

# **ARIAS SOCIETY**

**Assam Rural Infrastructure and Agricultural Services Society**

*(An Autonomous Body under Govt. of Assam)*

**Project Coordination Unit (PCU), Proposed World Bank aided Assam Agribusiness and Rural Transformation Project (APART)**

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## **Draft TERMS OF REFERENCE (TOR)**

### **For Hiring of Consultancy Services for Formation of Industry Associations (IAs) & Implementation of Agro Industrial Development Plans (AIDPs)**

#### **BACKGROUND**

1. The Government of Assam (GoA) through Government of India (GoI) has applied for a loan from the World Bank for the Assam Agribusiness and Rural Transformation Project (APART). Assam Rural Infrastructure and Agricultural Services (ARIAS) Society is the apex coordinating and monitoring agency for the project. The proposed Project Development Objective (PDO) is to “increase value-added and improve resilience of selected agriculture value chains, focusing on smallholder farmers and agro-entrepreneurs in targeted districts of Assam”. The targeted districts (undivided as of 1<sup>st</sup> April, 2016) are Nagaon, Sonitpur, Barpeta, Karbi Anglong, Kamrup, Dhubri, Golaghat, Kokrajhar, Lakhimpur, Darrang, Cachar, Sivasagar, Jorhat, Goalpara, Morigaon and Nalbari. The project will adopt a value chain and clusters approach to achieve the targeted objectives. The targeted value chains are those of (i) cereals (rice, maize), (ii) pulses, (iii) spices and condiments (ginger, turmeric, mustard), (iv) fruits (banana) & vegetables, (v) livestock (pork, milk), fish and silk. Expected duration of the project is for seven years.
2. APART would support, value addition in the production and post-harvest segments of selected agricultural value-chains; facilitate agribusiness investments through inclusive business models that provide opportunities to small farmers as well as stimulate the establishment of new small and medium agribusiness enterprises; and support resilience of agricultural production systems in order to better manage increasing production and commercial risks associated with climate change and marketing of agro produce, in the targeted districts. The project would adopt a cluster strategy within the targeted districts to generate economies of scale; promote vertical and horizontal links between local agricultural enterprises; enable diffusion of innovations; leverage network externalities; and channel public support for services and infrastructure. By adopting a cluster approach, the project would enable all the value chain participants to develop competitive and innovative products that meet market demands rapidly and successfully.
3. A key project thrust will be on enhancing agglomeration of agri processing enterprises to improve economies of scale in processing and joint marketing of processed produce. In this context, it has been decided to hire a consultancy agency (hereinafter referred as Service Provider or “SP”) for formation of around 17 Industry Associations (IAs) by ARIAS Society in association with Department of Industries and Commerce, GoA. There are four components to the APART. **The first component is Enabling Agri enterprise Development**, with sub components being (i) enhancing state capacity to attract private investments, (ii) setting up of an Enterprise Development and Promotion Facility (EDPF) (iii) setting up of an Agribusiness Investment fund (iv) establishing stewardship councils. **The second component is Facilitate Agro Cluster Development** with sub-components being- (i) support establishment of **Industry Associations (IAs)**, (ii) **supply chain infrastructure** support to establish a modern supply chain. **The third component is Fostering Market Led Production and Resilience Enhancement** with sub components being (i) Promoting climate resilient technologies and its adoption (ii) **Facilitating market linkages through market intelligence** and product aggregation (iii) **Facilitating access to and responsible use of financial services**. **The fourth component is project Management, Monitoring and Learning**.
4. The Key Project Indicators (KPIs) are:

- a) Farmers reached with agricultural assets or services (number), of which female (percentage);
  - b) Value add measured by:
    - i. Increase in quality as measured by price premium of commodities sold by beneficiaries in the selected value chains;
    - ii. Share of selected commodities sold through new marketing channels.
  - c) Resilience measured by: Farmers adopting improved agricultural technology
5. The project has already identified around 2000 agro processing enterprises in the 16 project districts. These enterprises fall into 17 enterprise clusters or four major zones<sup>1</sup>. The members (business owners) of each enterprise cluster need to be organized and registered into Industry Associations (IAs). Each IA is expected have around 100-150 members. 7 IAs are expected to registered by year-2 of the project while remaining 10 IAs will be registered by the end of year-3 of the project.

## **OBJECTIVE OF THE ASSIGNMENT**

- 6. Conceptualizing, structuring and operationalization of Industry Associations (IAs).
- 7. Support the IAs in preparation of Agro Industrial Development Plans (AIDPs) for each of the 17 identified enterprise clusters, based on common infrastructural and service gaps identified Based on the AIDP, common facilities would be developed in the enterprise clusters in consultation with the IAs. The setting up of these common facilities would be funded by the project. These common facilities would be managed and run by the IAs.

## **SCOPE OF WORK**

- 8. Conducting Community Needs Assessment (CNA) of the IAs to investigate key issues, assess local capacities, resource constraints, common infrastructure and service gaps, latent opportunities with respect to agro processing in the project districts.
- 9. Development of effective block level (enterprise cluster) specific business development strategies and plans based on evidence and tailored to local needs and context.
- 10. Engagement of business enterprises and service agencies in the implementation of the designed strategy, plan at the local level and monitor the work of these agencies, taking full responsibility for their results.
- 11. Adherence to Environment Assessment & Social Management Framework of the project and ensure incorporation of environmental social development principles of APART in designing and implementation.
- 12. Mentoring, handholding, technical backstopping and monitoring effectiveness of the IAs on regular basis and revising and adapting planning and implementation arrangement to respond to the emerging needs and demands on the ground.
- 13. Support the enterprises in the IAs to evolve and become pro-market sensitive business groups so that the IA as an organization can make rational joint strategies in the common interest of the members after the completion of the assignment.

## **CONSULTANCY PERIOD**

- 14. The consultant's services shall commence with effect from the date of signing of the contract agreement for a period of sixty (60) months with a provision for half yearly and annual performance reviews. The State Project Director (SPD) will monitor the performance of the consultant agency after every six months and will have the option to foreclose the contract in case the performance of the consultant agency is not satisfactory according to the agreed scope of work and schedule for completion of various tasks.

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<sup>1</sup> Zone-1 Districts: Sonitpur, Darrang, Lakhimpur (4 Enterprise Clusters)

Zone-2 Districts: Sivsagar, Golaghat, Karbi Anglong, Jorhat, Cachar (5 Enterprise Clusters)

Zone-3 Districts: Nagaon, Morigaon, Kamrup, Goalpara (6 Enterprise Clusters)

Zone-4 Districts: Nalbari, Dhubri, Barpeta, Kokrajhar (2 Enterprise Clusters)

## **APPROACH, METHODOLOGY & STAFFING**

17. The approach and methodology to be adopted by the Service Provider is creating an enabling environment for aggregation of agro processing enterprises. It should be based on a detailed and in depth understanding of the raw material availability and markets/destinations of processed produce, addressing social, economic and institutional issues. The SP would have to develop the framework to address constraints identified during the initial baseline study which is part of the assignment. It would also include development of a long-term framework for agri enterprise growth ecosystem, institutional development, capacities, skills such that the IAs established continue to grow in a sustainable manner after the project is over. The SP is expected to come on board with the following minimum staff (i) one Team Leader (ii) four Cluster Facilitation Agents and (iii) eight Cluster Facilitation Coordinators. Ideally the operational arrangement for posting of staff of the service provider should be as follows-
- a) Team Leader: At a centralized location of the central zone based on the criterion of effectiveness of doing business
  - b) Cluster Facilitation Agent: (one in each zone) At a centralized location of the respective zone based on the criterion of effectiveness of doing business
  - c) Cluster Facilitation Coordinators (two in each zone) : At two locations (one at each location) within the respective zone based on the criterion of effectiveness of doing business
  - d) *Industries Association Coordinator : One in each IA, to be sourced locally by IA placed at a centralized location of the enterprise cluster (or IA office) based on the criterion of effectiveness of doing business*
  - e) *Industries Association Accountant – One in each IA to be sourced locally by IA, placed at a centralized location of the enterprise cluster (or IA office) based on the criterion of effectiveness of doing business*

Note: Positions (d) & (e) above will not form a part of the SP team and will be sourced locally by IA.

## **TASKS TO BE PERFORMED BY SERVICE PROVIDER (SP)**

18. Baseline survey, Enterprise Mapping, and Awareness campaigns
- Visit to the identified project clusters of the districts and conduct baseline survey of production, marketable surplus, production, exports (if any), processing and marketing calendar, etc. Screen the potential agro processing enterprises for organizing into IAs
  - Baseline Survey for virtual mapping of raw material production movement from the Production Clusters to a common aggregation/merging point – assured source of raw material
  - Undertake awareness campaigning through individual contacts with these enterprises and small group meeting of the enterprise owners, and vision validation;
19. Enterprise mobilization, initial capacity building and collective strengthening
- Identification of enterprises with potential for organizing into IAs
  - Facilitating Identification of informal leaders from among the identified enterprise owners with potential
  - Formation of informal groups, organizing meetings, setting the agenda for organizing into IAs, initiating discussions on common issues.
  - Identification of activities to be done, role division, identification of joint actions which can be taken, documentation of terms of IA working.
20. Skill assessment, marketing and communication survey
- Assessment of skill of Enterprise Cluster stakeholders and gap analysis w.s.r.t Knowledge/technical skills/required for volume to value transition
  - Identification of products for joint marketing (based on market requirements as well as available product range);
  - Assessment of complete supply chain along with support services, which includes raw-material, credit, manpower, transport logistics, skill and knowledge development, etc. (both existing and required)

- Identification of prospective joint marketing opportunities, for manufactured products, large buyer deal sourcing or for supply to emerging/growing markets
  - Costing for joint activities, how the cost would be shared and paid, savings and profits to be accrued as result of joint activities.
  - Studying the current channels of communication among the enterprise owners in the cluster and working out a strategy for seamless communication among these potential members of the enterprise clusters, strategy for common communication, communication with the service provider and communication with project authorities.
21. Development of training modules, training & capacity building for the Enterprise Clusters
- Development of training modules w.s.r.t gap analysis in processing and market linkage aspects and facilitating training of the project beneficiaries to develop desired skill set.
  - Training of group representatives and group members for managing business on commercially viable scale. Necessary cooperation of Enterprise Development and Promotion Facility (EDPF) (and its sub offices) being set up under the project will be sought for this activity.
  - Facilitating need based training to stakeholders in a phased manner helping them realize the benefits of collective action.
  - Introduction to advanced trainings suitable to enterprise clusters like Business Edge of International Finance Corporation (IFC) or other similar modules
22. Formation, registration and governance of the Industry Associations (IA)
- Assessment of the enterprise cluster's maturity using appropriate indicators such as range and period of operations, product profile, volume and value of business, membership strength, etc
  - Identification of informal Board of Directors (BoDs) and organizing meetings of this informal "BoD"
  - Assisting and facilitating the IA in preparation of operation manual that would include among others fund flow and utilization system (of project contribution funds and IA contribution funds) for the project for creation of common facilities, procurement method (in line with the community procurement), nature of financial transactions, joint marketing arrangements and other joint actions to be taken etc leading to establishment of a well-defined accountability system;
  - Identify specific and realistic goals/objectives for the development of work plans and budgets clearly specifying sources and availability of funds in consultation with the project authorities.
  - Facilitate the election of the Governing Board/Management Committee and office bearers, as required depending on the legal form of the IA organization;
  - Facilitate the framing of Vision, Mission, Goals and other applicable resolutions with the board and also facilitate the formation of sub-committees; as required, and clarify their roles and responsibilities;
  - Assisting and facilitating the IA in preparation of bye-laws, rules of business & Memorandum of Association (MoA).
  - Assist in the opening of a bank account, with signatories as per the bye-laws of the organization;
  - Facilitate in the collection of share capital, membership fees and other necessary fees as applicable from the members and depositing it into the bank account
  - Completing other pre-requisites for registration of IA
  - Registration of the IA under the Societies Registration/ Companies Act or other relevant act
  - Facilitate in the collection of Registration Certificate, Approval of Board, Copy of the Bye-laws and instruction for operating a bank account

23. Development of Cluster based Agro Industrial Cluster Development Plans (AIDPs) & facilitating funding for implementation
- For each cluster, the SP, after identification of common infrastructure gaps in consultation with cluster members will develop an AIDP. This will be basically an investment plan for enterprise cluster development.
  - Development of Business Plan for common facilities required: For each common facility required, a separate bankable and viable business plan will be developed.
  - For Preliminary review, business plan for common facility centre (CFC) will be sent to the concerned office of EDPF in consultation with the concerned District Industries and Commerce Centre (DI&CC). The screened b-plans will be moved to PIU Industries and Commerce and PCU. Based on the merit of the b-plan, funds will be sanctioned from the project on matching grant basis.
  - SP will ensure that the IA contribution is deposited in a separate bank account for the purpose and will be used first.
  - Project contribution will be released in suitable tranches on submission of utilization certificate, bills/vouchers etc of the previous tranche.
  - The SP will make all efforts to convergence funds from other schemes for development of common facilities in the enterprise clusters.
24. Facilitating establishment of Common Facility Centres (CFCs)
- For establishment of common facilities/CFCs, a committee will be formed from among the cluster members who will take decisions on behalf of the cluster members regarding setting up and management of CFCs.
  - The procurement of construction agency, interiors of CFC like machines, equipments etc will follow community procurement method of World Bank already established during the earlier World Bank project of ARIAS Society, i.e. Assam Agricultural Competitiveness Project (AACP).
  - The SP will develop management and maintenance guidelines for CFCs
  - The necessary manpower for running of the CFCs will be arranged by the IA and SP will facilitate the IA in sourcing of this manpower
  - SP will arrange special skill trainings for functional staff of the CFC
  - SP will develop strategies to sustain the CFC operations, after its exit and beyond project period.
  - If already existing common service infrastructure in the IA enterprise cluster is required to be upgraded/renovated, the upgradation/renovation plan for such common infrastructure will be prepared by SP and submitted to EDPF for reviewing and consideration by the project for funding.
25. Critical management support in the operation of the business enterprises: SP will arrange for Business Development Services (BDS) Support for IAs from concerned EDPF offices. The indicative BDS services are provided below-
- a. Development of business plans
  - b. Introduction of improved technologies into enterprise clusters
  - c. Fostering linkages with input suppliers and linkages to debt and investment financing

Note: Interventions with broadly shared benefits across cluster firms and actors – such as common infrastructure, new technology demonstration workshops and skills training initiatives – will be fully financed under this subcomponent. Interventions with benefits to specific actors, such as joint marketing and branding efforts by cluster firms and delivery of Business Development services to firms will be financed on a partial basis, with user fees and community contributions accounting for part of the financing. Required community

contributions for these activities increase over the life of the project - starting from 10% in year 1 and increasing to 70% by the end of the project - so as to ensure sustainability post-project period

26. Documentation of entire process and results in MIS system of the project: The project will develop a robust MIS system. SP will be required to enter all key processes and results etc into the project MIS as desired by the State Project Director, apart from submitting hard copy reports.

### TASK COMPLETION AND PAYMENT SCHEDULE

27. Following will be the task completion and payment schedule:

| Sl. | Tasks  | Timeline from the date signing of agreement | % of Payment of the contract price                 |
|-----|--|---|--|
| 1.  | Task 1: Inception Report   | One month                                   | 5%   |
| 2.  | Task 2: Baseline survey and enterprise mapping   | 6 months                                    | 10%  |
| 3.  | Task 3: Enterprise mobilization and initial capacity building  | 9 months                                    | 10%  |
| 4.  | Task 4: Skill assessment, marketing and communication survey   | 12 months                                   | 10%  |
| 5.  | Task 5: Development of training modules, training and capacity building for enterprise clusters  | 18 months                                   | 10%  |
| 6.  | Task 6:<br>(a) Formation and registration of first seven industry associations<br>(b) Formation and registration of next ten industry associations<br>Note: Governance of IAs would be an ongoing activity | (a) 24 months<br>(b) 36 months              | 10%<br>(this payment will be made after 36 months) |
| 7.  | Task 7:<br>(a) Development of AIDPs for first seven IAs<br>(b) Development of AIDPs for next 10 IAs  | (a) 30 months<br>(b) 42 months              | 10% (this payment will be made after 42 months)    |
| 8.  | Task 8: Establishment of CFCs<br>(a) For first seven IAs<br>(b) For next 10 IAs  | (a) 36 months<br>(b) 48 months              | 15% (this payment will be made after 48 months)    |
| 9.  | Task 9: Critical Management Support for all IAs  | Continues upto 60 months                    | --   |
| 10. | Task 10: Documentation of entire process, results and final report   | 60 months                                   | 20%  |
|     |  | <b>Total</b>                                | <b>100%</b>  |

Note: All payments will be made upon full task completion and report submission

### KEY PROFESSIONALS WHOSE CVs WILL BE EVALUATED

28. The CVs of following Key Professionals will be evaluated:

| Sl. | Designation                        | Desired Qualifications and Experience  | Role  |
|-----|------------------------------------|--|---|
| 1   | <b>Team Leader</b><br>(1 position) | Post graduate(PG) in Agriculture / Agribusiness / Rural Development (RD), with at least 15 years of experience in MSME promotion and development, entrepreneurship management, cluster development initiatives etc | Team lead for conceptualization, mobilization and implementation arrangements for AIDP, Enterprise mobilization, capacity building, Skill enhancement, Training modules and enterprise aggregations. Should steer the course of action of the AIDP to develop a |

| Sl. | Designation  | Desired Qualifications and Experience   | Role  |
|-----|--|---|---|
|     |  |   | robust agro based industrial development strategy by taking account of local resources  |
| 2   | <b>Cluster Facilitation Agent*</b><br>(4 positions)        | Post Graduate in RD/ Social Sciences / MBA / having 7 years of field level experience in community development projects | Functional lead for Cluster based operations, formation, registration and governance of the Industry Associations, Facilitating establishment of Common Facility Centres (CFCs) |
| 3   | <b>Cluster Facilitation Coordinators#</b><br>(8 positions) | Post Graduate in RD/ Social Sciences / MBA / having 5 years of field level experience in community development projects | Operational lead at the baseline and grass root level, facilitate formation, registration of IAs and fostering linkages   |

\*Four CVs to be submitted for this position; #Eight CVs to be submitted for this position

### **Services to be provided by the Client**

29. The Client would provide the SP the following:

- a. Project Appraisal Document (PAD) and Project Implementation Plan (PIP)
- b. Facilitate access to relevant available data that is required to fulfil the tasks outlined in the ToR
- c. Ensuring, where appropriate cooperation of concerned line departments for smooth conduct of the assignment

**Note: This is draft ToR which may be modified at RFP stage.**

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