

Natural Extract Industries Ltd.

Terms of Reference (ToR)

Vanilla Value Chain: Scaling Smallholder Service Delivery - Tanzania

SECTION 1: BACKGROUND

Project name: Vanilla Value Chain: Scaling Smallholder Service Delivery– Tanzania

Name of organization: Natural Extract Industries Ltd. (NEI)

Service(s) required to deliver project:

- Service model development for Smallholder farmers (SHFs)
- Distributed business model development and financial modelling
- Business model pilot testing

Project location(s): Tanzania: Arusha, Kagera, Kilimanjaro, Mbeya, Morogoro

ToR closing date: 31 January 2020 (13H00 UTC)

Submission instructions: Proposals are to be submitted through the Social License Platform (SLP) <https://www.sociallicenseplatform.com/>

Deadline for clarification questions: 24 January 2020 (13H00 UTC)

Answers to all of the clarification questions received from bidders will be posted on the SLP.

Background: Natural Extracts Industries (NEI), Ltd. is a vertically integrated vanilla agribusiness founded in 2011 and based in Kilimanjaro, Tanzania. NEI currently sources 100% of its product inputs from 5,000+ smallholder farmers (SHFs) in Tanzania and Uganda, and delivers extension services through a traditional field pyramid model.

In partnership with AgDevCo's Smallholder Development Unit (SDU), NEI is conducting a research project to identify and pilot innovations to improve its supply chain operations efficiency. In order to scale and meet demand from its customers, NEI is seeking to reduce its cost-to-serve and increase its producers' yields. This will be done through the creation of Vanilla Centres of Excellence (VCoEs), which will provide standardised but decentralised training to SHFs (incorporating learnings from behavioural research), as well as develop financial instruments for the SHF producers.

The project will aim to achieve 3 overarching objectives:

- 1) Increase SHF productivity through targeted training strategies;
- 2) Decrease SHF supply risk through improved access to finance; and
- 3) Scale service delivery to SHFs through Vanilla Centres of Excellence (VCoEs).

These 3 objectives will be implemented through 3 project workstreams. Third-party service providers will be hired to execute each workstream, with NEI serving as the programme manager across all 3 project workstreams.

This ToR posting is for project workstream 3 only; however, ToRs for all 3 project workstreams are available on the SLP.¹ Qualified service providers are encouraged to apply for additional project workstreams via the SLP.

SECTION 2: PROJECT OVERVIEW

The project's objective is to scale NEI's smallholder services through the development of a decentralized extension model, using Vanilla Centres of Excellence (VCoEs). NEI's current operating model, based on extension services provided by field staff to SHFs, is heavily labour-intensive and results in very high cost-to-serve over the life of the vanilla vines. To address this, NEI proposes using technology to design, test and roll out a new farmer-led extension service operating model that can be scaled in a more cost-efficient way. Their plan is to disseminate knowledge through Vanilla Centres of Excellence (VCoEs) where "top-tier" farmers will interact with "second-tier" farmers through trainings and demonstrations. The end goal is to scale the model at national level in Tanzania (and eventually Uganda and DRC) in a cost-efficient way, that ensures dissemination of key messages with a lower field officer-to-farmer ratio.

The project requires the Service Provider (SP) to conduct four key activities:

- Design the VCoE business model for decentralized field operations
- Develop the implementation roadmap for the VCoE model
- Design a proof-of-concept VCoE trial (*implemented by NEI*)
- Identify opportunities and dependencies to scale the VCoE model

Short-term outcomes of the project:

- NEI understands the financial and operational feasibility of the VCoE model
- NEI understands the key requirements/dependencies to successfully launch and scale the VCoE model

Longer-term outcomes of the project:

- Increased access to inputs, training, and other extension resources for SHFs
- Improved crop productivity and quality for SHFs
- Improved cost/reach efficiency for NEI's supply chain operations

Possible risks: SHFs are not interested in or do not have the time or resources required to use inputs or services offered by VCoEs; SHFs are reluctant to adopt new farming practices or techniques;

¹ToR 1: <https://www.sociallicenseplatform.com/wp-content/uploads/2020/01/200110-Natural-Extract-Industries-Ltd-ToR-1-Increasing-Smallholder-Farmer-Productivity.pdf> ToR 2: <https://www.sociallicenseplatform.com/wp-content/uploads/2020/01/200110-Natural-Extract-Industries-Ltd-ToR-2-Reducing-Smallholder-Supply-Risk.pdf>

factors beyond NEI's control or influence are impacting SHF productivity (e.g., household or community dynamics, climate change, scarcity of resources, etc.).

Project duration: February – November 2020

Possible follow on activities: Post-project monitoring and evaluation (M&E) of VCoE impact vs. baseline extension operations model.

SECTION 3: ACTIVITIES AND DELIVERABLES

Activity 1: Design the VCoE business model for decentralized field operations

The SP shall design a business model for VCoEs for decentralized field operations. This activity will include a financial model indicating the feasibility of the VCoEs, with a determination regarding the number of VCoEs that should be developed for the best value outcome. The SP should develop the business plan at this stage to inform the following activities.

Activity 2: Develop the implementation roadmap for the VCoE model

The SP will develop an implementation roadmap that describes how NEI will develop and scale VCoEs throughout NEI's main SHF regions (to be determined in collaboration with NEI). The plan should also provide recommendations for suitable locations to start implementing VCoEs, (see Activity 3).

Activity 3: Design a proof-of-concept VCoE trial (*implemented by NEI*)

The SP will provide advisory support to NEI as it implements a proof-of-concept VCoE trial during the proof-of-concept phase, based on the business plan and implementation roadmap (see Activities 1-2). The SP will act in an advisory/strategic capacity for this activity; any formal outputs required from the SP will be specified in the VCoE implementation roadmap.

Activity 4: Identify opportunities and dependencies to scale the VCoE model

Based on findings and learnings from Activities 1-3, the SP will write a report with recommendations on opportunities and dependencies to scale VCoEs across NEI's SHFs. The SP will develop a final written report, outlining the methodology, findings and recommended implementation strategies to scale the VCoE model.

The form and timing of outputs may be discussed further upon contract award.

SECTION 4: SKILLS AND TEAM

The ideal SP will consist of a multi-skilled team with significant experience in developing, testing, and scaling decentralized business/service models, preferably in East Africa and preferably in the agricultural sector. The selected SP must have full mobility to visit NEI's SHFs and their farms on their own accord. The selected SP should preferably be located in East Africa, or possess significant project experience (5+ years) in East Africa.

Minimum requirements:

- Understanding and experience working in local context
- Experience developing decentralized business/service models
- Experience developing pilot proposals for expansion to scale

The Proposal should highlight all experience that is relevant to this project.

SECTION 5: FEES AND SELECTION CRITERIA

Currency Selection: USD

Language selection: English

Upper fee limit: \$100,000; Proposals will be considered on a value-for-money basis

Evaluation criteria:

Evaluation criteria		% of total score
Technical Criteria		75%
(i)	Understanding of the objective, activities and deliverables	10%
(ii)	Quality and clarity of proposed approach, including how appropriate, feasible and innovative the methods proposed are for undertaking the work	35%
(iii)	Ability of the SP to carry out the scope of work based on: (i) quality and depth of project team experience, and (ii) experience with similar projects	30%
Cost criteria		25%
(iv)	Overall price	15%
(v)	Realistic costing of the Proposal	10%

Language requirements: English; Swahili considered an asset

Budget requirements: Detailed budget by major cost category

Payment structure: Milestone/deliverable based

Reporting processes: Progress reports will be provided through regular phone calls or in-person meetings between NEI and the Service Provider. Quarterly reports and major deliverables will be submitted in writing to NEI and the SDU; terms and timing of these deliverables will be further specified in the Service Provider contract.

Desired frequency of reporting: Weekly/Biweekly/Monthly

Additional submission guidelines: CVs of project team members

SECTION 6: POLICIES

Conflicts of Interest

The SP is required to provide details of on any potential or actual conflicts of interest arising from other assignments or interests. This relates to those who are involved in the conduct of the procurement procedure or may influence the outcome of that procedure have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure.

Confidentiality

The SP agrees to keep confidential all information that they receive, directly or indirectly from NEI, AgDevCo or any other stakeholder, as well as all analyses conducted on the basis of such information (collectively, the “Material”). The SP shall use the Material exclusively for the purpose of preparing deliverables relevant to this assignment. The confidentiality obligations shall not apply to information that is in the public domain. The SP shall only permit access to the Material to persons within their organization on a need-to-know basis. The SP shall explicitly inform such persons of the confidential nature of the Material prior to providing it to them and shall subject them to the same confidential obligations contained in these Terms of Reference.

Data protection

There may be circumstances where NEI, AgDevCo or the SP may be required to exchange or process personal information. NEI, AgDevCo and the SP shall ensure that it only uses personal information when the law allows us to and in accordance with AgDevCo’s data protection policy (as amended from time to time).

Code of Conduct

AgDevCo, as an investor of UK Government funds, has very high expectations of the conduct of its staff and contractors. For details of AgDevCo’s code of conduct, including details of AgDevCo’s whistleblowing policy, please see our website: <https://www.agdevco.com/about-us/code-of-conduct.html>. In particular, the SP is required to abide by AgDevCo’s Responsible Business Principles referred to in the Code of Conduct.

AgDevCo has a zero-tolerance policy regarding bribery and corruption, money laundering and tax evasion.

AgDevCo is also committed to the health, safety and welfare of all those affected by AgDevCo’s work. The SP shall be responsible for the adequate management of health and safety risks to those working under its contracts and any other parties affected by its work, in line with AgDevCo’s expectations.

The SP is required to provide details of its policies and procedures on health and safety, anti-bribery and corruption, anti-money laundering and anti-tax evasion. If awarded, any AgDevCo contract will include contractual provisions on these matters.

