

Section 7. Terms of Reference

Assignment Title: Recruitment of Intermediary Institution (Consultant) for Capacity Building of SMEs and Entrepreneurship Ecosystem Development

1. Background

Growth in agriculture has been low and volatile, driven by higher relative prices for agricultural commodities and favorable monsoons rather than any growth in productivity. A World Bank Country Private Sector Diagnostic (CPSD) highlighted, while there are opportunities for growth by developing commercialized and high-value agriculture (tea, spices and vegetables), and a sizable domestic market for most food segments, the sector is not adequately tapping into these opportunities. Therefore, the Government of Nepal (GoN), Ministry of Agriculture and Livestock Development (MoALD) with the assistance of World Bank (WB) is implementing Rural Enterprise and Economic Development (REED) project aimed at strengthening the production base along with creating a foundation for agribusiness competitiveness.

The Rural Enterprise and Economic Development (REED) Project of the Ministry of Agriculture and Livestock Development (MoALD) aims to stimulate the development of rural enterprises by strengthening market linkages among smallholder producers and players in the agricultural commodity value chain; and by strengthening the enabling environment for the development of enterprises in key economic corridors of the country. The Project will, among others, provide funding for productive partnership's start-up business plans, upgrading and building demand-driven market centers, value chain related infrastructures and semi-public infrastructures and facilities at local level to support the partnerships and their communities. The project will also construct market and export promotion infrastructure in the form of regional market centers and agriculture centers of excellence.

The Government of Nepal (GoN) is responsible for the administration and management of the project with implementation support of the World Bank. The Ministry of Agriculture and Livestock Development (MoALD) is the implementing agency. Implementation will take place in four economic corridors, covering six provinces (Province 1, Madhesh, Bagmati, Gandaki, Lumbini and Sudurpaschim). At the Federal Level, the project implementation mechanism will comprise of (i) a Project Steering Committee and (ii) Office of Project Director (OPD) based in Kathmandu. At the Economic Corridor Level, the project implementation mechanism will comprise of (i) a Economic Corridor Technical and Coordination Committee, (ii) Economic Corridor Office (ECO).

2. Project Description

The Project Development Objective (PDO) is to strengthen rural market linkages and entrepreneurship ecosystem; and to create job opportunities as the recovery actions from COVID-19.

The project has five components as follows;

Component 1: Strengthening Market Linkages through Productive Partnerships

Component 1 capitalizes on the lessons learned from global and local productive partnerships (PPs), which aim to promote the development of sustainable business partnerships between producer organizations (POs) and buyers. It aims to building productive partnerships to promote rural-based value chains, including: (i) conducting a comprehensive communications campaign, including a targeted communication campaign for women; (ii) brokering support for prospective buyers and POs to prepare simple joint profiles; (iii) provision of technical assistance to POs with the development of mutually-agreed business plans; (iv) provision of Start-up Grants for POs to fulfil the terms of their business plans; and (v) supporting formalization of POs as legal entities.

Component 2: Strengthening the Entrepreneurship Ecosystem in the Federal Structure

Component 2 has two key areas of focus. The first focus area is to build government capacity in the federal structure to strengthen agribusiness competitiveness and entrepreneurship ecosystem development and the second focus area is to build capacity of expert service organizations and institutions, who will in turn strengthen agribusiness SMEs and start-up entities.

Subcomponent 2.a focuses on building the capacity of provincial and local governments and related agencies in the agriculture sector in: (i) agriculture services development; (ii) climate-induced risks and challenges and strengthen climate resiliency (iii) strategies to enhance efficiency and resources use along the agri-business value chains; (iv) food safety and certification of organic food; (v) reducing post-harvest losses; (vi) developing mechanism and framework to deepen extension of advisory services; (vii) development of digital platform for market information at local level; (viii) fiduciary and audit capacity; and (ix) implementation of local level agriculture development plans.

Subcomponent 2.b focuses on building the capabilities and outreach of: (i) intermediary institutions to provide services to small and medium enterprises and agritech start-ups; and (ii) small and medium enterprises and agritech start-ups to improve their businesses to enable them to participate in productive partnerships nurtured under component 1.

The subcomponent will be delivered in two phases. In the pilot phase, an intermediary institution will build capacity of 100 agribusiness SMEs and agritech startups. The intermediary will provide business coaching to 100 such SMEs and shortlist 25 growth oriented amongst them for incubation

and or acceleration. Upon completion of pilot and or at mid-term, based on the lessons learned and the proof of concept of the pilot.

During the scale up, the target beneficiaries for this component will be intermediary institutions that deliver business support services, which constitutes an important part of the entrepreneurial ecosystem. These intermediary institutions can be public, private, and non-profit organizations such as technology centers, innovation centers, incubators, accelerators, business support organizations, tech hubs, technology commercialization offices, and industry associations. The approach will guide the appropriate selection of private, or public-private partnerships with institutions like Agribusiness Promotion and Training Centers. The scale up phase will be delivered as one integrated package by a Technical Assistance Firm hired by OPD to build capacity of select local intermediary institutions who will then reach out to provide improved business coaching and incubation services to the wider ecosystem of businesses (agri SMEs and Agritech Startups) while leveraging existing resources and facilities of institutions like Agribusiness Promotion and Training Centers. The expected outcome of this sub-component will be SMEs and Agritech start-ups improve their businesses to enable them to participate in PPs as buyers, suppliers and technical and business service providers.

SMEs and Agritech start-ups that are gender responsive and use or promote climate-smart technologies and climate innovations to farmers and rural entrepreneurs will be given special consideration. The SMEs selected for incubation will pay a subsidized fee for the services received from the intermediary institution.

Component 3: Restoring and Strengthening COVID-19 Disrupted Food Supply Chain and Local Economy

Under Component 3, the project will finance investments in: (i) municipal agriculture centers for safe food and seed storage and supply, including distribution of seeds and other agricultural inputs to local population, agri-businesses, producers and farmers; and (ii) upgrading and building demand-driven market and value chain related infrastructure and demand-driven semi-public infrastructure at local level, including through financing of labor-intensive works, which could include regional market centers, collection centers, storage centers, cold-chain centers, packaging and processing centers, value addition facilities. These infrastructures will support the safe storage, supply, and handling of foods, agricultural goods, and inputs at regional scale; enable trade and market linkages; and aid in restoring agribusinesses along the value chains in selected economic corridors.

Component 4: Project Management

Provision of support to MoALD as well as the respective provincial and local governments for Project implementation and management, including support for procurement, financial

management, environmental and social risk management, monitoring and evaluation and reporting; provision of Training and Incremental Operating Costs.

Part 5: Contingent Emergency Response Component

Provision of immediate response to an Eligible Crisis or Health Emergency.

3. The Assignment

The services required of the consultant (Intermediary Institution) under this TOR entails implementing REED's pilot phase activities for *subcomponent 2b*. The consultant will be responsible for building capacity of growth-oriented agribusiness SMEs and technology enabled startups serving agriculture value chains.

The Consultant will i) conduct outreach to agribusiness SMEs / agritech startups in the designated economic corridor of the project and identify 100 agribusiness and technology enabled SMEs and startups with the potential to significantly grow and link up the productive partnerships build under component 1 ii) design and implementing business coaching to 100 SMEs and shortlist 25 growth-oriented business for further capacity building/incubation support, iii) collect, monitor and analyse performance and report lessons learnt based on data collected throughout the pilot phase for OPD to make an informed decision on scale up.

3.1 Objectives of the assignment

The objective of this assignment is to implement the activities designed in the pilot phase of the project's subcomponent 2b – that is to provide business coaching to 100 SMEs and shortlist 25 growth-oriented business for further capacity building/incubation support, and collect, monitor and analyse their performance and report lessons learnt based on data collected throughout the pilot phase for OPD to make an informed decision on scale up of the subcomponent.

These activities include the following:

- Designing and implementing a diagnostic tool for growth-oriented agribusiness SMEs and technology enabled startups serving agriculture value chains
- Design and Implement program to enhance the competitiveness and operational efficiency of growth-oriented agribusiness SMEs and technology enabled startups serving agriculture value chains to be able to better serve the productive partnerships nurtured by the project.
- Collecting, monitoring and analyzing project implementation data to document learnings and report lessons learnt, including process refinement, as well as dissemination of ecosystem-level data for design of scale up activities.

3.2 Scope of Work

The role of the consultant (intermediary institution) will be to execute activities in the pilot phase as follows:

- Finalize, with support from the OPD, the selection criteria and process through which growth-oriented agribusiness SMEs and technology enabled startups serving agriculture value chains are to be selected for the initial business coaching services and subsequently the incubation support.
- Develop a diagnostic tool to assess growth-oriented agribusiness SMEs and technology enabled startups serving agriculture value chains, to assess needs and tailor services to their needs.
- Conduct outreach to 100 growth-oriented agribusiness SMEs and technology enabled startups to undergo the diagnostic consultation and business coaching and then collaborate with the OPD to select a cohort of up to 25 growth oriented agribusiness SMEs and agritech startups to take part in the incubation support.
- For the cohort, as per the diagnostic consultations, design and implement a tailored support program to achieve their business growth plans.
- Administer and supervise the incubation plans / support to the short listed growth-oriented agribusiness SMEs and technology enabled startups.
- Collect, consolidate and manage M&E data, prepare lessons learned report, and course correct recommendations for program design as needed such that early lessons from beneficiary feedback, operational challenges, or otherwise are used to scale up the program as necessitated.
- Provide quarterly update reports with supporting M&E data to the OPD summarizing progress of activities, next steps, as well as the project completion report.
- Recommend any changes to the program and refine design in collaboration with the OPD, based on lessons learned during the first cohort of beneficiaries.
- Complete handover efforts throughout the duration of the assignment to ensure that Government staff are fully capable of facilitating the project moving forward. This includes handover manuals and materials to manage the project, as well as training workshops.
- Compiling information and images/videos on participating firms, their action plans, and implementation progress for dissemination on a project website and publishing it externally, i.e., through program website, Facebook page etc.
- Collecting baseline performance data on participants and tracking changes over the life of the engagement to measure progress or changes against the baseline, as well as conducting surveys after the end of the engagement. Coordinate with the overall M&E of the project.
- Perform any other relevant task assigned by the Project Director in coordination with OPD staffs.

4. Minimum Requirements of the Consultant / Team Members

- a) The consultant shall have minimum 5 (five) years of experience of which 3 years in related field, on building capacity of SMEs through business coaching, incubation and acceleration as the central expertise
- b) The consultant (intermediary institution) is expected to exhibit experience in managing or working with growth-oriented agribusiness SMEs and technology enabled startups and other actors of the entrepreneurial ecosystem in the past.
- c) Relevant experience including work with agribusiness SMEs, agritech startups will be taken into account. Intermediaries that have worked with and as incubators, accelerators will need to elaborate on the nature of works conducted.
- d) While the nature of work can include examples of business development services or technical assistance being provided, intermediaries need to show relevant past experience, including carrying out diagnostic assessments and performance monitoring and management.
- e) Experience in entrepreneurship ecosystems, preferably locally, is highly relevant.
- f) The consultant should be familiar with World Bank project implementation procedures and procedures of Government of Nepal.
- g) The consultant must demonstrate strong responsiveness to the approach to the assignment described in this ToR.

4.1 The Team – Experience & Qualifications

The following is a broad requirement of expertise and experience of team members;

S. N.	Key Position	Area of Expertise	Qualification and Experience Required
1	Team Leader - Private Sector Expert (1) (estimated input 12 person months)	<ul style="list-style-type: none"> • Project management and implementation • Working with growth-oriented agribusiness SMEs and technology enabled start-ups and other actors of the entrepreneurial ecosystem • Private sector development • Mentorship and coaching • Communication skills 	<ul style="list-style-type: none"> • Masters' degree or equivalent • Minimum 10 years' experience in project execution and management; • At least 7 years' experience in private sector development, mentoring and coaching SMEs and working with growth-oriented agribusiness SMEs and technology enabled start-ups • Good written and oral communication skills
2	Marketing Manager – outreach and communications (1)	<ul style="list-style-type: none"> • Designing and managing outreach programs • Conduct market analysis and synthesize market information • Conduct marketing research of agriculture commodities 	<ul style="list-style-type: none"> • Masters' degree or equivalent • At least 7 years' experience in Agriculture marketing and entrepreneurship promotion • Experience in marketing research of agriculture commodities and synthesis of market information

	(estimated input 12 person months)	<ul style="list-style-type: none"> • Maintain effective stakeholder relations • Good communication skills 	
3	Strategic Business Development Experts (12) (estimated input 75 days for each experts, total 75×12 = 900 person days)	<ul style="list-style-type: none"> • Experience in working with the Entrepreneurship ecosystem • Business analysis and intelligence • Designing and executing diagnostic tools, • Evaluating performance improvement plan proposals of growth-oriented SMEs • Mentorship and coaching 	<ul style="list-style-type: none"> • Masters' degree or equivalent • At least 7 years' experience working with entrepreneurship ecosystem • At least 5 years' experience in working SME diagnostic tools and evaluating performance improvement plan of SMEs including carrying out diagnostic assessments and performance monitoring and reporting
4	Non Key Experts (estimated input is 240 person days)	<ul style="list-style-type: none"> • Commercial Law, Certification expertise, Accountants, Food Safety Technologists, Industry experts, Export facilitators, Shop Floor Designers, Business Operations Engineering <p>(to be proposed by mentor/consultant as per diagnostic and the consultant's proposal to achieve the tasks)</p>	Subject matter expertise – assessed by consultant to discharge the specific task

5. Reports, Deliverables and Time Schedule

The consultant must submit monthly work plans with the inception report and agreement. The table below summarizes the reports that the consultant will be required to submit to the Office the Project Director periodically as stated.

5.1 Details of reports to be submitted by the consultant

Report	Key content	Submission milestone
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Printed copies of Inception Report	Finalize the approach, roles for each stakeholder involved, detailed work plan for each team member's inputs, design and plan for conducting reviews and implementation schedule, analysis of current situation; detailed action plan for implementing activities, monitoring and evaluation plan etc.. (2 copies each for OPD and 4 ECOs)	Within 3 weeks from signing the contract
Tools for SME selection	Tools and format for application, SME screening, and selection based on the tools provided by WB	Within 4 weeks
List of selected SMEs	List of SMEs selected for incubation support.	Within 8 weeks
Quarterly Progress Reports	Activities undertaken, progress on achieving planned outputs, deviations from previous plans, justifications and mitigating measures undertaken to correct for the deviations.	Every 12 weeks
Consultant Task Completion Report	Detail of work accomplishment showing planned and actual progress, difficulties encountered during the tenure and possible way-out (recommendations)	Within 50 weeks
Project's Final Report	Project's Final Report incorporating all details of progress from inception to completion.	
Implementation Completion Result Report (ICRR)	Details of the implementation procedures, progresses made, lessons learned, result evaluation.	

6. Duration and Commencement of the Assignment

The estimated duration of the assignment is about 12 Calendar months. The effective date will be the contract signed date for the implementation of this assignment. The consultant shall be based at the selected pilot site of the project to commence its assignment effectively.

7. Selection Criteria

The consultant shall be selected based on the quality and cost based selection (QCBS) method for consulting firm of the World Bank's Procurement Regulations for IPF borrowers, Fourth edition, November 2020.

8. Indemnity

The consultant shall be responsible for any damage of life, property that may arise out of his works and the consultant shall take all necessary insurance provision to indemnify any claims for compensation that may arise through his negligence.

9. Financial Provision

This will be a lumpsum contract. The consultant shall be paid on a output basis in a stipulated tranches and achievement of milestones. The consultant shall be responsible for all taxes and duties including income tax applicable as per Government of Nepal rules and regulations. Since this will be a lumpsum contract, all expenses for the successfull achievement of milestones and completion of assignment shall be managed by the consultant including but not limited to hiring of external experts, in country travel, set up of satelite office and all other incidentals.

10. Performance payment

The consultant will be paid in four tranches as follows;

- 1) 35% Upon approving completion report of business coaching of 100 SMEs and shortlisting of the 25 growth-oriented SMEs for further incubation/acceleration service – (Selection process, coaching report, business development plan for SMEs)
- 2) 35% upon approving completion report of incubation/acceleration services to the 25 shortlisted SMEs (progress against baseline/results)
- 3) 30% upon approving completion report of the performance/impact study to be presented to OPD for scale up decision (Consultation Task Completion Report, Projects Final Report and Implementation Completion Result Report)