Terms of Reference

Consulting services to support fresh fruits and vegetable marketing by FPOs in rural areas

Green Logistics Project (GLP)
PN 2013.2112.4-001

1. BACKGROUND AND CONTEXT

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH cooperates with the Government of Karnataka in implementing the project "Sustainable Supply Chains for Perishables into Cities", Green Logistics Project – GLP. GIZ is a global service provider in the field of international cooperation for sustainable development. As a public-benefit federal enterprise, GIZ supports the German Government – in particular the Federal Ministry for Economic Cooperation and Development (BMZ) – and public and private sector clients in around 130 countries in achieving their objectives in international cooperation. With this aim, GIZ works together with its partners to develop effective solutions that offer people better prospects and sustainably improve their living conditions. Germany has been cooperating with India by providing expertise through GIZ for more than 50 years.

With the Green Logistics Project (GLP), GIZ supports the Government of Karnataka to improve the access of urban populations to fresh, regional food products in an adequate hygienic setting.

With the planned output "Supply chains for regional perishable food are more effective and efficient" the project aims at higher efficiency and reduced wastage in the fruit and vegetable supply chains.

In order to make a contribution towards achieving the supply chain related output stated above, the GLP supports the Department of Horticulture (DoH) in its efforts to establish strong farmer producer organisations (FPO) in Karnataka. With the help of Resource Institutes (RI), assigned consultants, Karnataka state has initiated the formation of 107 FPOs in the state, of which 92 have a focus on horticultural production. Five horticultural FPOs in Karnataka have been selected as pilot FPOs to be supported in marketing their produce under the GLP.

2. OBJECTIVE(S) OF THE ASSIGNMENT

The assigned consultants will give marketing advice to two FPOs which are located in rural areas which are relatively far away from the urban markets. The objective of the assignment reads

"Fruit and veg producing FPOs in rural urban areas maximise sales revenue for their farmers' produce by focussing in particular on wholesale market channels."

The relative distance to the market is expected to have an impact on the crop mix which is most economical and on the preferable marketing channels. Transport worthiness of the produce and interaction with wholesale partners appear to be major considerations, while forms of direct marketing to consumers will most likely play a minor role.

The details of the selected 2 FPOs located are given below:

No	Name of FPO	Location	Taluk	District
1	Yagichi Horticulture Farmers Producer Company Ltd	Yagichi	Belur	Hassan

2	Husainpur Horticulture Farmers Producer Company Ltd	Husainpur	Hunsur	Mysuru

The above 2 FPO are in the radius of 170 to 200 km from Bangalore city. Since the above FPOs are closer to town likes like Mysuru, Hassan, Belur, and chikmagalur, the flow of produce is likely to APMC wholesale markets located in these towns.

Compared to present marketing arrangements, increased logistics efficiency and reduced wastage along the supply chain are expected. A marketing consultant firm having expertise in marketing fresh fruits and vegetables through wholesale or B2B (business to business) format will be assigned to the selected two FPOs, with the mandates to develop profitable marketing channels, and to also handhold the existing staffs of FPO in efficient procurement, operations and marketing.

3. TASKS OF THE CONSULTING FIRM

The marketing consultant firm will advise the staffs of the FPOs to efficiently organise procurement of fruits and veg from farmers and develop access to the most lucrative markets. In particular economics of scale effects and the transport worthiness of products need to be considered along with market channels with a high absorption capacity, such as rural assembly wholesale (e.g. APMC) markets, B2B suppliers or retail chains directly. The member farmers of the FPOs are the final beneficiaries by getting access to efficient marketing services. .

In order to achieve the above mentioned objective the marketing consultant firm shall carry out the following tasks and activities:

3.1 Preparation and coordination of a detailed work plan for the assignment

- Analyse existing data on major fruits and vegetables grown in the respective FPO
- Identify the public and private marketing infrastructure in the area (APMC, private markets, traders, processors etc)
- Study the market channels presently used by the farmers in these 2 FPO
- Assess costs and profitability by supplying to wholesale markets, to B2B buyers and to other promising market channels
- Explore the option of long term contract farming with the processing companies/institutions
- Analyse constraints and bottlenecks with a view towards improving the situation with joint action by the FPO.
- Based on the findings of this initial assessment, development of a detailed work plan to increase efficiency in existing marketing channels and to develop new options within a time frame of 6 months by supplying to wholesale markets and B2B buyers and other promising market channels

Expected output: work plan with proposed market channels to strengthen and newly develop with timeline and intermediate results

Time horizon: two weeks (ideally until by mid of June 2017) on signing the contract. I.e.10 man days

3.2 Assisting the coordination of procurement and operations with staffs of FPOs

- Assist FPO staffs in organising procurement, handling and dispatch of fruit and vegetables through the collections centres/farms of FPO

- Analyse management information to determine a cost covering margin for the marketing service provided by the FPO

Expected output:

- Implemented SOPs , Standards, wastage reduction and increased logistic efficiency interventions as devised by other consultants
- Consolidated Marketing of fruits and vegetables is initiated
- Staffs of FPO enabled to produce regular fortnight management information reports (procurement, sales, collections, receivables etc) for FPO board members.

Time horizon: This work will be carried through the whole period starting by end of June 2017 till end of Nov 2017

3.3 Implementation of improved marketing strategies focusing on wholesale and B2B sales

- In coordination with FPO board members, Dept. of Horticulture and GLP develop a realistic marketing development by supplying to wholesale markets and B2B buyers to be developed
- Explore the feasibility of better long term contract farming for institutions or processing units
- Determine costs and benefits linking farmers and institutions through contract farming
- Formulate and prepare strategic business plan for increasing the sales in consultation with board of directors and staffs
- Monitor if the budget targets are met every month in terms of volume and margins
- Coordinate with FPO staffs to make use of potential for increased efficiency in existing marketing channels by consolidated action in FPOs
- In case produce needs to be sold on credit, need to define the credit limit for customers in consultation with board of directors and management team of FPO and ensure credit doesn't go beyond the credit limit
- Assess feasibility of participation of FPO in farmers markets
- Capture loss of quality and wastage in the operations with a view to reduce them
- Monitor the marketing activities and improve the marketing strategies based on the experience from the daily practice
- On-the-job training effect for FPO staff to ensure sustainability of improved marketing after assignment of adviser

Expected output:

- Marketing development plan shared among Peers, FPO staffs, Dept. of Horticulture and GIZ team highlighting the projected sales volume, sales margin by channel of sales.
- Market consulting firm generates fortnightly sales report for GIZ and Dept of Horticulture
- Feasibility assessment of existing and new market channels

Time horizon: Market development plan by 15th July 2016 and implementation will be carried through the whole period till end of Nov 2017

3.4 Coordination of marketing consultant firm work with other consultants supporting FPOs and implementation of their recommendations

The FPOs will also be supported by other 4 consultants who are involved in formulating efficient Standard Operating Procedures, applying grading, standardisation and labelling and to improve logistics with a view to reduce wastage and the consumption of fuel along the

supply chain. The marketing consultant firm will closely cooperate with these 4 consultants and incorporate their results in the marketing activities of the respective FPO~~s~~.

- Contribute information about location and FPO specific conditions to the work of the other consultants
- Implement SOPs , Standards, Wastage reduction and Increased logistic efficiency interventions as devised by the other consultants
- Identify training needs and develop and conduct trainings together with these 4 consultants
- Incorporate the results of these consultants into the marketing strategies and practices of the FPOs

Expected output:

- Staffs and farmers trainings to incorporate recommendations into daily operations in coordination with other consultants
- Management of FPO procurement and marketing according to improved practises devised by market consulting firm.

Time horizon: starting from end June 2017 till the end of Nov 2017

3.5 Coordination among other FPOs for increased efficiency through consolidation and information sharing

- Regular interaction and exchange of information in peer to peer review coordinated by GLP related to availability of the produce and marketing options available in their respective area of operations
- Explore the economy of scale by coordinating and linking all the selected FPOs to distant markets, processing etc

Expected output:

- Monthly peer to peer meeting coordinated by GIZ, reporting on joint procurement and marketing activities carried out at each FPO and area of cooperation extended between FPOs

Time horizon: starting from end July 2017 till the end of Nov 2017

4 Selection and Profile of consultant firm

Interested consultant firms shall submit 3 documents – Company Profile, Technical Proposal and Financial proposal. The Technical Proposal shall contain details of the approach and detailed work plan with timelines for fulfilling the expected outputs and assignments outlined in Section 3. The Financial Proposal should clearly identify as a separate amount, the local taxes, duties, fees, levies, and other charges imposed under the applicable law on the consultants, sub-consultants and their personnel.

- The consultant firm should have hands on marketing experience in supplying to APMC wholesale markets, B2B buyers and other large-scale marketing partners
- These firms should have experience in sourcing fruits and vegetables through farmer producer organisations (FPO)
- Have experience in sourcing from field or collection centres of farmers
- Good knowledge on how APMC markets work and seasonal flow of produce to different markets within Karnataka and neighbouring states
- Good analytical skill and capability to assess the profitability of economic activities
- Experience in contract farming is desirable

- Ability to deliver results on a strict timeline
- Proven record of financial and institutional soundness of the firm

The interested firms should provide a list of key professional positions whose CV and experience would be evaluated

No.	Key professional	Qualification	No of positons	Area and specific expertise
1	Senior Marketing Executive	M.Sc Agriculture/ Horticulture/Science with 5 years' experience in Fruit and veg marketing, to wholesale markets and B2B buyers.	1	Experience in leading the team, preparation of sales budget
2	Marketing Executives	Graduate with 3 years' experience in Fruit and veg marketing, to wholesale markets and B2B buyers	1	Hands on experience marketing of fruits and veg through wholesale markets. Excellent oral and written communication in English and Kannada is a must

5. LOCATION AND DURATION

The consulting firm will be working with the two FPOs listed above under 2.

Consulting firm will employ one senior marketing executive and one marketing executive for this assignment. They assist FPO staffs in organising procurement, handling and dispatch of fruit and vegetables

Senior Marketing executive in addition to managing his/her own FPO will also take on a coordination and supervisory function of the other FPO and will be the single contact point for GIZ

The duration of the contract will be 300 expert days for the two FPO, over a period of 6 months contingent on signing of contract, ideally starting from 1st June 2017 to 30th Nov 2017

6. Travel

The team may have to travel roughly 30 km in and around the FPO for their day to day activities. They will be required to report to GIZ office, Bangalore every fortnight for the review meetings.

7. REPORTING AND DELIVERABLES

The consulting firm will report to the Technical Expert of the GLP in Bengaluru and keep the GLP team well informed about the work progress. Based on the FPO management information, the consulting firm will report about the progress in the respective FPO and about innovative marketing channels to provide steering information to the Dept. of horticulture and GLP

The consultant firm will assist the FPOs in doing at least 2 sales transaction per week per FPO for a period of 6 months ideally starting from 1st June 2017 to 30th Nov 2017 by doing wholesale and B2B sales through APMC markets and institutional bulk sales. So by the end of the assignment, 48 sales transactions per FPO to be done. So in all 96 successful transaction should be completed in the selected 2 FPOs. The average quantity of sales per transaction can range between 4 to 5 MT. So by the end of the project, the consulting firm should have enabled FPO in marketing of 400 to 500 MT of fruits and vegetables through wholesale markets and B2B buyers.

Deliverables:
All the deliverables will be produced in English. Time line contingent on start of assignment is 1st June, 2017

10-June-2017	Detailed work plan for the complete assignment
1- July-2017 onwards	Fortnight management information reports developed by FPO staffs and assisted by marketing consultants for FPO management team
15-July-2017	A market development plan for supplying to wholesale markets, B2B buyers and contract farming.
15-July-2017 Onwards	Fortnight sales report submitted my marketing consultants for GIZ and DoH and achievement of sales target
30-July-2017 onwards	Monthly peer to peer review report on marketing activities carried out at their FPO along with joint procurement and marketing activities done between selected 2 FPO
15-Aug-2017	Feasibility report on the existing marketing model
30-Nov-2017	Project closure
15-Dec-2017	Administrative closure

8. ADMINISTRATIVE INFORMATION

As per the Indian tax laws, tax at source will be deducted on all payments to the consultant, if such payments exceed INR 30,000 per year. Service tax (if applicable) will be paid as per the prevailing rates. Local travel expenses will be reimbursed as and when the travel by consultant takes place on actuals as per GIZ travel guidelines. Any additional expenditures agreed will be reimbursed on actuals.

One original copy of the Final Report will be submitted in hard copies and editable soft copy formats to the Project Director either at the above mentioned tentative deadlines or before the respective consultant's contract expire.