



## **ARIAS SOCIETY**

**Assam Rural Infrastructure and Agricultural Services Society (ARIASS)**

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

**Project Coordination Unit (PCU),**

**World Bank financed Assam Agribusiness & Rural Transformation Project (APART),**

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***Draft* Terms of Reference (TOR) for Consultancy Services for formation of  
Farmer Producer Organizations (FPO/FPC)**

### **1. Background**

- 1.1 The Government of Assam through Government of India has applied for a loan from the World Bank for implementation of Assam Agribusiness and Rural Transformation Project (APART). The Assam Rural Infrastructure and Agricultural Services (ARIAS) Society now intends to apply a portion of this loan for engagement of Consultancy Firm (Service Provider) for setting up of Farmer Producer Organizations (FPOs) for 3 (three) years.
- 1.2 The project development objectives of APART is to increase value-added and improve resilience in the production and processing of selected agriculture value chains, focusing on small farmers and agro-entrepreneurs in targeted districts.
- 1.3 The Project has three main components viz : Component A: Enable Agri Enterprise Development which includes the sub components (A1) Enhancing state capacity to attract private investments (A2) Setting up of Agribusiness SME Fund & (A3) Establishing Stewardship Councils and Component B: Facilitate Agro Cluster Development which includes sub components (B1) Support establishment of Industry Associations (IAs) (B2) Supply chain infrastructure support to establish a modern supply chain and Component C: Market-led Production and Resilience Enhancement which includes sub components (C1) Developing climate resilient production clusters (C2) Setting up farmer Common Service Centres(CSCs) and Market Intelligence Cell & (C3) Facilitating access and responsible use of financial services
- 1.4 The project will be implemented by the department Agriculture, Animal Husbandry & Veterinary, Fishery, Dairy, Industries & Commerce, Sericulture, Cooperation and Public Works (Roads) besides NGOs, Farmers groups, including women farmer in 16 undivided districts(as on 1<sup>st</sup> April,2016) of Assam viz Sivasagar, Jorhat, Golaghat, Karbi Anglong, Nagaon, Morigaon, Kamrup, Cachar, Goalpara, Dhubri, Kokrajhar, Barpeta, Nalbari, Darrang, Sonitpur and Lakhimpur.
- 1.5 The project will promote Farmer Producer Organizations (FPO) in project districts. The FPOs are conceived as collectivization of primary producers to build prosperous and sustainable member-owned organizations for creating enabling environment of enhanced production & productivity through efficient, cost-effective and sustainable resource utilization with higher returns for their produce, supported by improved access to investments, technology, inputs and markets. The prioritized sectors in this project are Agriculture, Fish, Pig and Sericulture & Handloom. The project envisages to make a transitional progress of the FPOs into Farmer Producer Companies (FPC)
- 1.6 The FPOs shall set up Common Service Centers (CSC). The CSCs are envisaged as commercially viable basic infrastructure for marketing of agriculture inputs and agriculture produce, from the surrounding production locations. CSC function is to improve farmers' incomes by aggregation, basic value addition, grading, packing, logistic support and sales facilitation of agricultural produce and marketing of agricultural inputs like seeds, fertilizers etc.
- 1.7 The purpose of Common Service Centres (CSCs)<sup>1</sup>, managed by FPC would broadly relate to the following:
  - i. Aggregation of the agri produce from FPO member farmers (and others if required) for primary processing, joint marketing and selling

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<sup>1</sup> CSCs would be partly funded by project and partly by FPOs on matching grant basis

- ii. Sourcing of agricultural inputs in bulk directly from input companies or their depots/stockiest etc and distribution to member farmers thus saving margins due to bulk purchase
- 1.8 Broadly the Service Provider shall support the FPOs in-
- a. Collaborate with allied Service Providers; Line Departments; Stakeholders working for APART on linked Project Implementation operations
  - b. Assist producer organizations/companies to develop and strengthen the linkages for (a) knowledge and information (b) banks & other commercial lending institutions (c) insurance companies (d) logistics providers etc.;
  - c. Build a database of resource persons and resource institutions for the Producer organization, networking them and making these persons and institutions available as and when required; and
  - d. Mentoring, backstopping and monitoring effectiveness of the producer organization on regular basis and revising and adapting planning and implementation arrangement to respond to the emerging needs and demands on the ground.
  - e. Support the producer organizations/companies to evolve and become pro-market sensitive business groups so that the organization can make rational business plans after the completion of the assignment
  - f. Bulk purchase and marketing of agriculture inputs like seeds, fertilizers, pesticides etc
  - g. Collection and dissemination of information on the marketability of the produce (prices demand and supply position etc.),
  - h. Develop an operational plan for FPOs: The operational plan of the FPO/FPC are to be broadly guided by the newly framed 'District Agro Industrial Cluster Development Strategy (DAICDS). There shall be special focus on agriculture input and output marketing, design and plan intervention and implement and monitor them. Establishment of FPO/FPC and operationalization of CSCs would be implemented through a matching grant funded by the project. CSC fund will be available on the basis of business plans prepared the FPO/FPC with the help of Service Providers (SP) hired by the project.
- 1.9 In a concept like FPO/FPC, planning and implementation requires innovative strategies that are able to provide balance between supply driven planning & implementation done at project initiation stage and subsequent demand driven planning & implementation that would arise at the later stage. The implementing agency should be able to involve both supply driven planning & implementation methodology with demand driven planning & implementation methodologies at the time of implementation.
- 1.10 FPO/FPC implementation will be an evolving process, which will require continuous review of planning & implementation strategies and incorporating these changes on continuous basis into future implementation arrangements. It is envisaged that for the above stated reasons, FPO/FPC implementation will need a dedicated and experienced professionals (like companies, NGOs etc.,) who can handle the entire FPO/FPC implementation cycle starting from community mobilization to consolidation of activities through.

## **2. Objectives of the assignment:**

- 2.1 Developing and establishing commercially viable 30 (Thirty) Farmer Producer Organizations (FPO/FPC), in 5 districts viz. Sivasagar (9), Golaghat (3), Karbi-Anglong (6), Jorhat (7nos.) and Cachar (5) to undertake purchase and marketing of agriculture inputs and aggregation and sales of agriculture outputs
- 2.2 Develop business plan of the these producer organizations/companies for those commercially viable activities identified by community and initiate on pilot scale;
- 2.3 Collaboration with allied Service Providers; Line Departments; Stakeholders working for APART on linked Project Implementation operations
- 2.4 Assist producer organizations/companies to develop and strengthen the linkages for (a) knowledge and information (b) banks & other commercial lending institutions (c) insurance companies (d) logistics providers etc.;

- 2.5 Building a database of resource persons and resource institutions for the Producer organization, networking them and making these persons and institutions available as and when required; and
  - 2.6 Mentoring, backstopping and monitoring effectiveness of the producer organization on regular basis and revising and adapting planning and implementation arrangement to respond to the emerging needs and demands on the ground.
  - 2.7 Supporting the producer organizations to evolve and become pro-market sensitive business groups so that the organization can make rational business plans after the completion of the assignment
- 3. Approach and methodology:** - The approach and methodology to be adopted by the Service Provider is “creating markets, which would work for the project beneficiaries.” It should be based on a detailed and in depth understanding of the market supply chain, value chain analysis, and 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 market development, institutional development, capacities, skills such that the FPC/FPO established continue to grow in a sustainable manner after the project is over. Ideally the operational arrangement for posting of staff of the service provider should be as follows-
- 3.1 Team Leader- at a centralized location of the respective zone based on the criterion of effectiveness of doing business
  - 3.2 Institutional Development Expert- at a centralized location of the respective zone based on the criterion of effectiveness of doing business
  - 3.3 Agribusiness-cum- Post Harvest Expert- at a centralized location of the respective zone based on the criterion of effectiveness of doing business
  - 3.4 Financial Management Specialist- at a centralized location of the respective zone based on the criterion of effectiveness of doing business
  - 3.5 District Task Manager - District Headquarter of the concerned District
  - 3.6 Community Organizer – District Headquarter of the concerned District
- 4. Services & Tasks to be carried out by the Consultant:** The tasks under the assignment are –
- 4.1 **Baseline survey, Social Mapping, and Awareness campaigns:**
    - 4.1.1 Visit to the identified project clusters of the districts and conduct baseline survey, production, marketable surplus, production and marketing calendar, etc.) and social mapping using participatory methods like PRA techniques & tools
    - 4.1.2 Screen the potential clusters of surplus producers for organizing the FPO/FPC
    - 4.1.3 Baseline Survey for virtual mapping of raw material production movement from the Production Clusters to a common aggregation/merging point - Ideal location for the CSC
    - 4.1.4 Undertake awareness campaigning through individual contact and small group meeting, organizing mass meeting, community envisioning and vision validation; identification of target / affinity groups; identification and training of community resource persons and book keepers;
    - 4.1.5 Select group representatives, about time and place of meeting, naming of the group, identify the group activities
  - 4.2 **Common interest group mobilization, capacity building and group strengthening**
    - 4.2.1 Identification of target / affinity groups
    - 4.2.2 Identification and training of community resource persons and book keepers
    - 4.2.3 Conversion of target/affinity members into groups.
    - 4.2.4 Assisting and facilitating the groups in preparation of bye-laws, initiation of group activities, with particular emphasis on group marketing and bulk purchase of agriculture inputs, contract farming etc
    - 4.2.5 Assisting and facilitating the group about finance transactions, importance of accounting an initiation of account keeping

4.2.6 Capacity building in identified activities and establishment of accountability system

**4.3 Skill assessment market-survey:**

- 4.3.1 Assessment of skill of Production Cluster stakeholders and gap analysis w.s.r.t Knowledge/Skill/Opinion on volume to value transition
- 4.3.2 Assessment of the skill levels of the members of the producer groups, selection of the proposed organization's representative.
- 4.3.3 Identification of products for marketing (based on market requirements as well as available product range);
- 4.3.4 Assessment of complete supply chain, which includes raw-material, credit, manpower, transport logistics, skill development, etc. and in accordance of that development of product marketing strategy;
- 4.3.5 Identification of prospecting marketing opportunities, both agriculture inputs and agriculture outputs and designing the business module for the same and
- 4.3.6 Costing, competitive pricing and projection of profit and turnover for the activities to be adopted by the producer groups.
- 4.3.7 Mapping the current business linkages w.s.r.t activities incurring cost and operations yielding value addition

**4.4 Development of training modules, training & capacity building of the beneficiaries and Identification of group activities:**

- 4.4.1 Development of training module w.s.r.t gap analysis in post production and market linkage aspects and facilitating training of the project beneficiaries to develop desired skillset.
- 4.4.2 Identification and training of community resource persons and book keepers.
- 4.4.3 Training of group representatives and group members for managing business on commercially viable scale
- 4.4.4 Facilitating training to stakeholders in a phased manner addressing specific agendas for value added production; post production and marketing dynamics
- 4.4.5 Organizing exposure visits of group representatives/ group members and organizing workshops/ seminars/Field days (in coordination with the lie departments and ATMA)
- 4.4.6 Identification of group activities with particular emphasis on group marketing. Assisting the groups in identification of cluster level activities
- 4.4.7 Design, develop and implement processes for pilots for aggregation and sale of agriculture produce and develop strategies for upscale of such successful pilots.

**4.5 Formation, registration and governance of the producer companies/organizations**

- 4.5.1 Assessment of the producer organization's maturity using appropriate indicators such as membership attendance, membership strength, etc.
- 4.5.2 Identification of informal Board of Director (BoD) and organizing meeting of this informal "BoD"
- 4.5.3 Assisting and facilitating the FPO in preparation of operation manual that would include among other fund flow system, procurement method, financial transactions, marketing arrangements leading to establishment of a well-defined accountability system;
- 4.5.4 Identify specific and realistic goals/objectives for the development of work plans and budgets.
- 4.5.5 Facilitate the election of the Governing Board/Management Committee and office bearers, as required depending on the legal form of the organization;
- 4.5.6 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;
- 4.5.7 Assisting and facilitating the producers' groups in preparation of bye-laws, rules of business & memorandum of association.

- 4.5.8 Assist in the opening of a bank account, with signatories as per the bye-laws of the organization;
- 4.5.9 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
- 4.5.10 Formation and registration of the producer organizations as “Farmer Producer Company” under the Producers’ Company Act
- 4.5.11 Facilitate in the collection of Registration Certificate, Approval of Board, Copy of the Bye-laws and instruction for operating a bank account

#### **4.6 Development of Business Plan**

- 4.6.1 Development of Agri-Business Plan: Farm gate produce linked to the primary aggregation market through the CSCs w.s.r.t handling, storage, primary processing and loss control mechanisms
- 4.6.2 Capacity building in identified activities.
- 4.6.3 Development of business plan that are viable, bankable.
- 4.6.4 Development of viable, bankable proposals for starting the activities of the project participants.
- 4.6.4 Arrangements of critical inputs including finance, machine & equipment and technology
- 4.6.6 Facilitate long-term collaborations with institutions/individuals such as input suppliers, service providers etc.

#### **4.7 Initiation of Establishment of business enterprise and/or CSCs**

- 4.7.1 Initiation of agri-business operations of the FPOs w.s.r.t volumetric aggregation, delivering value proposition, assured market linkages and transparent profit transition to the institutional stakeholders
- 4.7.2 Training of group representatives and group members for managing business on commercially viable scale.
- 4.7.3 Promotion of post harvest value addition and processing.
- 4.7.4 Grading, packaging, promotion and placement of the products with requisite publicity.
- 4.7.5 Strengthening of Supply chain of the agriculture and livestock products.
- 4.7.6 Establishing partnership and linkages with private sector.
- 4.7.7 To enhance income of value chain actors from the producers’ perspectives.
- 4.7.8 Establishment of business enterprises managed by the producers’ organizations

#### **4.8 Critical management support in the operation of the business enterprises**

- 4.8.1 Critical management support in the operation of the business enterprises of the entire producer’s companies/organization

#### **4.9 Documentation of entire process and results**

- 4.9.1 Documentation of the entire process and results thereof. Develop sharing and dissemination strategy with all key stake holders.

**5. Expertise required:** An illustrative staffing table is presented below, but the Service Providers are allowed to engage additional resources (including the time for each team member) as they see fit, keeping in mind that ‘adhering to the objectives as given in Para – 2, Services & Tasks in Para – 4 above and outputs in Para – 8 below’ is essence for the assignment. Experts with national exposure on similar assignments and who have experience of working with the World Bank and/or other international donor institution (e.g., ADB, EU, DFID, etc.) financed projects would be preferred. Firms applying are expected to demonstrate experience of undertaking similar assignments in the past, particularly in the field of market-led development in agriculture sector and promotion of rural livelihood. Experience of similar assignments undertaken in the past would be given preference.

Team Composition	No.	Qualification
Team Leader	1	Post graduate(PG) in Agriculture / Agribusiness / Rural Development (RD)/ , with at least 10 years of experience in Community Mobilization out of which at least 5 years shall be in market led operations (Linkages & Management)
Institutional Development Expert	1	Post Graduate in RD/ Social Sciences / MBA / having 5-7 years of field level experience in community development projects
Agribusiness-cum- Post Harvest Expert	1	PG in Agri-Business / M.Sc Agri+MBA / Masters in PHM / having 5-7 years of relevant field level experience
Financial Management Specialist	1	MBA (Finance) with 4 years of experience of working on similar assignment, development of bankable proposals and arrangements of finance. Prior experience of 4 years in book keeping for rural Producers' Organization is desirable.
District Task Managers	5	Graduate/ Post Graduate in Agriculture and other allied sector and marketing, having 3-4 years of experience in community development projects. Preference will be given to incumbents having domain expertise in crops, language and demography of the proposed operational locations.
Community Organizers	5	Graduate / post graduate in respective areas of expertise with 3-4 years of field level working in community development projects. Preference will be given to incumbents having domain expertise in crops, language and demography of the proposed operational locations.

#### 6. Key Skills required by the Organization:

- 6.1 Good understanding and knowledge of livelihoods, gender and equity issues and poverty within a rural context.
- 6.2 Proven track record and practical experience in applying pro-poor market and business development approaches within a rural context. Good understanding, experience and knowledge of the principles and concepts of agriculture commodity marketing, processing and value addition of the agriculture produce.
- 6.3 Experience of working for value chain development from producers' perspectives with special emphasis on the commodities envisaged for APART
- 6.4 Experience in imparting training, technology transfer and product development
- 6.5 Experience in institutional development, logistics management and finance
- 6.6 Experience in handling key challenges faced in marketing at primary producers/collectors level. This needs to be in alignment with agro-climatic and socio-economic situation of NER in general and Assam in particular
- 6.7 Experience of working in the North East of India specially in the sectors of agri-business with special emphasis on logistical expertise in rural and semi urban territories
- 6.8 Should also have good understanding and knowledge of the non-farm sectors in India, preferably in NE.

#### 7. Facilities to be provided by the Client:

- 7.1 Client (ARIAS Society) shall provide related available documents and facilitate the interaction with related personnel to the members of the Business Support Organization.
- 7.2 No conveyance will be provided by the client.
- 7.3 No Secretarial assistance will be provided.
- 7.4 The client would provide no other facilities.

#### 8. Outputs:

- 8.1 Formation, Registration and Operationalization of **30 (Thirty)** Farmer Producer Organizations (FPO/FPC) in 5 districts viz. Sivasagar (9), Golaghat (3), Karbi-Anglong (6), Jorhat (7nos.) and Cachar (5) as per Project Guidelines.
- 8.2 About '400-1000' nos. project beneficiaries are to be identified in each FPO.
- 8.3 Base line survey and social mapping of the potential areas in the project villages where such Producers organization can be established to be completed.

- 8.4 Assessment of the skill levels of the members of producers' groups and identification of products for marketing, both agriculture inputs and agriculture outputs and designing business module for the same.
- 8.5 Development of training module and facilitating training of the project participants to develop desired skill.
- 8.6 Development of bye-laws and operation manual of the producer organizations;
- 8.7 Assessment of complete supply chain from producer's perspective and accordingly development of product.
- 8.8 Development of Business Plan of all producer organizations for their businesses including CSCs.
- 8.9 Development of viable, bankable proposals for starting the identified activities and arrangements of critical inputs including finance, machine & equipment and technology.
- 8.10 Facilitation in quality production to cater to the demand of the market and developing commercially viable business enterprises managed by the Producer groups.
- 8.11 Strengthening of the supply chain, showing value additions throughout the chain and establishing linkages with the private partners.
- 8.12 After continuous execution of the task during three years and carrying out input and output marketing, the consultant has to submit completion report of the assignment reflecting a turnover of around Rs.15 lakh (Subject to change as per the review of the performance) in the balance sheet of each FPO/FPC.
- 8.13 The details of outputs after performance of different tasks and the timeline for completion of the tasks are as follows:

Sl.	Milestones	Timeline	Payment of Installment
1.	Resource mobilization & Submission of inception Report	0-1 <sup>st</sup> month of the assignment	5 % of the contract price
2.	Baseline Survey, Social Mapping and Awareness Campaign completed successfully and report submitted	2 <sup>nd</sup> -5 <sup>th</sup> month of the assignment	10 % of the contract price
3.	Skill assessment and Market Survey successfully completed and report submitted	6 <sup>th</sup> -7 <sup>th</sup> month of the assignment	10 % of the contract price
4.	Training modules developed, training of the project beneficiaries and Identification of group activities competed successfully and report submitted	7 <sup>th</sup> -10 <sup>th</sup> month of the assignment	10 % of the contract price
5.	Formation, registration and governance structure of 30 producer organizations established and report submitted	11 <sup>th</sup> -17 <sup>th</sup> month of the assignment	10 % of the contract price
6.	Development of Business Plan of 30 FPOs successfully completed and submitted along with report	18 <sup>th</sup> -20 <sup>th</sup> month of the assignment	10 % of the contract price
7.	Initiated Establishment of business enterprises and report submitted	21 <sup>th</sup> -24 <sup>nd</sup> month of the assignment	10 % of the contract price
8.	Report on Critical management support in the operation of the business enterprises provided and first report submitted	25 <sup>th</sup> - 29 <sup>th</sup> month of the assignment	10 % of the contract price
9.	Critical management support in the operation of the business enterprises continues and second report submitted	30 <sup>th</sup> -35 <sup>th</sup> month of the assignment	10 % of the contract price
10.	CSCs functional and documentation of the entire processes completed and final report submitted	36 <sup>th</sup> month of the assignment	10 % of the contract price

## 9. Review Mechanism:

- 9.1 There would be quarterly review of the progress at Project Coordination Unit (PCU) in which the Support Organization (i.e. the Consultant) would have to make presentation of the progress as well as constraints. In such meeting strategy would be formulated to address the constraints and the Support Organization would have to work as per the strategy to tackle the constraints.

## 10. Review Committee:

- 10.1 The review committee would consist of Procurement Engineer, Agriculture Coordinator, Fishery Coordinator. Agribusiness Specialist, Market Analyst. The State Project Director would chair the review meetings.

Any comment/ suggestion from the Consultant is welcomed.

