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**IFAD Consolidated Programe Implementation Unit**

**Terms of the Reference**

*Selection of Potential Value Chains and Value Chain Analysis (VCA)*

Ref No:*42/24 TRTP*

 **19 July 2024**

**Foreword**

These Terms of Reference have been prepared by the IFAD Consolidated Programme Implementation Unit (UCIP IFAD) and are based on the first edition of the IFAD Standard Procurement Document Template for Terms of Reference available at www.ifad.org/project-procurement. This document is to be used for the procurement of services in IFAD-financed projects.

IFAD does not guarantee the completeness, accuracy or translation, if any, or any other aspect related to the contents of this document.**Terms of the Reference**

***Selection of Potential Value Chains and Value Chain Analysis (VCA)***

# Background

The agricultural sector is the backbone of the Moldovan economy, contributing 11 percent of GDP, 22 percent of employment, and 45 percent of exports. Small farms with less than 3 ha of land constitute 95 percent of the total 900,000 farms. The remaining 5 percent of farms are composed of commercial medium-sized farms of 3 to 50 ha and large farms of more than 50 ha, with the concept of Family Farming reaching up to 70 ha. While small farms generate 71% of all agriculture output, they are mostly engaged in subsistence and semi-subsistence farming and diversify their income with pensions, wage employment and remittances. The lack of jobs, particularly in the rural areas, is driving substantial outmigration of young people, which in turn contributes to an ageing population.

Transition from semi-subsistence to commercial agriculture has been slow, because of the small size of land plots (0.85 ha on average), vulnerability to climate change and associated shocks, lack of access to services and finance, barriers for entering modern markets, lack of access to water and irrigation facilities, as well as livelihood strategies that table on subsistence agriculture as a safety net.

Yet agriculture offers a range of opportunities for developing profitable, commercial farming, including fertile soil, potential for import-substitution, a growing network of supermarkets catering for the urban population, a free trade agreement with the EU and the suspension of EU import duties on a series of high value agricultural products (plums, table grapes, apples, tomatoes, garlic, cherries, and grape juice), as well as emerging promising models of partnership agreements between large farmers and smallholders, and between farmers and processors.

Against this backdrop, the Government of Moldova has requested IFAD to assist in designing and financing a project, Agriculture Rural Growth and Innovation in Moldova (AGRI-M) that will increase the income of small farmers and young people in target value chains from increased productivity, market linkages and organization. To generate impact and promote economies of scale, the project will focus on a limited number of high value agricultural commodities. Climate change resilience is expected to constitute a key investment.

In order to inform the finalization of the new project design and in line with the procedure newly introduced by the Ministry of Finance for the approval of investment projects, a feasibility study is to be conducted such as on the Selection of Potential Value Chains and Value Chain Analysis.

# Objectives

The main objectives of this study are to:

identify priority high value agriculture value chains that could be promoted by AGRI-M, based on a rapid mapping and ranking of potential commodities;

select the four most promising ones, based on ranking against selection criteria;

conduct a value chain analysis for each of the selected commodities and provide recommendations as to priority interventions to be financed by AGRI-M;

# Description of tasks

# Phase 1: Pre-selection of value chains

The pre-selection of value chains will be based on a desk review of existing value chain and competitiveness analyses. A preliminary list of documents is attached in Annex 1. IFAD’s Consolidated Programme Implementation Unit (CPIU) will assist in further researching available documents, including through contacts with the Ministry of Agriculture and Food Industries, as well as development partners.

A preliminary list of high value commodities (i.e. agriculture/livestock-based commodities that typically yield high returns from the market) that are suitable for Family farming will be established. It is expected that the list would include a mix of domestic and export markets. Domestic markets should take into consideration modern markets in the food retail, food processing and hospitality sectors. Export markets would include European Union markets that are free of import tariffs, as well as other, accessible markets. The list will be validated by the Ministry of Agriculture and Food Industries (MAFI).

A set of criteria and respective weight to be used in scoring and ranking the preliminary list of high value commodities will then be defined jointly with MAFI. Such criteria should include, but not necessarily be limited to, the following:

Suitability for micro and small farmers (Family Farm)[[1]](#footnote-1);

Nutritious[[2]](#footnote-2) food crop (where targeting domestic market);

Potential for integrating young men and women, as well as smaller farmers;

Number of small farmers involved;

Potential for fast production/productivity growth, including but not limited through irrigation, also for commercially-oriented farmers;

Market opportunities accessible to smallholders with further opportunities for demand growth;

Potential for collective action and for developing partnerships between farmers and other value chains actors for accessing markets and embedded service;

Potential returns to smallholders, including from value adding (possibly value added/ha).

Taking into account the potential to increase income from the value chain by including post-harvest, processing and marketing aspects.

Special emphasis should be given to analyzing the vulnerability degree of the value chain due to climate change

A rapid mapping of the value chain for each of the high value commodities on the preliminary list will be conducted so they can be ranked, using the agreed criteria.

The output of Phase 1 will be a short report presenting a matrix with the ranking of mapped value chains, with a brief, evidence-based justification of ranking for each of them and a summary of opportunities and constraints.

Based on the output of Phase 1, MAFI and IFAD will agree on the four most promising value chains, which will be analyzed in the second phase.

# Phase 2: Value chain analysis

A value chain analysis will be carried out for each of the pre-selected value chains. This will aim at providing the project design team with a clear understanding of the key features of the target value chains, the opportunities to build upon, the constraints to be addressed in the design, and recommended interventions.

Value chain analyses will be inclusive, in that it will include the systematic assessment of the barriers affecting young women and men as well as poorer/smaller producers, and the identification of the specific measures required for them to take advantage of economic opportunities. This will also include highlighting different gender roles, as well as the specificities of women and youth in the various parts of the analysis.

In addition to consultations/focus groups with farmers/associations active in the selected value chains, the analyses will build on the existing literature (including but not limited to studies in Annex 1 of these terms of reference) and will complement it with focused interviews of key players and data collection, so that project designers have the background information required to confirm project interventions.

Each value chain analysis should cover the following:

Overview of the value chain

* + Mapping of the value chain and sub-value chains: identify and map the structure of the value chain and sub-value chains and the whole range of operations from pre-production (supply of inputs) to processing and marketing; identify stakeholders (main buyers, processors and enablers); identify flows and volumes of exchange and types of relations between stakeholders; map price formation and distribution of value added between stakeholders; compare final price with imported products where applicable.
	+ Typology of farmers participating in the value chain, with main features, opportunities and constraints; barriers preventing youth participation in the value chain; gender gaps; number of potential beneficiaries for AGRI-M target groups (smallholders, young women and men).

Production, post-harvest, processing and logistics

* + Supply: main types of farming systems, location and numbers of smallholders involved; production, productivity, history and trends and opportunities for growth; cost structure and profitability; labor needs and availability, and potential to minimize needs through machinery; access to land and challenges; minimum land size for viability.
	+ Risks: exposure to climate change risks and vulnerabilities, impact on production, adaptive capacities and current practices.
	+ Irrigation(for horticultural sector ONLY): availability and current use of irrigated land; types of irrigated systems and locations; productivity; existence of water users associations, main features, capacities, conditions for success, need for support.
	+ Post-harvest (e.g. storing/grading, drying, storing, conditioning, packaging), processing and logistics: locations, current capacity and practices, ownership, opportunities for development of common service facilities and challenges, investment gap and costs.
	+ For the livestock sector: the level of development of the production infrastructure, interconnection with the processing sector, provision of veterinary and other relevant services, etc.
	+ Level of vertical and horizontal association of farmers in the respective value chain
	+ Innovation: opportunities/challenges for adoption of innovative technologies for improving production, post-harvest, processing and marketing, and for ensuring climate resiliency and environmental sustainability; opportunities for organic production.

Markets and competitiveness for the main product and associated products where applicable

* + End markets in Moldova (food processing, food retail, hospitality services, institutional markets such as hospitals, education facilities, prisons) and abroad: analysis of the demand and its overall structure (product categories, price segments and marketing channels); history and trends; market drivers; demand and opportunities for organic products and for certification.
	+ Product standards and requirements (food safety, packaging, grading, varieties, volumes, price points, etc.) for main markets.
	+ Competitiveness: benchmarking Moldovan products against competitive products already in the market; main competitors; potential for import-substitution; key bottlenecks and improvements required;
	+ Barriers to market and small farmers’ constraints to access the different market segments. Identify best target markets and market channels for smallholders and for young people.

Value chain linkages

* + Vertical linkages: existing partnerships between farmers and private sector players for access to markets, inputs, services, and financing; key features of participants; types of partnerships; types of benefits for the partners; concrete examples and analysis of factors of success; opportunities and challenges for development and support required.
	+ Horizontal linkages: types (including cooperatives, producers’ groups, partnerships between small and large farmers, commodity-based organizations, water users’ associations…), main features (localization, geographical outreach, number and type of participants, capacities and gaps, services provided and received, contractual arrangements with other value chain stakeholders…), benefits and challenges; potential for growing service capacity, including through common service facilities for post-harvest, processing or logistics; support required.

Support services

* + Business development services: types of private and public service providers, capacities, costs, challenges and opportunities; specifically for input supply: stakeholders and flows, quality of inputs, reliability and timeliness of supplies; specifically for nurseries, if relevant, identify existing capacity of supplying vegetable material and needs.
	+ Available subsidies: mapping of all subsidies available from government agencies and development partners, with eligibility criteria, terms and conditions.
	+ Initiatives of development partners: services provided with eligibility conditions; opportunities for synergies/complementarities.

Enabling environment

* + Key policies and regulatory framework; gaps preventing or endangering the development of the value chain.
	+ Institutional framework: relevant institutions, performance, main challenges and lessons learned; assessment of availability of service providers to provide technical and business development services (including commodity-based business/farmer associations (if existing) and national farmers’ organizations), outreach, gaps, opportunities for support; sources of innovation and technical assistance and opportunities for support.
	+ Past, current and projected interventions supported by development partners, achievements, factors of success, challenges and lessons learned.
	+ Certification: existence of public or private certification entities; certification procedures; value, constraints and opportunities for expanding.

Summary of key opportunities and major bottlenecks for development and inclusion of small farmers, women and youth.

Recommendations for the design of AGRI-M

* + Summary of priority markets, interventions and entry points for improving the participation, productivity and revenues of small and commercial farmers, their organizations, and young women and men in the value chain;
	+ Detailed package of investment and services recommended, including for integration of young women and men, with costs, available subsidies/supports and recommended matching grants to be financed by AGRI-M;
	+ Synergies and complementarities with other development partners’ initiatives.

The output of Phase 2 will be the detailed value chain analysis covering all of the above points, for each of the selected value chains.

# Deliverables

The deliverables for this study will be as follows:

By the end of Phase 1, a short report with the ranking of mapped value chains, along with a brief, evidence-based justification of ranking and a summary of opportunities and constraints for each of them.

For each of the detailed value chain analysis:

* + A value chain map showing the various stakeholders, sub-chains and respective production volumes, with flows and distribution of value added;
	+ Geographical maps showing main production areas across the country and possible areas of extension;
	+ The value chain analysis addressing all the points in the terms of reference (maximum 25 pages without annexes).
	+ A list of persons met and bibliography of sources consulted will be presented in an annex. All the documents consulted for the analysis will be made available on a shared drive.
	+ The amended Project Design Report for AGRI-M with the changes endorsed by the MAFI.

Upon confirmation by the Ministry of Agriculture, translate into the Project Design Report of Agri-M the necessary technical and budget amendments in track-change mode, for IFAD’s review and validation.

# Impleme.ntation

The study will be outsourced to a consulting firm or consortium of consultants/researchers with demonstrated expertise in the agricultural/ agro-processing & data management & statistics analysis.

The duration of each value chain analysis will not exceed two (2) weeks. The final report will be made available at the latest by early September 2024.

6. Consultant’s qualifications and experience

Company’s experience and required qualification:

The Service Provider shall possess the following qualifications as a company:

* Strong capacity and experience in conducting analysis, surveys ore research in the agricultural/ ago-processing and marketing & agro-trade sectors in Moldova;
* Deep knowledge of the value chains in the Moldovan agricultural sector; their strong and weak points; problems & challenges they face as well as opportunities;
* Have at least 5 years in conducting quantitative and qualitative surveys (minimum 5 quantitative & qualitative surveys conducted during the last 5 years);
* Strong capacity in data management, survey analysis and reporting of results;

Key staff required

The proposed team should consist of the mentioned below qualified and experienced professionals having proven track record in designing and implementing agro-economic studies, having sound understanding of rural development, as well as gender and social inclusion of the most vulnerable population.

Key professional staff positions (recommended):

Team Leader (coordinate teams and ensure timely reporting is required): advance degree in economics, statistics, agricultural economics or related field. At least five years of relevant experience in conducting large agricultural surveys. Experience in agricultural data collection and analysis required. at least 5 years as team leader.

Expert in data analysis and quantitative survey implementation: Minimum five years of managing logistics of large quantitative surveys. Experience in analyzing survey data, in data entry, data clearance and processing. Strong knowledge in statistics. Experience in implementing agricultural surveys in Moldova.

Expert in agriculture: Good knowledge of agriculture and agricultural economy in Moldova, its sub-sectors and value chains. Preferable experience in creation and/or support to agricultural coops, producer groups and other association forms in agriculture. Experience in conducting qualitative studies in agricultural sector.

Expert in agricultural finance: Minimum five year of experience in finance/ banking sector dealing with loans for agriculture. Good knowledge of the Moldova’s banking and financial organizations sector.

Any other additional experts who will take part in other necessary tasks will be described at the technical offer stage.

7. Location and period of execution

 The VCA shall be conducted based on the desk review but not limited to the existing documentation recommended by the CPIU IFAD in Annex 1, discussions with officials from the line ministries, such as MAFI, MoF, MoEnv., State Chancellary, Government agencies, sectorial professional associations and other relevant stake holders.

The period of execution is approx. 2 months and is stipulated in the Chapter 8 (Reports and schedule of deliverables) of this ToR.

8. Project coordination

The selected Service provider will coordinate the project execution and the deliverables with the designated MAFI and CPIU IFAD representatives.

9. Services and facilities to be provided by client

The Service Provider will perform the VCA in close collaboration with MAFI representative, the CPIU IFAD specialists responsible for the contract.

The MAFI will review and approve the intermediary and final deliverables, as per described in para. 4 thereof.

If required by the Service Provider, the Client will provide to the SP a support letter confirming that the VCA performed by the SP is done at request of the Client.

10. Services and facilities to be provided by the consultant

The Service Provider is responsible in ensuring all the facilities (office space, equipment, staff, transportation, software, stationary etc.) necessary to execute the VCA at the due level of quality and in the agreed timeframe.

**11. Qualification criteria and experience requirements for the shortlist**

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| **Criterii de calificare** | **Punctaj maxim** |
| 1. Legal entity registered in the Republic of Moldova
 | 10 |
| 1. Applicant has successfully conducted a minimum 5 feasibility studies in the past 5 years. (to be confirmed)
 | 20 |
| 1. At least 5 years' experience in agricultural consultancy and support, including experience in the preparation of feasibility studies for agricultural enterprises.
 | 20 |
| 1. Strong capacity and experience in planning and organizing the logistics for the feasibility studies, as evidenced by the size and geographical distribution carried out.
 | 15 |
| 1. Experience doing survey of the value chains in the Moldovan agricultural sector and carrying out evaluations in Republic of Moldova.
 | 10 |
| 1. Having staff with expertise in data analysis, agriculture, agricultural economics, for the effective performance of the tasks listed in the terms of reference.
 | 10 |
| 1. Experience in the organization of feasibility studies in the agricultural sector financed by external donors; ( to be confirmed)
 | 15 |
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**12. Offer content and evaluation criteria**

The evaluation committee shall evaluate the technical proposals on the basis of their responsiveness to the terms of reference, applying the evaluation criteria, sub criteria, and point system specified here below:

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| Points |
| 1. Specific experience of the consultant (as a firm) relevant to the assignment:

*(Number of contracts signed in the last 5 years in in conducting of quantitative and qualitative and/or organizing surveys in the agricultural/ agro-processing sectors in Moldova)* | *10* |
| 1. Adequacy and quality of the proposed methodology, and work plan in responding to the terms of reference (TOR):
 | *30* |
| 1. Key experts’ qualifications and competence for the assignment:
 |
| 1. *Position K-1: Team Leader*
 | *20* |
| 1. *Position K-2: Expert in data analysis and quantitative survey implementation*
 | *15* |
| 1. *Position K-3: Expert in agriculture*
 | *15* |
| 1. *Position K-4: Expert in agricultural finance*
 | *10* |
| **Total points for criterion III:** | *60* |

The number of points to be assigned to each of the above positions shall be determined considering the following three sub-criteria and relevant percentage weights:

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| 1. *General qualifications (general education, training, and experience):*
 | *20 %* |
| 1. *Adequacy for the assignment (relevant education, training, experience in the sector/similar assignments):*
 | *80%* |
|  |  |
|  | ***Total weight: 100%*** |

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| 1. Transfer of knowledge (training) program (relevance of approach and methodology):
 |  *5*  |
| 1. International experience in in data management and statistics, survey analysis and reporting of results
 | 5 |
| **Total points for the five criteria*:*** | **100** |

The payment schedule is the following:

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| **Deliverables:** | **%** |
| 1. Methodology, Questionnaire and Interview Guides are approved by the Client
 | 20% |
| 1. Submission of Draft Report
 | 30% |
| 1. Approval of the Final Report by the Client
 | 50% |
| **Total:** | **100%** |

The payment will be done in Moldovan lei according to the National Bank’s exchanges rate on the day of payment.

1. **Additional information**

The CPIU-IFAD is entitled to cancel the tender at any stage of the competition due to the impossibility of financial coverage or due to unconformity of the tenderers to the requirements specified in the tender documents or other justified reason.

1. While it is agreed to consider the Family Farming concept up to 70ha holding and commercial farming, IFAD’s mandate is also about small scale farmers which are encompassed within the 70ha land usage. [↑](#footnote-ref-1)
2. Contribute essential nutrients such as vitamins and minerals (micronutrients), fiber and other components to healthy diets that are beneficial for growth, and health and development, guarding against malnutrition (FAO, IFAD, UNICEF, WFP and WHO. 2022. The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable. Rome, FAO. [↑](#footnote-ref-2)