 

**Democratic Socialist Republic of Sri Lanka**

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**கமத்தொழில் அமைச்சு**

Ministry of Agriculture

**Time base Consultancy**

**TERMS OF REFERENCES (TOR)**

The hiring of consultants for Business Development Services to 41 farmer companies for a period of one year in 41 project clusters

**Programme Background**

1. Sri Lanka is a lower-middle-income country with a Gross Domestic Production (GDP) of US$ 80.71 billion in the year 2020, a GDP per capita of 3,681 in a total population of 20.5 million (2014). Growth of the GDP over the past decade was strong, showing a downward trend since the year 2020, resulting in significant poverty escalation. The situation has aggravated due to the effects of the COVID 19 pandemic and the Easter Sunday attack.

2. Agriculture has been an important driver of poverty reduction and accounted for about one third of the decline in poverty over the past decade. Poverty reduction in rural areas was driven by higher agricultural wages which grew annually by an average of 5.7 percent from 2006 to 2013 and caused rural poverty to fall more rapidly than in other sectors. Domestic food prices, international prices of tea and major export commodities, and higher wages in the plantation sector have gradually increased. There is a risk that these income gains may not be sustainable if the agriculture productivity and the agricultural sector do not improve and do not start to modernize through diversification, commercialization, and value addition.

3. The International Development Agency (IDA) of the World Bank Group (WBG) has played an important role in assisting reconstruction and development in Sri Lanka. With regards to rural development and agriculture, it has supported a number of national policy projects and programs. Through the Agriculture Sector Modernization Project, the IDA aims to increase agriculture productivity, improve market access, and enhance the value addition of smallholder farmers and agribusiness in the project areas.

4. Brief Description of the Project the World Bank has agreed to grant a Credit from the International Development Association (IDA) to achieve the required modernizations through differentiated strategies by establishing the Agriculture Sector Modernization Project (ASMP). The ASMP has three components. The first component, Agriculture Value Chain Development seeks to promote commercial and export-oriented agriculture and this component is implemented by the Ministry of Primary Industries (MOPI). The second component, Productivity Enhancement, and Diversification Demonstration are implemented by the Ministry of Agriculture (MOA). This component aims to support smallholder farmers to produce competitive and marketable commodities, improve their ability to respond to market requirements, and move towards increased commercialization. The third component focuses on human resource development and capacity building as well as monitoring and evaluation, communication and coordination of the overall Project. The proposed assignment is concerned the Component 2 implemented by the MOA.

5.Accordingly the World Bank has granted 63.64 million to implement component two of the project in the District of Anuradhapura, Polonnarua, Matale, Monaragala, Batticaloa ,Jaffna and Mulative. The project is commenced from 17th January 2017 and due to be completed 31 December 2024. Having considered the progress of the project the European Union provided a grant of U$D 25 million in 2021 to expand the project activities in another five Districts of Ampara, Badulla, Kilinochchi, Kandy and Vouniya.

6. This project consist of three subcomponent as follows

Farmer and farmer organization capacity building.

Modern agriculture Technology Park.

Production & Marketing infrastructure

Analytical and policy advisory support.

7. Farmer Producer Organizations and Agribusinesses

a) Farmer Producer Organizations and Agribusiness SMEs (FPOs & A-SMEs) that seek funds from the project will have implementation responsibility for the investment activities agreed upon and approved in the business plans. They will organize group members, implement the activities approved in the investment and business plans, provide training to their members; facilitate linkages between organizations and agribusinesses; support the introduction of new technologies, and provide technical training, technical exchanges, and advisory services to their members. The project seeks to ensure institutional sustainability and effectiveness through dedicated support to FPOs & A-SMEs to establish them as legally recognized independent economic entities and actors in the form of private companies. The project will also intend to provide extensive capacity-building support in areas such as business management skill development, support for registration, and access to finance through the funding of the project. Further, FPO structure has been transformed to Public Unlisted Companies (PUC) in order to secure independence of business operations of PUCs.

8. The sub-component will initially support the establishment of 21 pilot clusters, 20 ISP Clusters and 17 EU clusters of Agriculture Technology Demonstration Parks (ATDPs) in eleven districts (Matale, Anuradhapura, Polonnaruwa, Jaffna, Mullaitivu, Vavuniya, Kilinochchi, Kandy Badulla, Ampara, Batticaloa & Monaragala). A cluster consists of a group of farmers who cultivate the same crops. Farmer Producer Organizations will be formed to ensure the sustenance of business activities (A-SME) of a cluster, An ATDP of a district consists of a few clusters and intervening to provide capacity building, infrastructure development for value addition (processing and production), and dissemination of new agriculture technologies.

9. The FPOs have been transformed in to PUC, capacity-building training has been given to executive members of farmer producer companies, board members of the companies, and staff of the companies. Sole purpose of the establishment of PUCs are to conduct businesses as per business plans prepared for each cluster devoid of undue influences from external parties.

10. Objectives of the Consultancy

i To facilitate 41 farmer companies in the legal form of Public un-listed Companies (PUCs) to help ensure the sustainability and economic viability.

ii Study the business plans prepared and asses the level of implementation and facilitate the PUC to implement the business plans. Further, provide status report and facilitation required to implement the Business plan.

iii .Study and revise or prepare action plan for implementation of the business plan

iv. Facilitate the process to find markets

v. Study and monitor market linkages already established by the PUCs

vi. Facilitate PUCs to operationalizes the business by mentoring and counselling

vii. Facilitate PUCs for record keeping, costing, pricing and calculation of unit cost and profit

viii. Promote productivity concepts and Efficiency and effectiveness.

ix. Facilitate implementation of quality certification

x. Facilitate to establish cost effective procurement of inputs

xi. Facilitate PUCs to identify new business opportunities

xii. Facilitate PUCs to access to finance

xiii. Facilitate PUCs to process rejects

xiv. Facilitate PUCs to work with Secretarial Service Provider

xv. Promote Agri. Input sales centers as a business at every PUCs

12. ASMP of the Ministry of Agriculture seeks the services of service providers to provide business counselling, mentoring, progress evaluation and reporting of business undertaking of PUCs for a period of one year commencing from January 2023 to December 2024.

A selected service provider will be entrusted to execute the assignment as below

•The consultants need to prepare a status report for each PUCs within two weeks of the assignment by studying Business plans, training provided, business undertaken, business planned, market linkages, account keeping, existing products, impediment factors that hinders the furtherance of business activities and ways to overcome them. Consultant should clearly mention their strategies to facilitate the business operation of PUCs with intended growth of the business. In doing so, consultant should extensively liaise with three service providers namely, CINEC Campus, International Service Provider (ISP) and Team of EU Consultants

* Consultants should study the exit strategy of the project, aiming to ensure sustainability of the PUCs by getting together stakeholders of the government. The stakeholders includes PUCs, Provincial Director of Agriculture, and Regional office of the Mahaweli Authority, Department of Agriculture, National Enterprise Development Authority, Agriculture Sector Modernization Project and Ministry of Agriculture. In order to formalize the cooperation among stake holders, a detailed Memorandum of Understating (MOU) has been prepared. Consultant should facilitate PUCs to execute the activities mentioned in the MOU from relevant agencies. Further Consultant should facilitate to establish functioning net work among PUC Coordinators, Agriculture Instructors, BOD and Staff of PUCs.
* A check list has been prepared to identify the readiness of PUCs for undertaking of business operations. Consultant should study the Readiness Criteria for PUCs for the Transfer of the Project Assets to PUCs and facilitate PUCs to comply with readiness criteria and obtain the assets. Consultant should facilitate the PUCs to sign the assets transfer agreement.
* Consultants should thoroughly study the business plans and identify gaps to execute the business plan. Consultants should submit an action plan, outcome expected and to actions to be taken to fill the gap. It should clearly mention the resources and facilitation to be provided by the Project Management Unit (PMU) and PPMUs to execute the business plans.

• Consultant should categorize the gaps in to Marketing, Production, Technical & Management and Finance

• Consultant should provide mentoring and counselling support to PUCs to address the issues identified and report the achievements to PMU by weekly

* Consultant should Liaise with company secretarial service providers for enable PUCs to comply with the requirements of Registrar of Companies. Promote record keeping at PUC Level. Consultant should encourage PUCs to conduct Board meetings by following standard procedures and keeping minutes.
* Every month consultant should submit a board paper with a performance report of the company and suggesting remedial action for deviation.
* Consultant should facilitate to follow procedure manuals prepared by previous consultancy agencies.
* Consultant should facilitate to use accounting package and monitor
* Consultant should facilitate PUCs to service existing market linkages and facilitate them to identify new markets
* Consultant should prepare and familiarize organizational chart and explain responsibilities at each level.
* Consultant should facilitate the PUC to comply with statutory requirement such as paying EPF & ETF for employees, tax payments, auditing etc.
* Consultant should facilitate to obtain quality certifications such as GAP (Good Agricultural Practices) and GMP (Good Manufacturing Practices)
* Consultant should evaluate training programs conducted for capacity building of BOD and Staff of PUCs and if there is any further capacity building is required and notify the PMU and PPMU for necessary actions

• Consultant should introduce staff incentive scheme and dividend procedure

* Consultant should encourage PUCs to establish Agri Input Sale center at Evry PUC
* Consultant should spend one full week together with PUC at the inception
* The consultant would also help setting up good management practices for running an office (filing, record keeping, organizing meetings, minutes preparation, setting up WhatsApp member groups, managing business contacts, etc.)  This one week at the site would be followed by at least a weekly visit to the PUC (half day work) for the following 3 to 5 months continued by two-weekly or monthly problems and issue solving visits thereafter. Possibly one consultant would be able to handle 2 to 4.
* ASMP expect of physically attending to the office of the companies for 15 days per a month.

13. **Qualification & Experience the Service Provider**

i. A graduate in management, Marketing or commerce with at least 10 years' of Snr. Management level/Business Development experience.

ii. Fluent in Sinhala or Tamil (Local Language of the relevant area) and English language.

(iii) With at least 10 years of experience in providing managerial services in areas relating to agri-business management, market linkages and entrepreneurship development .

14. Facilitations from the project.

Each consultants will be provided following facilities by the projects.

A .Project appraisal document.

b. List of technologies promoted by the project.

c. Articles of Association and other relevant document with PUC Matrix

d. Business Plans

e. MOUs

f. Asset transfer agreements

**15. Deliverables**

i. The consultants need to prepare a status report for each PUCs within two weeks of the assignment.

ii. Coordinate the signing of MOU and Asset Transfer Agreements.

iii. Identify the issues in implementing the Business Plans and take remedial measures to overcome the issues and prepare action plan accordingly and implement it with the Farmer Company.

iv. Consultant should categorize the gaps in to Marketing, Production, Technical & Management and Finance (in two months)

vi. Consultant should provide mentoring and counselling support to PUCs to address the issues identified and report the achievements to PMU by weekly (right thought out the consultancy period)

Vii. Facilitation of PUC to comply with requirements of Registrar of Companies( right thought out the consultancy period)

viii. Promote the office management systems such as record keeping, writing board papers, etc. at PUC Level (right thought out the consultancy period)

ix. Advice & Guidance to PUCs to conduct regular Board meetings and maintain minutes of board meetings. (Right thought out the consultancy period)

x. Facilitate & Guide to implement the procedure manuals prepared by previous consultancy agencies & ASMP(right thought out the consultancy period)

xi. Ensure the accounting package provided by the ASMP is implemented. (Right thought out the consultancy period)

xii. Facilitate PUCs to continue existing market linkages and to identify new markets (Right thought out the consultancy period)

xiii. To review the organizational chart and ensure job description has been prepared accordingly. (Within two months)

xiv. Consulting with regard to statutory requirement such as paying EPF & ETF for employees, tax obligations, Audit etc.

xv. Guide to obtain quality certifications such as GAP (Good Agricultural Practices) and GMP (Good Manufacturing Practices) (right thought out the consultancy period)

xvi. Introduce & implement Capacity building development programmes during the consultancy period.

xvii. Guide to develop policies such as dividends and staff remuneration packages and for scheme to encourage suppliers (farmers) (within four months)

xvii. Coordinate the Establishment of Agri Input Sale centers at Every PUC (within six months)

iX. Monthly diary (Work Sheet) to be submitted with the payment claim.

**Total budget per consultant**.

Total allocation for the assignment is Rs. 1,600,000/- and each consultant will be assigned 3-4 Farmer companies.

18. Payment Plan

Each consultant will be paid his fee on monthly basis upon submission of performance reports as per the deliverables referred under 15 above. Each payment will be made upon the recommendation of farmer companies assigned to the consultant.

19. Duration of the Assignment one year