Terms of Reference

Consulting services to support fresh fruits and vegetable marketing by FPOs in proximity to urban market

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 consultant firms will give marketing consultancy to three FPOs in locations relatively close to urban markets. The objective of the assignment is

"Fruit and veg producing FPOs in proximity to urban areas maximise sales revenue for their farmers' produce by utilising in particular marketing opportunities resulting from their closeness to urban centers."

The relatively short distances to a big market is expected to have an impact on the crop mix which is most economical (highly perishable fruit and vegetables). And forms of direct marketing to consumers or final retailers will most likely be economically preferable.

The details of the selected three FPOs are given below:

No	Name of FPO	Location	Taluk	District
1	Sadahamma Horticulture Farmers Producer Company Ltd	Sidhalghatta	Sidlaghatta	Chikkaballapur
2	Anekal Horticulture Farmers	Anekal	Anekal	Bangalore

	Producer Company Ltd			Rural
3	Srigiripura Horticulture Farmers Producer Company Ltd	Srigiripura	Magadi	Ramanagara

All the above 3 FPO are in the radius of maximum 60 to 70 km from Bangalore city.

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, operations of the collection centre and explore & develop markets. In particular the options of by supplying to modern retails formats, the use of farmers markets and direct sales to consumers in Bangalore will be analysed. 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
- Study the market channels presently used by the farmers in these 3 FPO
- Find out about requirements to supply to modern retail stores and directly to consumers and assess costs and profitability on these channels.
- 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 modern retail stores and directly to consumers.

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 of FPO
- Introduce sales in returnable crates and other safe packaging material and ensure that track is kept on packaging material
- Establish a system of regular management information in the FPO including turnover by product, grades, supplier and customer, requirement of packaging materials, staff cost, and other metrics of business administration including debt and receivables
- 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 fortnightly management information reports (procurement, sales, collections, crate stock status, 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 through retailing and direct sales

- In coordination with FPO board members, Dept. of Horticulture and GLP develop a realistic marketing development plan for the FPOs concerned, assessing in particular the options for supplying to retailers and direct marketing to consumers.
- Formulate and prepare strategic business plan for increasing the sales in consultation with board of directors and staffs
- Monitor if the budget targets are meet 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
- Determine costs and benefits linking with Modern retail Format stores, street vendors etc.
- 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
- Analyse the feasibility of direct marketing channels to end consumers
- Assess feasibility of participation of FPO in farmers markets
- Capture loss of quality and wastage in the operations with a view to reduce them
- Through instructions and explanations impart advanced marketing knowledge on FPO staff to ensure sustainability of innovations initiated
- Monitor the marketing activities and improve the marketing strategies based on the experience from the daily practice

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
- On-the-job training effect for FPO staff to ensure sustainability of improved marketing after assignment of adviser

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.
- The produce sold through FPO is graded and labelled once the quality manual is in place

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 modern retail formats stores and direct marketing to customers
- These firms should have experience in sourcing fruits and vegetables through farmer producer organisations (FPO)
- Have experience in setting up and running of collection centres
- Good knowledge on how to take indents and supply from modern retail format stores and institutions.
- Experience in supply graded and labelled fresh fruits and veg is desirable
- Good analytical skill and capability to assess the profitability of economic activities
- 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	Qualification	No of	Area and specific expertise

	professional		positons	
1	Senior Marketing Executive	M.Sc Agriculture/ Horticulture/Science with 5 years' experience in Fruit and veg marketing, to modern retail formats and direct marketing to consumers. Must be handled procurement and operations of collection centre	1	Experience in leading the team, preparation of sales budget
2	Marketing Executives	Graduate with 3 years' experience in Fruit and veg marketing, to modern retail formats and direct marketing to consumers. Must be handled procurement and operations of collection centre	2	Hands on experience marketing of fruits and veg through retails and direct consumer. Excellent oral and written communication in English and Kannada is a must

5. LOCATION AND DURATION

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

Consulting firm will employ one senior marketing executive and two marketing executive for this assignment. Each FPO will be assigned by a senior marketing executive or a marketing executive and he/she will assist FPO staffs in organising procurement, handling and dispatch of fruit and vegetables through the collections centres of FPO.

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

The duration of the contract will be 450 expert days for the three FPO, over a period of 6 months contingent on signing of contract, ideally starting from 1st June 2017 to 30th Nov 2017.

6. Travel

Each marketing executive may have to travel roughly 30 km in and around the FPO for their day to day activities. Team will have to report GIZ Bangalore office 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 FPO in doing at least 3 sales transaction per week per FPO for a period of 6 months ideally starting from 1st June 2017 to 30th Nov 2017 to modern retail format stores in Bangalore. So by the end of the assignment, 72 sales transactions per FPO to be done. So in all 216 successful transaction should be completed in the selected 3 FPOs. The average quantity of sales per transaction can range between 2 to 3 MT. So by the end of the project, the consulting firm should have enabled FPO in marketing of 430 to 650 MT of fruits and vegetables to retail stores or to consumer directly.

Since the scope of the project also wants the FPO to sell their produce in graded and labelled form, the consultant should ensure 25 to 30% of the total sales produce to be labelled and graded after the acceptance of quality manual by the FPO.

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 in particular with an assessment and expected development of for supply to modern retail formats and consumers directly for each FPO
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 3 FPO
15-Aug-2017	Feasibility report on new marketing channel
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.