditionally been a main contributor to deforestation.

Despite increasing focus on sustainable production and consumption over the last decades, global deforestation is at record rates with agricultural commodity production being the single largest driver. Agricultural expansion drives almost 90% of global deforestation, with more than half of forest loss due to conversion of forest into cropland, whereas livestock grazing is responsible for almost 40% of forest loss.¹

Brazil and Indonesia recorded the highest levels of tropical deforestation, while large forest landscapes were also cleared in other Latin American (Paraguay, Argentina, Bolivia) and Asian (Malaysia) countries. Deforestation levels are increasing in Africa as new deforestation frontiers emerge in West Africa and the Congo Basin. Along with the import of deforestation-heavy agricultural commodities from these countries, it can be argued that European countries “import” the Green House Gas (GHG) emissions released due to deforestation and forest degradation linked to the production of these commodities. Despite the fact that direct and indirect consumption occurs in importing countries these “embodied” GHG emissions are accounted for by producer countries. On average, imported deforestation is estimated to amount to around 50% of national agricultural emissions for the EU countries.²

¹ *FAO Remote Sensing Survey reveals tropical rainforests under pressure as agricultural expansion drives global deforestation* (FAO, November 2021).

² *The urgency of action to tackle tropical deforestation* (IDH, February 2020).

Rising demand from growing populations and economies is putting ever-greater pressure on natural resources. It is expected that by 2050, agricultural output will need to increase by 60% globally, compared to 2005/2007, to respond to the demands of 9.7 billion people; and that water scarcity will affect 54 countries, home to nearly 40% of the world's projected population. Climate change is further multiplying these threats. Other factors such as unclear land tenure rights, unsustainable land management practices and uncoordinated and often competing sectoral policies are contributing to competition and conflicts over land and its resources. At least 40% of all violent conflicts in the last 60 years are connected to natural resource use. In this context, business-as-usual approaches to natural resource management constitute a threat to human well-being, security and sustainable economic growth.³

Responding to the Deforestation Crisis

Numerous approaches and responses to tackling deforestation have emerged from state and non-state actors over the years. Some have worked better than others, yet all have limitations. Acknowledging the potential and limitations across approaches and responses is critical, as well as the synergies that are needed for responses to be more effective to halt deforestation and forest degradation while avoiding negative social impacts, and achieving more inclusive and equitable outcomes.⁴

Area-based responses – such as protected & conserved areas, recognition of indigenous peoples and local communities' tenure rights and moratoria on conversion of forestlands – can be effective in preventing the loss of threatened forests but don't help stop deforestation beyond their own boundaries and have different social implications. In turn, commodity or sector specific responses like voluntary certification, payments for environmental services and deforestation-free supply chains are important but thus far have had limited impact at scale, partly due to the currently relatively low market uptake of such responses. Additional integrated approaches are emerging motivated by result-based payments for reducing deforestation as well as jurisdictional and landscape approaches. Through public-private partnerships, the latter leverage the power of markets and finance while requiring active state intervention at the national and sub-national levels paired with strong civil society and local level participation.⁵ An often-cited short coming of such PPPs are limitations in terms of setting a sufficiently high sustainability bar, avoiding leakage etc.

More ambitious action is needed to build on existing responses across scales and within landscapes, while improving conditions for wider uptake of solutions that are more effective to reduce deforestation and forest degradation, with considerations of social inclusion and equity. Achieving long-term economic, environmental and social goals increasingly depends on understanding and accounting for the impact of land management decisions on ecosystem goods and services, and developing a more coordinated approach to natural resource management on a larger scale. Increasingly, private farmers, forest owners and public agencies are finding it difficult to meet their own sustainable resource management objectives, without the cooperation of others. Additionally, local decisions to manage land sustainably may not be developed in coordination with broader national strategies. Coordinated action among groups of land users offers the potential to reconcile competing

³ Ibid.

⁴ *Deforestation fronts – Drivers and responses in a changing world* (WWF, 2021).

⁵ Ibid.

objectives at different scales. Such action is required to address challenges to sustainable development such as the depletion of underground aquifers, wildlife habitat loss, water pollution or adaptation to climate change.⁶

Looking at the broader landscape scale offers the opportunity to address a far greater composite of factors across sectors and stakeholders from the outset, which should increase the probability of successful outcomes.

The Danish Soy Supply Chain Foot Print

Within the EU member states, Denmark is a prominent consumer of agricultural commodities associated with deforestation and forest degradation.

According to the newly launched Danish *Action plan against deforestation* (September 2021), Denmark imported in 2019 more than 2 million tonnes of agricultural commodities that may be related to deforestation, including soy, palm oil, beef, natural rubber, coffee and cocoa. It is estimated that the Danish import of soy and palm oil alone have resulted in global emissions exceeding 7 million tonnes CO₂ equivalents annually (including emissions linked to direct changes in land use) and has calculated that these emissions could be more than halved if production becomes deforestation-free.

It is also estimated that Danish imports of soy, primarily used for protein feed products for farmed animals, is produced on an area of 686,000 hectares – roughly the size of Sjælland. According to the University of Copenhagen, approximately 13 per cent of Danish soy imports are deforestation-free (RTRS certified). Responsible and deforestation-free Danish imports of soy are expected to increase as key Danish soy consuming companies implement their soy action plans under the auspices of the Danish Alliance for Responsible Soy.

Due to the lack of specific and effective rules and procedures to reduce the Danish and other EU Member States' import of deforestation-heavy agricultural commodities, the European Commission in November 2021 tabled a proposal for an EU regulation on the subject. The objective of the proposal is to curb deforestation and forest degradation that is provoked by EU consumption and production. This, in turn, is expected to reduce GHG emissions and global biodiversity loss. The initiative aims to minimize consumption of products coming from supply chains associated with deforestation or forest degradation – and increase EU demand for and trade in legal and 'deforestation free' commodities and products.⁷

It is expected that Danish importers and consumers of soy and other deforestation-heavy agricultural commodities will have to engage themselves heavily in increasing the sustainability of their own supply chains.

⁶ *The little sustainable landscapes book* (Global Canopy Programme, EcoAgriculture Partners, IDH, The Nature Conservatory, WWF, 2015).

⁷ Proposal for a regulation of the European Parliament and of the Council on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (European Commission, November 2021).

Deforestation and Global Supply Chains in the Danish policy framework

Based on the above context, a number of key Danish policy documents highlight the need for Denmark to focus on the sustainability of global supply chains as a key strategic priority in the fight against deforestation.

Accordingly, the 2020 Danish Government long-term strategy for global action, A Green and Sustainable World, and the 2021 Danish strategy for development cooperation, The World We Share, both pledge to strengthen responsible and deforestation-free supply chains for agricultural goods in order to benefit the climate, biodiversity and social conditions in producer countries while also contributing to a reduction of the Danish climate and environmental footprint.

Apart from the climate change mitigation effects of reduced deforestation, key considerations of these two strategies are the protection, preservation and restoration of natural resources, such as forests, freshwater systems, coastal and wetland areas as well as ensuring sustainable management and use of ecosystems. Ensuring decent jobs, improved livelihoods and the rights of indigenous peoples and local communities in developing countries are at the heart of this work.

The *Action plan against deforestation* reiterates the strategic importance of the fight against deforestation by setting the following ambitious objective in its strategic vision (excerpt):

“Denmark and Danish stakeholders contribute actively to protect and restore the world's forests. The objective is to use 100 per cent responsible and deforestation-free imported agricultural commodities by no later than 2025. This will be achieved by requiring documentation throughout the supply chain that commodities are responsible and deforestation-free.”

To help deliver on the Government's strategic priority and objective relating to sustainable, deforestation-free supply chains, the Danish Ministry of Foreign Affairs/Danida has decided to launch the present Call for Proposals (CfP).

2. Purpose, Objectives, and Outcomes

In line with the framework for the Danish Climate Envelope (“Klimapuljen”), the overall **purpose** of this CfP is **to assist developing countries with the transition to a low carbon economy**.

In this respect, the CfP contributes to the overall Climate Envelope objectives of a) strengthened national and community-level climate change policies, planning frameworks and information systems and b) scale-up of climate-relevant technologies, infrastructure, and markets. At the same time, a key principle of the CfP is **poverty orientation** through a set focus on rights and inclusion of poor and marginalized groups in line with the overall objectives of Danish development cooperation.

Taking this framework as the point of departure, the **development objectives** of the CfP is **climate change mitigation and adaptation, strengthened biodiversity and ecosystems, and enhanced social and economic development**.

The **specific objective** of the CfP is **to reduce deforestation associated with the Danish soy supply chain** (i.e. ensuring that soy imported to and consumed in Denmark is produced sustainably without causing deforestation that damages climate, biodiversity and ecosystems, and inclusion and rights).

The specific objective must be achieved through three **outcomes** to be defined in the proposal. Proposed outcomes and their respective indicators must clearly be related to **desirable behavioral change** by relevant soy supply chain actors under three headlines, namely: a) production b) protection/conservation and c) social inclusion/improved livelihoods.

3. Priority Issues

In respect of the Danish policies and strategies, and in support of the above stated purpose and objectives, project proposals received under this CfP must respond clearly and comprehensively to the following **priority issues**:

- Poverty, rights and inclusion: the proposal must clearly consider how to mobilize, include and benefit poor, vulnerable and marginalized groups, for example by ensuring decent jobs, improved livelihoods and the rights of local communities and indigenous peoples. Gender equality must be a specific priority.
- Evidence-based solutions: the Theory of Change (ToC) of the proposal, including its causality assumptions, must be evidence-based, building on research literature, best practices and agreed upon approaches within the field of sustainable landscapes. The proposal should not seek to pilot and test out new field level approaches but must clearly demonstrate adherence to proven landscape approaches with necessary geography-specific adaptations. However, the involvement of the Danish resource base and soy supply chain actors will be innovative in the Danish context and consequently be piloting new partnership approaches.
- Geographical focus: the proposal must focus on landscapes where the production of soy is associated with high levels of deforestation, forest degradation and natural ecosystem conversion. The proposal may only focus on implementation in one country and preference will be given to countries where Denmark is present with an embassy.
- Transformation potential: the proposal must present a convincing market transformation potential throughout the entire soy supply chain. Consequently, the proposal must demonstrate a clear potential for replicability and scaling up, once deforestation-free and more sustainable supply chains have been realized in the specific landscape. Specifically, the proposal should include a transition plan, outlining how the demand for responsible soy and long-term commercial soy market relationships can provide value addition, stability and predictability to farmers and communities on the ground.
- Linkages and coherence: the proposal must include a thorough mapping of similar or related programmes/initiatives/approaches in the same or comparable landscapes. The proposal must demonstrate clear linkages with – and mutual synergies between – the proposed activities and other similar initiatives and/or approaches in the specific country/region. As an absolute minimum, joint coordination and learning mechanisms should be included. Preference will be given to proposals that include actual joint design and implementation of activities.
- Multi-stakeholder approach: Proposals should build on multi-stakeholder partnerships with a range of soy value chain stakeholders, including businesses, academia/think tanks, and civil society, both in Denmark and in the recipient landscape region/country.
- Private sector participation: It will be an advantage if private sector actors (processors, traders, exporters, importers, distributors, etc.) are directly involved, not only in project design and

implementation but for example also in co-financing of project activities (potentially through conversion of soy credits) or financing of separate but strongly linked initiatives in support of the project's Theory of Change. This would be especially relevant for financing of activities related to Outcome 1 (production side).

- Governance focused approach: the proposal must review (as a part of its problems and needs analyses) public and private governance structures of the entire soy supply chain and include appropriate governance solutions to identified needs. Convening – led by a neutral and trusted partner - in a multi-stakeholder setting will likely be a central feature of the governance approach in the selected landscape as well as in Danish, European and international settings.
- Results achievement and measurement: the proposal must include a clear and realistic results framework (including attainable output and outcome targets, indicators and means of verification) in accordance with the Danida Aid Management Guidelines (AMG). The results framework must clearly reflect qualitative and quantitative attributes of achieving the ambition of stated objectives. Suggestions for appropriate impact indicators (for development and/or specific objectives) must be included. Furthermore, three outcomes must be suggested, including clear definitions of related outcome indicators, baselines and targets. Finally, the proposal should point to what it considers the five most relevant SDGs and include relevant SDG targets and indicators at impact and/or outcome level.
- Accountability, learning and knowledge-sharing: systems for accountability, documentation of validated results and learning should all be clearly described and operationalized in the proposal. Specific attention must be given to how to facilitate engagement from the Danish public as well as relevant international networks.
- Risk management: the proposal must include a risk management system in accordance with the AMG. Monitoring of risks should be included in the proposal's steering and reporting mechanisms.

4. Eligibility criteria

The eligibility of the Lead Applicant and its proposal will be assessed on the basis of the following criteria:

- 1) Proposals must be submitted by a single Lead Applicant or by the Lead Applicant representing a consortium. In order to be eligible for a grant, the Lead Applicant must be a non-governmental organisation. For-profit entities can be part of the consortium but cannot be Lead Applicant.
- 2) The Lead Applicant is an existing **recipient of development funds from Danida** (including through CISU - Civil Society in Development) at the time of application. This is to ensure that the applicant is continuously monitored in accordance with the Danida financial monitoring obligations.
- 3) The Lead Applicant has undergone a formal **capacity assessment** (review or financial monitoring visit) within the **last five years** to demonstrate its capacity to manage financial contributions from Danida. Documentation to substantiate eligibility under this criterion must be submitted with the proposal.

- 4) The Lead Applicant is **partnering with local organization(s)** for the implementation of the proposed activities. Local partner description(s) (of maximum two pages per partner) is a mandatory annex to the project document. This is also the case for a partner descriptions of the applicant consortium members, if relevant.
- 5) The proposal is submitted in the form of a **draft project document**. A detailed template with embedded guidance and containing necessary AMG adaptation is provided in this CfP and proposals should adhere to the content, structure and formats used in the template.

5. Evaluation criteria

The evaluation of received proposals will be done applying a scoring model based on the six OECD DAC Evaluation Criteria. The evaluation criteria and scoring model is attached at the end of this Information Note.

6. Duration, grant size, and number of proposals to be selected

The planned duration of the proposal must not be less than 36 months and must not exceed 48 months.

The overall indicative amount made available under this CfP is DKK 30 million. The maximum grant amount to be requested is DKK 30 million. Of the total grant, a maximum of 20% (including administrative costs of maximum 7%) of the proposal budget may be allocated to staff salaries and administration outside the recipient country.

Co-funding (on top of the grant of maximum DKK 30 million) from other sources (e.g. private sector partners) is allowed.

Only one proposal will be selected for award under this CfP.

7. Proposal and selection process

In accordance with the project document template provided, the Lead Applicant is invited to submit an elaborated project proposal in the form of a draft project document, including the following annexes:

- Annex 1 Theory of Change, Scenario and Result Framework
- Annex 2 Risk Management
- Annex 3 Budget (formats are in the process of being updated and will be provided before end-January 2022)
- Annex 4 List of Supplementary Materials
- Annex 5 Partner descriptions

Further documentation that clearly confirms that the Lead Applicant meets the other eligibility criteria should be provided separately.

The proposal should be submitted as PDF-files as well as in original formats (Word, Excel, etc).

Proposals are awarded solely on the basis of the Evaluation Criteria and scoring model.

The draft project document will be subject to an appraisal process led by GDK. The recommendations of the appraisal will be reflected through adjustments to the draft project document (to be negotiated between GDK and the Lead Applicant).

The final project document will be submitted for approval by the Under-Secretary for Development Policy.

The deadline for the submission of the proposal is 1 March 2022 at 12:00 Danish Time.

The proposal should be addressed to Mads Mayerhofer, Senior Adviser, Green Diplomacy and Climate (GDK): madmay@um.dk

Lead Applicants can only submit one proposal under this Cfp. However, Lead Applicants and participating consortium members in one proposal are allowed as partners in other, competing proposals. Exclusivity deals between any Danish, international and/or local partner and/or stakeholders are not allowed for this Cfp.

Questions in relation to the Cfp from potential applicants may be submitted in writing only to the Cfp Secretariat no later than 14 January 2022 at 12:00 Danish Time. For the sake of transparency, all answers to questions received in writing from potential applicants will be published on the Cfp MFA website by no later than 21 January 2022 at 12:00 Danish Time. No individual replies will be given to questions received from potential applicants.

A Proposal Evaluation Team will be established to evaluate the proposals received.

Firstly, the Evaluation Team will ascertain whether the proposal is within the Eligibility Criteria listed above in Section 4. If the proposal/Lead Applicant is unable to meet the mentioned criteria, the proposal will be considered ineligible and will be disqualified without further evaluation.

Secondly, the Evaluation Team will assess the proposal based solely on the Evaluation Criteria and scoring model presented in Annex 2.

Danida will make the final selection and approval of proposals based on the evaluation of the Evaluation Team.

The indicative timetable for when Danida will inform the Lead Applicant if the proposal has been awarded or not is 18 March 2022.

Administration and dialogue with Danida

The Cfp and the subsequent project/grant will be managed by GDK. The grant will be administered according to guidelines for single projects (in Danish): [Enkeltprojekter \(um.dk\)](#)

Steering and oversight mechanisms will be put in place to ensure optimal coordination between the successful Lead Applicant on the one hand and GDK/Danida and relevant representations on the other.

ATTACHMENT EVALUATION CRITERIA AND SCORING MODEL

RELEVANCE

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
Is the proposed project design based on a comprehensive problem and needs analysis, spanning the entire soy supply chain?	0-2	
How well are the needs for wider as well as specific market transformation described and are the proposed market transformation solutions convincing?	0-4	
Are proposed approaches and tools based on evidence of what works (and what does not), drawing on field research and best practices?	0-3	
Has a convincing mapping exercise of relevant other programmes/initiatives/approaches in the proposed or similar landscape been carried out?	0-2	
How relevant is the proposal to the needs of the recipient country/region and its stakeholders/beneficiaries as reflected in local strategies, plans and policies (e.g. existing PPI/PCI Compacts)?	0-3	
Total for relevance criteria	Max 14	

COHERENCE

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
Are linkages to existing or planned relevant programmes/initiatives/-approaches in the specific country/region described sufficiently? Are mutual synergies and linkages explored and included?	0-3	
Are governance structures (covering all levels of the soy supply chain) described and taken into consideration in the project design?	0-2	
Is the need and potential for stakeholder convening clearly described, based on a thorough stakeholder analysis?	0-2	
Is the practical involvement of national/regional/state/local government agencies, academia, businesses, and civil society organisations convincing?	0-3	
Are a wide range of Danish stakeholders included in the project design (directly or indirectly), covering e.g. businesses, academia/think tanks, and civil society?	0-3	
Total for coherence criteria	Max 13	

EFFECTIVENESS

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
How clear and evidence based is the Theory of Change (ToC)/intervention logic behind the proposal, and is it linking logically to the presented problem and needs analyses?	0-3	
How well are ToC causalities and assumptions aligned with the results path as laid out in the Results Framework?	0-2	
Are causality assumptions of the ToC clearly described and based on evidence and/or best practises? Is the testing of causality assumptions of new approaches included in the M&E framework?	0-4	
How appropriate are the proposed outcomes and their indicators?	0-2	
How clear and logic is the Results Framework?	0-2	
Are proposed indicators at all levels of the Results Framework SMART (Specific, Measurable, Achievable, Relevant and Time-bound)?	0-2	
How well does the proposal present and analyse risks, risk mitigation and risk management?	0-2	
Total for effectiveness criteria	Max 17	

EFFICIENCY AND CAPACITY

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
Is the budget following Danida guidelines?	0-2	
How clear is the budget and how economic is the proposal in achieving its objectives and targets?	0-2	
Lead Applicant Capacity: <ul style="list-style-type: none"> • How obvious are the comparative advantages of the Lead Applicant in relation to the project and geographical area, including previous experience with the proposed type of activities as well as documented relevant experience, capacity and expertise? • How does the proposal align with the overall priorities and strategic planning of the Lead Applicant? 	0-3	
What is the proven track record of the Lead Applicant and/or consortium members in terms of convening as a neutral partner in the landscape in question? And in the country in question?	0-2	
Selection of local partner(s): <ul style="list-style-type: none"> • How well is the choice of local partner(s) aligned with the purpose, objectives and priority issues (theme/sector/area) described in the CFP? • Is there a track record in terms of past cooperation between local partner(s) and the Lead Applicant and/or consortium members? • How relevant is the experience of the suggested local partner(s)? • How clear is the added value of the local partnerships to the proposal? 	0-3	

<ul style="list-style-type: none"> • Are clear roles and responsibilities in terms of involvement of the local partner(s) described? 		
Total for efficiency and capacity criteria	Max 12	

IMPACT

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
How SMART are the suggested impact indicators?	0-2	
Does the project link its envisaged results to a few (max five) SDGs and relevant, selected SDG targets/indicators?	0-1	
How convincing are the proposed methodologies and systems for: <ul style="list-style-type: none"> • Data collection and analysis at output, outcome and impact levels? • Learning? • Sharing of findings/lessons learned (good and bad) to and interaction with the wider Danish public, recipient country/region and international networks? 	0-3	
Total for impact criteria	Max 6	

SUSTAINABILITY

<i>Criteria</i>	<i>Score range</i>	<i>Score</i>
Engagement of soy supply chain actors: <ul style="list-style-type: none"> • How well does the proposal introduce innovative ways of engaging relevant parts of civil society and private sector, both directly (e.g. as consortium members) and indirectly? • Are the envisaged innovative engagements supported by clear commitments? • Are local representation offices and/or national trade partners of Danish soy supply chain businesses and/or their organizations included in the proposal? • What is the likeliness of the proposal's described behavioural change of soy supply chain actors? 	0-4	
How convincing is the proposal in terms of presented sustainability considerations (incl. continuation of intervention benefits, replicability and scaling up of approaches and results)?	0-3	
How well is the exit strategy of proposal activities described (including the potential for soy supply chain actors to take over the necessary continued post-project funding)?	0-3	
Total for sustainability criteria	Max 10	
TOTAL SCORE	MAX 72	