



Invitation to quote: State of the Art on food price speculation

0. Introduction

CCF, CCFD Terre Solidaire, Food Watch, Oxfam-Solidariteit, SOS Faim and Woord en Daad, hereafter the Coalition, launch an Invitation to Quote (IQ) for a state of the art on food price speculation

The quote must arrive at latest on 7th of August 2023 midnight CET and stay valid until 18th of August 2023 midnight CET.

The Invitation to Quote (IQ) is structured as follows

1. Terms of reference
2. Submission procedure
3. Decision procedure

The consultant's quote could form the basis for a contract between him and the Coalition. However, this invitation to quote does not obliges the Coalition to proceed with the actual act of purchasing. No compensation can be claimed in case of non-acceptance of a quote or non-award of a contract.

Oxfam Solidariteit's General Purchase Conditions apply. If there is an inconsistency between any of the provisions of these Conditions and a particular provision in the IQ or a contract then the provision in the IQ or the contract will prevail.

1. Terms of reference

1.1. Background

The Coalition seeks to understand the mechanisms behind food price speculation and the impact speculation on the financial markets has on the price and price volatility of basic food products.

The deregulation of financial markets has increased since 2000. After 2008, new regulations on commodity derivatives markets were put in place, but partly dismantled during deregulation in times of the covid-19 pandemic. Since then, many new big commercial and financial players are participating in the food markets. Financial speculation on commodity derivatives markets (especially futures trading on exchanges) is seen as driving up food price volatility and food prices by a number of scholars. On the other side, this vision is contested by influential institutions (such as FAO, IFPRI, and others), maintaining that speculators are necessary to maintain liquidity in the market to, hedge risks, and based on their analyses show there is no / not sufficient causality between speculation and higher food prices. Others do not agree with this (including UNCTAD), stating that essentially there is now too much liquidity in the market driving up prices, and regulation is much needed.

Considering that food price speculation is complex due to the multiple financial products and actors it involves such as traders, investors, speculators, governments and the different interests and motivations at hand, we realise it makes it quite difficult

to regulate but also makes it difficult for advocacy organisations to target the right policy making processes at the right time and with the right decision makers.

1.2. Purpose and objectives of the research

Considering the complexity of the matter, the lack of a coordinated coalition of NGOs following closely food price speculation in the context of the MIFID, the war in Ukraine and the inflation, the Coalition is looking for a consultant to produce a state-of-the-art report on food price speculation, that will provide the Coalition with an overview of existing literature, synthesise the content of the said literature and share the most relevant conclusions considering today's current global food crises and our focus on the right/access to food for all.

With this study the Coalition wants to ultimately contribute to the public debate and put the need for regulation higher on the political agenda, through:

1. Achieving a better understanding of the basics of food price speculation, what their role is in price setting and to price crises in the past and what is driving them today (see questions).
2. Inform and build capacity within civil society in order to enable them to formulate a new angle of advocacy and ultimately put the regulation of food speculation higher on the political agenda.
3. Point out what additional research can be conducted to contribute to the public debate, possibly in the different countries of the Coalition (NL, BE, FR) if major variations are noticed (i.e. be 'newsworthy' for media-outlets).

1.3. Questions

The state of the art should enable the Coalition to answer the following questions

- a) Which food and agricultural commodities markets are most concerned by speculation issues ?
- b) Which mechanisms are behind food speculation, what are the market fundamentals? How does speculation provide liquidity, risk management, and price discovery? Does it hedge against risks for farmers?
 - i) What are the impacts of the financialization of that mechanism? If we want to challenge the alleged scientific consensus that there are no indications of excessive speculation of food commodities, we should examine the models underlying those articles and point out where they are flawed.
 - ii) On what fundamentals and other criteria are commodity derivatives prices (assumed to be) determined in general? How far does this reflect good price discovery? What was the availability of information about key commodity reserves? Based on what fundamentals has there been such price volatility?
- c) The multiple actors involved in speculating and their contribution to food price crises.
 - i) What do financial institutions, such as hedge funds, have to report to Authorities for the Financial Markets? What are their formal obligations and how do they informally deal with it?
 - ii) How do the financial subsidiaries of the traders operate? Is it possible to distinguish how much of the traders' profit is made by their financial activities vs. material trade? (quite possibly hard to find the information, which in itself shows the need for more transparency)

- d) Existing international,(national and regional) regulation trying to prevent (excessive) food speculation, among others: the MIFID process, what is at stake, what is possible to regulate.
- e) Identify existing and potentially relevant fora on food speculation issues: national/European level; G20; OECD; Global WTO
- f) The interconnectedness between financial and physical markets: the link between financial and commodity markets, how changes in one market influence the other, and what the role/impact financialisation of the food system has.
- g) Explain the relationship between stocks (public and private), (the WTO position on the matter) and whether/how it influences speculation
 - i) Is the increase of public stock a solution to limit or regulate speculation?
- h) The available and non-available Information: food speculation is often associated with opaque, asymmetrical information availability when it comes to proving its impact on food prices, but also when it comes to its main actors: some speculators/market actors have more access to information than others and might lead to unfair trading practices, how is that possible, and what can we do about it?
- i) The (potential) impact of food speculation on food prices and food security, especially in the global south.

1.4. Key products and deliverables

A report of approx. thirty pages, excluding annexes, with the state of the art on food speculation with the following structure: The What, The Who and The How?

1. Context of food price crises
2. What is food speculation? The distinction between hedging and speculation for commercial actors and why the distinction in the markets is not so clear.
3. Who does 'excessive(speculation ? which EU Bank/ investors are proposing investment funds exposed to index funds on food/commodities.
4. What regulation mechanisms (margin deposit, margin cost, limit position) exist on the European market ? Are there good practices in other regions or in the past that can inspire better regulation in the EU?
5. What do we know about the impact on food prices, food security especially in the global south and what don't know we about it and what cannot be proven and why?
6. Suggestion/advice on additional research that (within the budget) can be undertaken to publish a new report on food price speculation that will attract media-attention, for example:
 - a. price and market-volatility on a particular commodity (that is not yet covered in the current literature) after the start of the Russian invasion in Ukraine.
 - b. After the 2022 Q1 bubble, prices stabilised somewhat. That suggests that there are also investors that lost big. Can we contact one of them, hear their experience? Would that be of value? If you take that side path, you do not only indicate that speculation on food commodities is unethical, but that it is also unwise and risky! This is also one of Ann Pettifor's strategies in Great Britain, telling the public that their pension funds are gambling with their money.

1.5. Methodology

Mainly desk review. thirty (30) pages. A Coalition Steering committee will suggest materials and contacts and a methodology, which has to be validated with the

consultant. The steering committee would appreciate the consultant working on a shared document to facilitate following up the process, with fixed moments of feedback.

1.6. Timeline

Interim draft report	11th of September
Consultation: feedback on the interim draft	11th-21 st September
Final report	12 nd of October
Publication of the report	November

1.7. Responsibility, social security and medical coverage

In no instance can OXFAM be held liable for material or moral damage (including bodily) that can be caused by third parties to the consultant in the activities to be conducted by her and subject of the contract. Also, the consultant will sign up for all insurance policies necessary for the conduct of activities that can be undertaken by the consultant as part of the execution of the contract.

The Coalition is released from any responsibility for social and medical insurance of the consultant. The consultant will make it its responsibility to ensure all the steps necessary to guarantee its social security and medical coverage.

1.8. Confidentiality and use of information

The consultant undertakes to refuse any advertising, commercial or outside profits for its own account. He undertakes not to make any statement to the media in connection with the mission/support without the agreement of the Coalition, or use at any time the information, funds and equipment at its disposal by the Coalition for purposes other than those outlined in the contract.

1.9. Ethical and professional conduct

The consultant cannot be in one of the following situations:

- be bankrupt or being wound up, be insolvent, having its affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, be the subject of proceedings concerning those matters, or be in any analogous situation arising from a similar procedure provided for in national legislation or regulations.
- have been convicted of an offence concerning its professional conduct by a judgment that has the force of *res judicata*.
- have been guilty of practices of collusion.
- have been the subject of a judgment that has the force of *res judicata* for fraud, corruption, involvement in a criminal organization or any other illegal activity.
- have been guilty, in the framework of another purchase process, of grave professional misconduct proven by any means that the Coalition can justify.
- have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or those of the country where the contract is to be executed.
- do not respect basic social rights and working conditions, and the labour legislation of the country in which they are established or in the country where the contract is to be performed.

- employ child labour.
- be subject to a conflict of interests.
- be guilty of misrepresentation in supplying the information required by the Coalition
- make gifts to personnel of the Coalition.
- make threats to the personnel of the Coalition
- be involved in the production of tobacco
- be involved in the production and sale of arms
- be involved in acts of piracy or terrorism

The consultant will

- make every effort to protect the environment (nature) and work sustainably.
- be sensitive and respectful of local customs and cultures
- contribute to a work environment characterized by mutual respect, integrity, dignity and non-discrimination.
- not work under the influence of alcohol and not use or be in possession of illegal substances in the Coalition's premises, vehicles or accommodation.
- not engage in relationships or behaviour based on exploitation, abuse or corruption.
- respect the rights of others, including the rights of children, and not engage in the abuse or sexual exploitation of children, or any other person of any age.
- never trade money, job offers, jobs, goods or services for sexual acts or any other humiliating, degrading or exploitative behaviour.

The consultant will sign a statement accordingly. the Coalition has the right to investigate.

Non-respect of one or more ethical and professional clauses may result in

- Dissolving the contract
- Excluding the consultant from future IQ's from the Coalition
- Informing the donor

1.10. Sanctions

In case of non-respect of the calendar a penalty equivalent to 1 % of the contract value will be deduced from the invoice for every day of delay beyond the date for the final report. Beyond this will be considered as a unilateral termination of the contract by the consultant. These sanctions do not apply in case of force majeure.

1.11. Modification of contract

Any modification or termination requires the prior written agreement of both parties.

1.12. Termination

The contract may be terminated by either party in case of force majeure as defined in article 1.13. Termination for force majeure must be announced by the party asserting it, in writing with a motivation and written proof provided by neutral instances. The other party shall notify its acceptance or refusal in writing, with a motivation.

In case of unilateral termination of the contract by the consultant without any motive able to be considered as one of force majeure, no incurred costs will be refunded, and eventual advance payments will have to be refunded to the Coalition.

The contract may be terminated by the Coalition in case of non-compliance by the consultant with the ethical and professional criteria (1.9) or the clause on confidentiality and use of information (1.8). The contract will be automatically terminated upon the sending by the Coalition of a registered letter, stating the termination as well as the causes thereof. No incurred costs fees will be paid, and eventual advance payments will have to be refunded to the Coalition.

1.13. Force majeure

Force majeure means any situation or event which is unforeseeable and exceptional, independent of the will of the parties and not due to the fault or negligence of any of them which prevents either party to perform any of its contractual obligations and which could not be overcome despite all due diligence.

A case of force majeure must always be notified immediately when it occurs, in writing, providing motive and proof by neutral instances. The actual costs incurred and already spent by the consultant will be reimbursed on the basis of supporting documentation (transport, hotel). The fees will be paid in proportion to the number of days of actual execution of the contract.

1.14. Legal disputes

The contract shall be governed by and in accordance with the laws of the federal state of Belgium and shall be subject to the exclusive jurisdiction of the Dutch Speaking Tribunal of Commerce of the Judiciary Arrondissement of Brussels.

1.15. Payment conditions

30% when signing the contract
30% interim report
40% upon delivery of the final report

The Coalition can only pay on an account number belonging to the legal entity (enterprise or moral person) with which the contract has been signed and only on an account number in the country where this entity is established.

2. Submission

Send the quote at latest on 7th of August 2023 midnight CET to OBE.TENDER@Oxfam.org, cc Fairouz.Gazdallah@oxfam.org with the title: State of the Art on food price speculation.

2.1. Administrative details

- name of the enterprise and the responsible.
- address
- telephone and e-mail
- legal status
- VAT-number and/or chamber of commerce reference.
- Name and address of the bank, account number, IBAN and SWIFT code OXFAM can only pay on an account number belonging to the legal entity with which the contract has been signed and only on an account number in the country where this entity is established.

Join a copy of the register of commerce.

2.2. Financial quote (in euro)

- consultancy fees
- operational costs: travel, accommodation, etc.
- VAT: if not applicable, mention the legal provision

2.3. CV and experience

2.4. Methodology

2.5. Calendar

2.6. Ethical and professional conduct



Declaration on
ethical and professional

2.7. Clarifications and contact

The consultant can contact the Coalition before the date for submission to seek clarification.

The Coalition can contact the consultant

- to inform the consultant of errors, lack of accuracy, omissions or other faults in the IQ.
- to ask the consultant to complete his file.
- to negotiate the price.

All communication has to be in writing (e-mail or letter)

3. Award

The Coalition will appoint a selection committee of at least three persons, which will :

- check whether the quote meet the exclusion criteria
- assess each quote which has passed the exclusion stage.

3.1. Exclusion

- Any quotes that arrive after the deadline can be excluded.
- Any quote that exceeds the budget may be excluded
- Any quote without proof of legal existence will be excluded
- Any quote without signed declaration of compliance with the ethical and professional conduct will be excluded

3.2. Award

The Coalition awards the contract to the consultant offering the best value for money. The selection committee will evaluate the qualitative criteria of the quotations and award points for each criterion, according to the grid below. The quote with the most points wins.

General presentation	Presentation, formal aspects and content	2
Practical delivery	Quality of English. Possibility to provide finished outputs	5
Calendar		5
Inclusion of the global south perspective for small scale farmers		5

Political perspective in line with the Coalition's	Demonstrates deep understanding and knowledge on the effects of food speculation on pricing, right to food and local markets in the global south.	5
Profile and experience	Knowledge of key influencing opportunities on food speculation, of EU legislative procedures on (food)speculation and of EU and international policies relevant to the study (MIFID, international trade, financial markets, taxes)	10
Understanding of the assignment		10
Methodology	Sources, contacts, quality of questions, tools, etc	10
Price		10
Total		62

The Coalition is not under any obligation to choose the quote with the lowest price.

3.3. No obligation to award

Please note that the Coalition is not bound to select any of the proposals submitted.

3.4. Communication of award and signing of contract

The unsuccessful consultant will receive a no award notification, which will contain the reasons for this non-selection. The successful consultant will receive a notification of award. This notification shall be accompanied by the contract.

If the successful consultant makes changes to the contract without the prior consent of the Coalition, the Coalition will not sign, and the contract may then be awarded to the quote in second place, or the Coalition can decide not to proceed to a purchase.

The contract will enter into force after signature by the consultant and the Coalition, copy received by e-mail being proof.