

Request for Proposals: Better Cotton Supply Chain Risk Mapping

RFP n#: 2022-05-TRC-SCRISK

Location: Remote

Tender date: 30th June 2022

Start date: ASAP

End date: To be agreed

Better Cotton key contact:

Thomas Jennings

Traceability

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All applications must be sent by email, to Better Cotton's key contact, with the subject header:
"Application RFP Better Cotton supply chain risk mapping – RFP n# 2022-05-TRC-SCRISK"

Questions, requests and applications sent after the deadline (24th June 2022) will only be considered in exceptional circumstances.

About Better Cotton

Better Cotton is the world's largest cotton sustainability programme. Our mission: to help cotton communities survive and thrive while protecting and restoring the environment. Through our network of field-level partners, we have trained over 2.5 million farmers in 23 countries in more sustainable farming practices. A quarter of the world's cotton is now grown under the Better Cotton Standard. We have united the industry's stakeholders behind our efforts, and by 2030 our aim is to have trained 5 million farmers and doubled the global production of Better Cotton.

More information about Better Cotton can be found on our website: www.bettercotton.org.

Background

As Better Cotton enters its next strategic phase, to achieve our 2030 vision and drive change on the ground for farmers, a new traceability solution will be introduced to trace physical Better Cotton. By

introducing traceability, we will continue to build demand for Better Cotton, supporting our core markets of apparel and textiles while contributing to systemic change through increased transparency and accountability.

Traceability will be introduced in parallel to our existing mass balance Chain of Custody (CoC) system, and we intend for suppliers to have the ability to operate multiple CoC models within the same facility. Better Cotton proposes to include optional segregation and controlled blending requirements in the revised Better Cotton Chain of Custody Guidelines. The practical implementation of these new requirements will be determined through consultations in Q2 and Q3 of 2022.

We anticipate that a combination of:

- Initial relative scarcity in the supply of physical Better Cotton
- Forecasted high demand for physical Better Cotton from Better Cotton Retailers and Brands
- Cotton supply chain length, complexity and opacity
- The practice of blending fibres from different sources to meet required qualities, characteristics and price points

Could lead to the following outcomes:

- Changes in B2B relationships/ formation of new supply chains
- Changes to internal processes and institutionalised ways of working
- Initially raised prices (in addition to increased verification costs)

We recognise that these outcomes could increase the risk of substitution, error and fraud in Better Cotton's supply chains, and we are taking active measures to address this in our design phase. To manage the risk of physical information not matching digital information, Better Cotton has committed to offering centralised traceability services by 2023-2024, bridging supply chain silos through a common platform and a consistent set of data requirements.

Better Cotton is now looking for a consultant or consulting firm to identify the key drivers of fraud that Better Cotton may face as it introduces and scales new CoC models within its supplier network, and actions it might take to mitigate this fraud at each stage of our traceability journey. Specifically, we are seeking proposals from skilled individuals or organisations with expertise in supply chain fraud detection, investigation, and mitigation to:

1. Map and analyse the root causes, drivers, and trends in cotton supply chain fraud.
2. Develop a traceability fraud risk assessment methodology (considering geography, supply chain tier, trade practice and context) to support the integrity of the Better Cotton Chain of Custody.
3. Recommend anti-fraud measures necessary to maintain CoC system integrity.
4. Develop and provide training to Better Cotton staff and supply chain assurance providers.

The Assignment

Please note that applicants are invited to propose an alternative structure for the assignment within their proposal.

The purpose of the assignment is to support Better Cotton in developing a robust traceability fraud management toolkit. This could include:

Tool 1: Mapping and analysis of the root causes, drivers and trends in commodity supply chain fraud

Through a combination of desk research and stakeholder interviews (including Better Cotton staff, supply chain actors, NGOs and certification bodies) the consultant will profile incidences of fraud in commodity supply chains operating mass balance, controlled blending and segregated chain of custody models to understand the main influencing factors behind them. The consultant should also analyse key structural and institutional weaknesses and gaps that enable substitution and fraud in global cotton supply chains.

With input from Better Cotton, the consultant will identify the fraudulent activities most likely to occur in key Better Cotton supply-chain contexts (Bangladesh, China, India, Turkey, Pakistan) and develop case studies on different types of fraud. This includes analysis indicating the contexts in which they are most likely to occur, signs that they are occurring, and how these incidences could be detected, investigated and mitigated.

Tool 2: A supply chain risk assessment methodology (considering geography, tier, trading practices and other contextual factors) to support more targeted assurance and integrity measures

We anticipate that factors including geography, trading practices, supply chain tier can indicate an elevated risk of fraud. To leverage our resources as effectively as possible, Better Cotton will develop a risk-based system that enables targeted supply chain integrity and assurance activities where they are needed most.

With input from Better Cotton staff, the consultant will derive indicators from select root causes and case studies (identified when developing Tool 1), and further narrow down the list to determine those indicators which are best suited for measurement and use in a risk assessment framework. The consultant will identify appropriate measures and data sources that are available, recent, reliable and comparable.

Internal data sources: Data sources should include those already captured by Better Cotton, and those that could be captured by Better Cotton at a future date (either through membership registration or routine supply chain surveillance/ monitoring). These could also include binary questions answered annually by Better Cotton staff on trends in key manufacturing geographies, or metrics collected through the Better Cotton Platform or future traceability platform.

External data sources: Data sources that are publicly available or accessed through proprietary datasets from ESG data providers (with supporting value for money (VMF) justification). External sources should be selected based on the robustness of their methods, perceived impartiality, country and supply chain coverage (where relevant) and the extent to which they address the identified contextual risks.

Using these indicators, the consultant should develop a risk assessment methodology that supports Better Cotton to prioritise targeted assurance and integrity measures where they are needed most.

Tool 3: Recommendations for anti-fraud measures necessary to maintain system integrity.

Using the research conducted in developing Tools 1 and 2, the consultant should provide Better Cotton with recommendations and an implementation plan for anti-fraud measures necessary to maintain the integrity of Better Cotton's future traceability system. The recommendations should include (but not be limited to):

1. Prevention

- Scenario analysis
- Partner/ member due diligence
- Policy gap analysis
- Sectoral collaborations and data sharing

2. Detection

- Auditing techniques
- Approaches to transaction verification for traceable Better Cotton
- Incident reporting and grievance mechanisms
- Supply chain mapping
- Use cases for the supply chain risk assessment methodology

3. Investigation

- Incident and integrity investigations
- Fraud examinations
- Penalties for fraudulent activities

Recommendations should cover anti-fraud measures Better Cotton could implement internally and justify where these measures should be conducted by an external third party (and the required technical competencies of that third party). They should also consider the different stages of the new Chain of Custody implementation, and the different types of fraud that will occur as Better Cotton introduces and then scales its use in varying geographies and contexts.

Tool 4: Incident response approach

Drawing on Tool 3, the consultant should develop a detailed incident response workflow that will structure and support Better Cotton to act on suspected cases of fraud. The workflow should clearly outline the necessary steps and activities of Better Cotton and any contracted resources. The exact nature of this incident response approach will be agreed upon between the consultant and Better Cotton throughout the project but should include penalties and consequences for fraudulent activities.

Tool 5: Training development and delivery

The consultant should develop training materials based on Tools 1 – 4 to be delivered to Better Cotton staff and supply chain auditors in a series of structured workshops. The objective of these workshops is to upskill Better Cotton supply chain staff and assurance providers to prevent, identify and investigate fraud in Better Cotton supply chains, and to implement the risk assessment methodology into the Better Cotton supply chain monitoring system. The content of the training should be agreed upon between Better Cotton and the consultant based on the previous outputs.

Deliverables

Please note, that deliverables are dependent upon how the applicant decides to approach the assignment.

Inception Report

Upon review of available documents and an initial discussion with Better Cotton, the consultant should submit an inception report and give a presentation to the Better Cotton project team. The inception report and presentation will:

- Describe the approach that will be used to develop each of the tools described above.
- Include a detailed work plan and schedule.
- Include a list of external stakeholders to be interviewed and identify where the consultant will need support from Better Cotton to engage stakeholders.

Final Report, Tools and Recommendations

The full report, tools and recommendations should include:

- A maximum 4-page executive summary containing main findings and recommendations. It should be accompanied by a PowerPoint slide deck (no more than 12 slides) summarizing the same findings. The audience for this slide deck is the Better Cotton Leadership Team.
- A succinct overview of the approach and methodology taken to develop the Better Cotton traceability fraud management toolkit.
- High-level research analysis findings.
- Clearly articulated recommendations with supporting justifications.
- An implementation plan for Better Cotton to introduce these measures into its CoC system.

The tools should comprise the following:

Tool 1: Mapping and analysis of the root causes, drivers and trends in cotton supply chain fraud

- Excel mapping of the types of fraud that occur in cotton supply chains (with a focus on the key manufacturing geographies of India, China, Bangladesh, Pakistan and Turkey).
- Excel mapping of the root causes and the drivers of fraud.
- A maximum 4-page document summarising the key trends in cotton supply chain fraud.
- Case studies (number and nature of case studies to be agreed between Better Cotton and consultant before contracting) of the most common fraudulent activities. This includes analysis indicating the contexts in which they are most likely to occur, signs that they are occurring, and how these incidences could be detected, investigated and mitigated.

Tool 2: A supply chain risk assessment methodology (considering geography, tier, trading practices and other contextual factors) to support more targeted assurance and integrity measures

- A series of excels/ slide decks that include key indicators for the risk assessment methodology, descriptions, data sources, data collection methodologies, and supporting scores/ weightings
- A list of internal data points Better Cotton could collect and use to support targeted risk assessments, structured in the form of binary questions relating to identified root causes. Depending on the root causes identified in the development of Tool 1, these questions may differ by manufacturing country.

Tool 3: Recommendations for anti-fraud measures necessary to maintain system integrity

- Detailed recommendations outlined in a word document, describing and justifying actions Better Cotton should take to counter fraud.
- An implementation plan for introducing these measures into the system, considering Better Cotton's plans for a phased introduction of traceability into its supplier network.
- An assessment of which integrity measures Better Cotton should conduct in-house, and those that would require external support.

Tool 4: Incidence response approach

To be agreed by Better Cotton and consultant during the project.

Tool 5: Training development and delivery

- A series of slide decks based on Tools 1 – 4.
- Online workshops with Better Cotton supply chain staff and assurance providers.

Content and approach to be agreed upon by Better Cotton and consultant during the project.

High-level Timeline

Please note, that timelines are dependent upon how the applicant decides to approach the assignment/ deliverables

24 June 2022	Applications deadline All applications must be submitted by email, headed "Application RFP Better Cotton supply chain risk mapping – RFP n#2022-05-TRC-SCRISK" addressed to Thomas Jennings at tender@bettercotton.org .
24 June to 1 July 2022	Applications review & shortlisting/ interviews.
By 6 July 2022	The successful applicant will be notified.

	Unsuccessful <u>shortlisted</u> applicants will also be notified.
By 18 July 2022	Start of the consultancy
w/c 18 July 2022	Kick-off meeting.
w/c 1 Aug 2022	Inception report and meeting.
17 Aug 2022	Submission of draft Tool 1 (mapping and analysis).
By 24 Aug 2022	Better Cotton feedback on draft Tool 1 and selection of fraud incidents for case study development.
By 7 September 2022	Submission of draft indicators for Tool 2.
By 30 September 2022	Workshop with Better Cotton to agree on high-level indicators for risk assessment framework.
By 14 October 2022	Workshop with Better Cotton to agree on risk-weighting/scores and internal data points to support risk assessment.
By 4 November 2022	Submission of the draft final report and Tools 1-4.
By 18 November 2022	Training material ready for Better Cotton staff.
By 14 December 2022 Latest	Submission of the final report and revised Tools 1-5.

Required Skills & Knowledge

Skills, Knowledge and Experience
<i>Essential</i>
Demonstrated experience in detecting, investigating, and responding to supply chain fraud.
Proven experience successfully engaging supply chain actors from different cultural backgrounds on sensitive research topics.
Demonstrated understanding of the fraud risks inherent to certification schemes and sustainability standards.
Strong influencing and persuasion skills and an understanding of group dynamics.
Fluent English with a demonstrated ability to produce high-quality outputs (workshop slides, reports or other documentation) that are clear and concise.
<i>Desirable</i>
Knowledge of the cotton supply chain
Auditing experience

Application Requirements

Proposals responding to this Request for Proposals should be a maximum of 16 pages (excluding CVs), and include the following:

- Overview of relevant experience.
- Proposed methodology and timeline.
- Detailed and transparent budget, preferably in EUROS, including time allocation and day rates.
- Examples of previous documentation or report writing.

In addition to skills, competencies and expertise, we will consider value for money and demonstrable commitment to the sustainability field to evaluate applications.

We thank all applicants for their interest; however only shortlisted applicants will be contacted.

Better Cotton is committed to good practice and transparency in the management of natural, human and financial resources. All applications will be reviewed under the principles and subject to Better Cotton's policies on equal opportunity, non-discrimination, anti-bribery & corruption and conflict of interest.

Budget and Payments

The maximum budget for this assignment is EUR 40,000. This must cover all and any expenses associated with the delivery of this assignment including taxes, travel and translation and other associated costs.

Payment to the consultant will be made based on the following schedule.

Upon acceptance of the inception reports and presentation and submission of the advance invoice	30%
Upon submission of the approved final report and executive summary documents as per the agreed timetable	70%