   

Democratic Socialist Republic of Sri Lanka

**Ministry of Agriculture and Plantation Industries**

Agriculture Sector Modernization Project (ASMP)

**TERMS OF REFERENCE (TOR)**

**Hiring of a research company / a team of consultants to undertake a policy research to Identify Appropriate Partnership Agreement Models for farmer producer organizations (Farmer Company) and trading partners of specific crop sectors (Fruits, Vegetables, Pulses/Oil crops, and Spices)**

**Procurement No LK-MOA-PMU-397457-CS-CQS**

# Brief Description of the Project:

# The Agriculture Sector Modernization Project (ASMP) implemented in Sri Lanka with the following Project Development Objectives:

* To support increasing agriculture productivity,
* Improving market access and
* Enhancing value addition of smallholder farmers and agribusinesses in the project areas.

The Project is comprised of three components.

The Component-1, Agriculture Value Chain Development, seeks to promote commercial and export-oriented agriculture.

The Component-2 aims at supporting smallholder farmers to produce competitive and marketable commodities, improve their ability to respond to market requirements and move towards increased commercialization.

The Component-3 focuses on human resource management, and capacity building, logistic requirements, monitoring and evaluation, communication and coordination of the overall Project.

Implementation of the component 2 undertaken by the Ministry of Agriculture, started in the year 2017 with the funding of WB, USD 64.23 mn to implement the project in 7 districts (Jaffna, Mullative, Anuradhapura, Polonnaruwa, Batticaloa, Monaragala and Matale) of five provinces namely Northern, North Central, Eastern, Uva and Central. In the year 2021, the component 2 further supported with co-financing from the European Union, USD 23.3 mn, to implement the same project concept in 5 additional districts (Kilinochchi, Vavuniya, Ampara, Badulla and Kandy) in the same provinces selected before.

Listed below are the sub-components of the Component-2 of the ASMP:

* 1. **Farmer Training and Capacity Building:** Under this Sub-component, institutional development and related capacity building activities are carried out in order to establish and empower Farmer Companies (FC) in each crop cluster established by the project.
  2. **Agriculture Technology Demonstration Parks (ATDPs):** This is the main sub-component of the Component-2 of ASMP. Selection of all crop clusters (minimum of 3 clusters per each district), design, establishment and continuity of crop clusters is ensured under this sub-component. Each individual member farmer of the crop clusters will be a member of the FC there, will receive a technology package as a grant under this Sub-component. In addition, farming related collective assets, certain technical exposure visits, technical training and awareness, specific technical consultancies will be delivered under this Sub-component.

* 1. **Production and Market Infrastructure:** Under this Sub-component, Cluster / ATDP specific market infrastructures such as cluster specific common Agro Processing /collection centers identified market access roads and Compost Making Units, required irrigation infrastructures, any other specific supportive infrastructures will be established.
  2. **Analytical and Policy Advisory Support:** Related policy studies as well as required analytical studies are to be carried out under this particular sub-component. In addition, conducting certain related assessments / evaluations, organizing of Techno Forums, Policy Forums, formulation Policy / Strategy briefs / guidelines will be carried out.

This particular consultancy assignment instigates under the sub-component (d) of the Component-2.

1. **Project Management:**

Ministry of Agriculture and Plantation Industries implement and manage the project[[1]](#footnote-1) activities through the Project Management Unit (PMU) of the ASMP in Colombo together with the Provincial Project Management Units (PPMUs) with the support and guidance of the Provincial Ministries of Agriculture and other relevant stakeholders.

The Project is technically steered, and monitored by the National Project Steering Committee headed by the Secretary to the Ministry of Agriculture and Plantation Industries. Respective Provincial Steering Committees are headed by the Chief Secretary of each Province.

1. **Background for the proposed Assignment**

A Partnership Agreement is a contract between one or more businesses or individuals who are choosing to run a business together. Partnership Agreements define the initial contribution and future contributions that are expected from the partners.

The agreement lays out the responsibilities of each partner in the business, how much of the business each partner owns, and how much profit and loss each partner is responsible for. It also includes rules about how partners will manage the business and addresses potential scenarios that could affect the business, such as the death of a partner or how a partner can leave the company. There can be verbal agreements as well.

A partnership agreement lays the foundation for success in a business. To create an agreement, partners will have to get together and make clear decisions about who will play what role, how they will fund the business, how they will share profit and losses, and how they will handle new partners and departing ones. A partnership helps to minimize disputes among partners and gives them clear guidelines when disagreements do arise.

A large number of fragmented holdings characterize Sri Lankan agriculture and about 1.65 million smallholder farmers are responsible for 80 percent of total food production of the country. As being a highly unorganized sector, the smallholder farmers are not capable of getting a good value for their farm produce.

Generally, in agricultural marketing activities, multiple intermediaries eat up most of the revenue and the smallholder producers get relatively smaller share of the price what the consumers pay. As per the agricultural communities in other countries, the problem of marketing of smallholder farmers can be resolved by organizing their agriculture as a business through farmer-producer organizations. The primary objective of having farmer producer organization is to ensure healthier income for the farmers by undertaking marketing activities through their own organizational setup. Farmers can get the benefits of economies of scale and even possess an enhanced bargaining power to deal with the direct marketplace.

The ASMP has taken the initiative and identified Farmer Companies (Public Unlisted Company model) as the appropriate farmer-producer organization type for ASMP beneficiary farmers. All crop clusters established by the ASMP is having a farmer company to support farmers in a wide range of activities starting from input procurement and to sell the farm produce by having appropriate market linkages. Farmer companies facilitate member farmers to get advantages of economies of scale in production, processing as well as marketing of their agricultural produce.

The emerging literature on agricultural partnerships in developing countries in crop sectors recommends some form of partnership alliances between the private sector and public sector as well as between farmer producer organizations and traders, in order to enhance market access. This assignment is to find appropriate partnership agreement model(s) for Farmer Companies, established by ASMP beneficiary farmer, to establish with appropriate trading partners.

1. **Objectives of the Assignment**

Objective of this assignment is to analyses the different types of Agribusiness partnership agreement models use by different trading partners in Sri Lanka and in the region and to identify appropriate partnership agreement models for the farmer companies of ASMP beneficiary farmers and relevant trading partners in the crop value chains such as fruits, vegetables, pulses, and spices in the Sri Lankan context. Appropriate partnership model(s) should ensure profitability of smallholder farmers and sustainability of the farmer companies. Knowledge gaps, policy, and regulatory inconsistencies that affect the operation of most appropriate agribusiness partnership model(s) for farmer companies (public unlisted companies) established for the farmer producer groups of the ASMP need to be analyzed in order to recommend policy adjustments, reforms or new policies needed to support agri-business partnership models to make the agriculture sector more productive, competitive, responsive to the markets (domestic & export) and profitable.

1. **Scope of the consultancy**

Policy research in the agribusiness partnership agreement models for identified crop sectors such as fruits, vegetable and other crop sectors to improve the income and profitability of smallholder farmers and other players of the respective value chains, should conduct;

* To evaluate different Agribusiness partnership agreement models, use by different trading partners for different crop sectors (local and in the regional countries)
* To analyze specific requirements of such agreements, advantages and disadvantages
* To identify policy and regulatory gaps in order to develop comprehensive and effective policy framework to support most effective agribusiness partnership agreement model for farmer companies ( public unlisted companies) and other value chain actors (Exporters or Processors) as trading partners fruits and vegetables exports through refining of value chains by improving production and processing technology, quality standards of fresh & processed fruits & vegetables, trade facilitation and the flow of information.

1. **Tasks of the Assignment**

* A detail analysis of existing Agribusiness partnership models in Sri Lanka and in the regional countries for both fresh & value-added agricultural products.
* Detail analysis of specific requirements / conditions included in such agreements, advantages and disadvantages of such agreements.
* Critically review, awareness among local farmers/ producers (smallholders and commercial farmers) and other value chain actors (collectors/sellers, processors,) on specific Agribusiness partnership models in operation.
* Detail Analysis of Policy/Legal and Institutional setup to facilitate such partnership agreements models in Sri Lanka
* To identify any knowledge gaps, policy /regulatory changes required to implement Agribusiness partnership models in Sri Lanka and make recommendations for required changes.
* Recommend appropriate policy instruments that the Government could be used to implement proposed changes.

1. **Total due payment for the assignment:**

The total value of the proposed consultancy assignment is Rs.2.5 million (Rupees two and half million).

1. **Duration of the assignment:**

The total duration of the assignment is 3 months commencing from the date of signing the contract.

1. **Qualification & Experience of the Consultants:**

The team of consultants should consist of appropriate combination of consultants essentially with an Agriculture Economist/ Agriculture Business Management Expert/ Agriculture Marketing Management expert and a Legal expert.

Table-(1): Expected qualifications and experience of consultants

|  |  |
| --- | --- |
| **Area of qualification / experience** | **Expected level of qualification / experience** |
| 1. **Agriculture Business Management Expert / Agriculture Marketing Management Expert / Agriculture Economist** | |
| **Education:** | |
| Degree | BSc. Agriculture or BA. Specialized in Agriculture Economics or Agriculture Marketing |
| Postgraduate qualification. | PhD or Master’s Degree qualification in Agribusiness Management / Agriculture Marketing / Agriculture Economics or any other related field |
| Other Qualifications | Any Professional Qualifications or training received in Farmer organizations, Institutional development, Agriculture Entrepreneurship development or any other related fields. |
| **Working experience:** | |
| In Agriculture Business Management/ Agriculture Marketing Management / Agriculture Economics related working experience. | At least 10 years of post-qualifying experience related to the specialized areas, as a Consultant, a Researcher or Manager of a research team, a university academic with research experience. |
| Specific Research Experience | Minimum of 5 research projects / similar assignments undertaken over the last 5 years |
| Working experience in a research team | She / He needs to have provable experience as a team player in a research team or managing a team of researchers. |
| 1. **Legal Expert** |  |
| **Education:** |
| Degree | LLB or BA. or any other degree. |
| Postgraduate qualification. | Master Degree qualification in Law, Agric. Business Management / Agricultural Marketing or any other related field. |
| Other Qualifications | Any Professional Qualifications, in related fields |
| **Working experience:** |
| Legal/ Agribusiness Management / Agriculture Value Chain Analysis /Agriculture Marketing/International Trade or any other related field | At least 10 years of post-qualifying experience related to the areas mentioned here, as a Consultant, Advisor, Researcher or Manager of a research team. |
| Specific Research Experience | Minimum of 5 research projects / related assignments undertaken over the last 5 years |
| Working experience in a research team | She / He needs to have provable experience as a team player in a research team or managing a team of researchers. |

Including any other relevant consultants in the research team will be positively considered in the evaluation of the research team.

1. **Working involvement & payment:**

This is a performance-based assignments. Payment will be based on the submission of the deliverables as given in the Table 2

Key deliverables, the respective deadlines and the payment schedule related to these three (3) months assignment are included in the Table- (2) below:

Table-(2): Expected deliverables, deadlines, and payment schedule.

|  |  |  |
| --- | --- | --- |
| **Deliverable (Result)** | **Deadline** | **Payment schedule** |
| 1. Inception Report - A presentation has to be made with the details of the work plan and the methodology of the study. | Within 10 working days after signing the contract Agreement. | 20% of the contract value will be paid after submitting the Deliverable 1. |
| 1. Progress report with a presentation | End of the 1 st month after signing the contract Agreement. | 25% of the contract value will be paid after submitting the Deliverable 2. |
| 1. Submit the 2nd Progress /Draft final report & a presentation. | End of the 2nd month after signing the contract Agreement. | 20% of the contract value will be paid after submitting the Deliverable 3. |
| 1. Final Report (03 Copies) with a presentation, Research Article (s) and a Policy Note for submission to the Ministry /National Policies. 2. Soft copies of data collected, data analysis undertaken and final results of the analysis. 3. Soft/hard copies of the key literature reviewed for the study. | End of the 3rd month after signing the contract Agreement. | 35% of the contract value will be paid after submitting the Deliverables 4, 5 & 6 |

1. **Expected contribution from ASMP:**

ASMP will provide technical feedback and directions on time.

1. **Method of selection:**

Procurement method of **Selection of Consultant’s Qualification** (**CQS**) is applied for choosing the qualified Consultants.

1. **Review Committee:**

The key deliverables especially the Inception Report, Progress Reports and the Final Report will be reviewed by a Review Committee appointed by the MOA.

1. **Contract Management:**

The Contract Management will be done by the Policy Specialist of Project Management Unit (PMU) of ASMP with the guidance and supervision of the Project Director, ASMP.

1. Since October 2023, the project is implement and managed by the Ministry of Agriculture and Plantation Industries. [↑](#footnote-ref-1)