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| **TERMS OF REFERENCE** | |
| Title of the Consultancy: | Consultancy Services for the Business Analytical Study on Financial Viability, Competitiveness, and Policy Regimes in Maize and Sunflower Value Chains in Ethiopia, Kenya, and Tanzania. |
| Consultancy type:  *(individual or firm)* | Individual Consultancy Services (ICS) |
| Directorate & Division | * Directorate- Agriculture Food Systems and Environmental Sustainability (AFSES) * Agribusiness and Investments Programme |
| Procurement Number: | 78/AUDA/DAFSES/ART/ICS/2024 |
| **BACKGROUND**  **About the Assignment**  This assignment is about acquiring analytical business data and using the information to create discussions between the private sector and policy makers towards creating a conducive business environment that makes agribusiness invest and thrive. It will focus on the cost, pricing structure and revenue inflows at all functions/ segments of the value chain. It will require the Consultants to provide advice and recommendations on sustainable cost-benefit structures, how to increase and maximise on revenues, the role of policy, the regulatory structures, infrastructure, local government and national tax regimes and market pricing towards creating competitive value chains in Africa. The assignment will be conducted as a comparative study of the Maize Value Chains in Kenya and Zambia. | |
| **RATIONALE**  To attain competitiveness in priority value chains in the National Agriculture Investment Plans (NAIP), looking beyond farm-level productivity and taking this across the value chain is important. The cost of rent, sorting maize, transport cost per bag, distance to the market, waiting time before selling, waiting time before receiving payment and information search costs were all significantly different between the two market categories. Waiting time at the marketplace before selling. Transport costs had a negative influence on the proportion of maize output marketed. Waiting time before payment was received had a negative impact. The cost of sorting maize output to meet the required market standards negatively influenced maize output sold through formal maize markets.  Waiting time before selling, transportation costs, waiting time before pay, sorting costs, rent, post-harvest storage costs, information search costs, and output prices. Output prices were a key incentive for farmers to increase sales. Access to credit positively and significantly influenced the proportion of output sold through each of the market categories and the pooled data.  Transaction costs and taxation costs are pervasive barriers in agricultural supply chains as they exclude farmers from profitable markets. In Sub-Saharan African (SSA) agricultural markets, the magnitude of transaction cost incurrence is necessary to overcome market imperfections. Those who cannot surmount these costs are unable to participate in the market and move from commercialization to self-sustenance. To achieve this, costs can be reduced as revenue remains Constant. In the presence of market barriers, production and transaction costs must be minimized as critical functions of profitability and efficiency of institutional structures.  Indirect transaction costs are time spent on those activities, which is monetized by assigning a cash value based on the opportunity cost of a farmer’s time. This situation also occurs in other SSA countries (Mmbando, 2014), where high transaction costs imply imperfect knowledge of market opportunities, and together with information asymmetry, leads to increased cost of gathering information. Where intermediaries absorb a large portion of market risk, they are more likely to impose low buying prices on farmers. Some costs intermediaries incur include transportation, assembling, inventory management, and storage. | |
| **THE OBJECTIVES OF THE ASSIGNMENT**   1. To conduct a financial viability study of maize and sunflower value chains, by engaging with agribusiness actors in the respective value chains with the aim of understanding the cost and profitability at different transaction points in the farm to fork model. 2. To isolate and analyze the costs profit margins at different transaction points in the farm to fork model, make recommendation through cost analysis on the implications of cost variabilities and profitability on the preceding and subsequent segments of the value chains. 3. Develop business models that demonstrate the relationships between costs, profitability, associated policy, subsidies, opportunity costs, and taxation regimes at different transaction points in the farm to fork model. This objective should give an understanding of the variables that can adjusted or introduced to increase profitability and competitiveness of maize and sunflower value chains. 4. Assess the findings against a national or REC-based Agribusiness/ Agriculture Competitiveness Index and make recommendations for public and private sector on interventions that will increase competitiveness of the maize and sunflower value chains. | |
| **SCOPE OF WORK, ACTIVITIES AND TASKS**  The study will incorporate desk research, stakeholder interviews with agribusiness at various transaction points and business modeling in the maize and sunflower value chain. This holistic methodology aims to systematically gather comprehensive financial and costs data for agribusiness in the maize and sunflower value chains. The business modelling should be a dynamic package that can give insights and can isolate cost variables thereby giving the AUDA-NEPAD clarity of interventions that can reduce costs and the implications of policy and other government instruments on the profitability of the value chains. Using desk research will involve an in-depth analysis of existing literature, reports, and relevant documents to establish a foundational understanding. Additionally, stakeholder interviews will provide a dynamic perspective by engaging with key players, including government officials, private enterprises, and local communities, to capture diverse viewpoints and experiences. Complementarily, on-the-ground case studies and business analysis will offer a detailed understanding of the costs and revenue streams of the maize value chain. The analysis should deliver an understanding of the cost implications of policy, taxes and cess on agribusiness. Furthermore, the analysis endeavors to deliver an understanding of costs and profitability that informs strategic decision-making and policy development in African food systems through this study.  The consultant will develop a methodology to:   1. Detail the costs and profitability structure at various transactions points of the maize and sunflower value chains. 2. Design tools that capture data on costs and profitability gathered from stakeholder interview and through the analysis of current information from private sector, public sector and agribusinesses. 3. Create dynamic business models using appropriate software that that demonstrate the relationships between costs (fixed and variable), profitability, associated policy, subsidies, opportunity costs, and taxation regimes at different transaction points in the farm to fork model. 4. Assess the finding from this study against recognized competitiveness indices used by Member states or RECs. | |
| **LOCATION**  This assignment will be done remotely by the consultant or at home. Moreover, the necessary travels to the selected countries will be agreed upon between the contracting authority and the consultant. In the event of actioning approved travels, the contracting authority shall cover the total cost of such missions to:   1. Ethiopia 2. Kenya 3. Tanzania | |
| **THE TIME-FRAME OF THE ASSIGNMENT**  40 Days to be done within 3 months contractual tenure. | |
| **DELIVERABLES/REPORTS/MILESTONES SCHEDULE**   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  |  | | --- | --- | | **Milestone** | **Delivery Date** | | 1. Inception report detailing the approach, work plan, and general framework to undertake the assignment. | 5 days after contracting | | 1. Business analysis reports including profitability, competitiveness and policy regime of agribusinesses in the maize and sunflower value chains. | 15 days after the contracting | | 1. Individual country reports and comparative reports on the business performance of maize and sunflower value chains | 30 days after the contract | | 1. Final report, with actionable recommendations for improving the competitiveness of maize and sunflower value chains - to be presented at expert/validation workshop. | 40 days after the contract | | 1. Facilitation of expert validation workshop/s (cost to be covered by the contracting authority) | TBC. | | 1. **Total Person/Man Days** | 40 Days | | | |
| **SUBMISSION & APPROVAL OF REPORTS**  All reports should be submitted electronically to the Acting Head of the Programme on Agribusiness and Investments, who will facilitate the approval of all reports submitted under this assignment. | |
| **LANGUAGE REQUIREMENTS:**  All reports will be in English. | |
| **CONSULTANCY FEES**  Applicable Consulting fees will be lump sum fee based on the Consultant’s portfolio of experience as per the AU rates for individual Consultants. | |
| **PERSON DAYS/MONTHS**  The contracting authority solicits an individual Senior Consultant for a lump sum contract. Therefore, the candidate must include in the submission the per person and days to carry out the assignment in their proposal. | |
| **TENTATIVE PAYMENT SCHEDULE**   |  |  |  | | --- | --- | --- | | **Outputs** | **Schedule** | **Percentage (%)** | | Inception report |  |  | | Submission of Milestone reports #2 and #3 | 1st payment | 30 | | Expert Validation Report | 2nd Payment | 40 | | Submission of Final Report | 3rd payment\* | 30 | | |
| **QUALIFICATION AND WORK EXPERIENCE REQUIRED FOR KEY EXPERTS**   1. At least a Master’s Degree in Business Administration, Agricultural Economics Management or related fields from a recognized institution. A PhD in any of the relevant qualifications is highly desired. 2. At least ten (10) years progressively responsible for business administration, business development, value chain development or agriculture economics with excellent understanding Agenda 2063 and CAADP Framework. 3. Extensive knowledge and experience in business performance, analysis and policy. 4. Experience working in a multilateral or bilateral agency where programs or initiatives required diplomatic coordination between governments and domestic and private sector investment actors. 5. Proven similar projects in developing agribusiness in Africa, especially experience managing multi-level projects and analyzing regional integration policies, including trading conditions and opportunities, access to capital for business/investments, and value chains in the Agricultural sector. 6. Proven experience in structuring public and private partnerships and investment in agriculture. Sound. 7. Knowledge of the African Union’s goals and strategies, including the Agenda 2063 and CAADP Framework. | |
| **Copyrights**  Both data and materials used will be submitted to AUDA-NEPAD who retain copy rights to the report. Consultants may not divulge, extract, or quote national data or make reference to the outcomes of this assignment in other work without the expressed written permission of AUDA-NEPAD | |