

Draft ToR for Service Providers for the mobilization of producer groups, producer association and establishment of Farmer Common Service Centres.

1. Background

1. The Government of Maharashtra through Government of India has applied for a loan from the International Development Association for implementation of Maharashtra Agricultural Competitiveness Project (MACP).
2. The Project Development objective of the MACP is to increase the productivity, profitability and market access of the farming community in Maharashtra. This would be achieved by providing farmers with technical knowledge, market intelligence and market networks to support diversification and intensification of agriculture production aimed at responding to market demand. Farmers will also be assisted in establishing farmer organizations, developing alternative market channels outside of the regulated markets and in supporting the modernization of promising traditional wholesale markets. The project has three components viz., (i) Intensification and diversification of market led production; (ii) Improving Farmer access to Markets by Promoting alternative Markets and Modernizing existing APMC, and (iii) project coordination and management.
3. Intensification and diversification of market led production: by providing market led agriculture technology transfer to improve productivity and quality production and market information and marketing intelligence, agribusiness opportunities through agribusiness development facility and livestock improvement through livestock support services.\
4. Improving Farmer access to Markets by Promoting alternative Markets and Modernizing existing APMC: by promoting alternative marketing systems involving farmers in the formation of producer groups, their associations, developing Farmers Common Service Centre (FCSC), introducing E-Marketing platform with the help of commodity exchanges, by producing warehouse receipt financing to overcome price risk and to provide moderate improvement in Rural Haats. Besides modernization of selected APMCs and Livestock Markets.
5. Project management: would help to ensure effective project management at the state and district levels, and support information and logistics, communications, project related consultancies and monitoring and evaluation.

2. Overview: Product Aggregation and Sale through Producer Associations

6. Project aims to promote alternative markets for farmers and to link them to emerging agricultural marketing opportunities by organizing them into producer groups and enhancing their competitiveness by supporting group marketing activities. One of the alternative marketing channels that are considered is product aggregation and sale through Producer Association. This would be done by organizing the producers into a cluster level Producer Association; develop their capacity and skills for marketing in order to access wider markets; and investment support to these Producer Associations for the establishment of Farmer's Common Service Centres (FCSC). FCSC's are conceived as small scale aggregation centres owned, managed and operated by Producer Associations.
7. The project will finance productive demand driven investments on a grant basis to producer association for establishing FCSC and will be available on the basis of business plan prepared by them. The mobilization of producer groups, producer association and establishment of FCSC will be carried out by suitably qualified service providers. These FCSC will undertake various

activities such as bulk purchases of inputs for delivery to individual members, marketing of produce, grading and quality control. The benefits of FCSC's are expected to be higher farmer prices through the combination of larger critical masses providing economies of scale, savings in transaction costs and strengthened negotiation positions, coupled with the added value achieved through primary grading and packing.

8. Under the project, establishment of two types of FCSC would be supported. About 200 FCSC are proposed to be established in primarily cereal and pulse producing areas, and will provide cleaning, grading, and packing facilities for cereal and pulse producers. Another 200 FCSC are proposed to be established in primarily fruits and vegetable producing areas, and will provide cleaning, grading, and packing services for fruits and vegetable farmers.
9. The size and scope of a particular producer association will not be predetermined but will follow a demand led process. Depending on the capacity, maturity and needs these producer associations would be formed. The producer association may be a group based federation of 15-20 producer groups, with each producer group consisting of about 15-20 farmers or a membership based federation consisting of about 300-350 farmers and wherever possible existing commodity groups would be motivated to join the producer association. At critical stages these producer associations will be evaluated on appropriate indicators such as membership attendance; membership strength; record keeping; growth in membership; retention of members; volume and value of marketed quantity to assess the group's maturity.

3. Financing arrangement:

10. FCSCs (Grains): 25% will be contributed by the members of FCSCs & balance 75% will come from the project fund. Project funding is based on approval of viable business plan prepared by the Producer Associations
11. FCSCs [Fruits & Vegetables (F & V)]: 25% will be contributed by the members of FCSCs & balance 75% will come from the project fund. Project funding is based on approval of viable business plan prepared by the Producer Associations

4. Contract Packaging:

12. Maharashtra Agricultural Competitiveness Project is implemented in three phases and the district wise phasing details is given in the table below. Under this project, approximately 200 Producer Associations with FCSCs (grains) facility will be developed in the catchment areas of the 40 Maharashtra state Warehousing Corporation (MSWC) godowns & 40 APMC godowns, where warehouse credit is available & 200 Producer Associations with FCSCs (F&V) facility will be developed in areas with expanding production, increasing sales volumes & especially expanding marketable surpluses, in the State of Maharashtra. The formation of the above mentioned Producer Associations would be implemented in three phases as given below:

S.No	Phase 1 districts	Phase 2 districts	Phase 3 districts
1	Amaravati	Nagpur	Sindhgurg
2	Akola	Wardha	Ratnagari
3	Washim	Bhandara	Raigad

S.No	Phase 1 districts	Phase 2 districts	Phase 3 districts
4	Buldhana	Gondia	Thane
5	Yavatmal	Chandrapur	Nashik
6	Jalna	Gadchiroli	Dhule
7	Aurangabad	Latur	Jalgaon
8	Parbhani	Beed	Nadurbar
9	Hingoli	Osmanabad	Pune
10	Ahmednagar	Nanded	Satara
11		Solapur	Sangli
12			Kolhapur

13. In the first phase districts of the project approximately 70 Producer Associations with FCSCs (grains) facility & 70 Producer Associations with FCSCs (F&V) facility are proposed to be formed. There will be 13 to 14 PAs FCSCs in one package, thus there will be 10 teams of service provider will be required for the implementation of first phase.
14. In this context Maharashtra Agricultural Competitiveness Project, intends engaging service providers for implementation of formation of PA and establishment of FCSCs in the first phase districts of project.

5. Objectives of the Assignment:

15. The objective of this assignment is to develop and establish commercially viable producer groups / organizations in project area to undertake various activities such as bulk purchase of inputs and delivery to individual members; marketing of produce, grading and quality control and first level processing and linkages with market;
16. Develop business plan of these producer groups/organizations for the commercially viable activities identified by community;
17. Assist the producer groups/organizations to develop and strengthen the linkages for (a) knowledge and information (b) banks & other commercial lending institutions (c) insurance companies (d) logistics providers etc;
18. Building a database of resource persons and resource institutions for the producer groups / organizations, networking them and making these persons and institutions available as and when required;
19. Mentoring, backstopping and monitoring effectiveness of the producer groups / organizations on regular basis and revising and adapting planning & implementation arrangement to respond to the emerging needs and demands on the ground.

6. Scope of the Work: The specific tasks to be performed by the consultancy organization are as follows

20. Mobilizing the farmers and formation of Producers Group/ Producers Association (PG/PA). This task will include:

- a. Base line survey of the potential areas in the districts where such Producers organization can be established.
- b. Social mapping using PRA techniques and tools.
- c. Awareness campaigning through individual contact and small group meetings, organizing mass meetings, community envisioning and vision validation.
- d. Identification of affinity groups
- e. Identification and training of community resource persons and book keepers.
- f. Conversion of affinity members into groups.
- g. Assisting and facilitating the groups in preparation of bye-laws, selection of group representative, naming of group, identification of group activities with particular emphasis on group marketing.
- h. Assisting and facilitating the group about finance transactions.
- i. Identification and launching of group activities like bulking of produce for marketing, grading, packing, labeling, marketing etc.
- j. Capacity building in identified activities.
- k. Establishment of accountability system.
- l. Establishing partnership and linkages with private sector.
- m. Training of group representatives and group members for managing business on commercially viable scale.
- n. Assisting the groups in identification of cluster level activities.

21. Initiate and identify avenues and establish contacts for backward and forward linkage under mutually agreed and accepted legal framework with trade and industry. This would include, among others –

- a. Identification of products for marketing, both agriculture inputs and agriculture outputs.
- b. Identification of marketing agencies on behalf of producer organizations and establishment of contact.
- c. Assistance in development of commercialization plan and business plan for the producer organization.
- d. Facilitating financial linkage between producer organizations and formal financial institutions
- e. Support and facilitate establishment of Farmer Common Service Centres.

22. The SP shall lend human resources to the PG/PA as expert advisors during the handholding period with an aim to make these organizations self sustaining and commercially viable enterprises.

23. Assessment of the producer's organization's maturity using appropriate indicators including, among others, membership attendance; membership strength; record keeping; growth in membership; retention of members; volume and value of marketed quantity.

24. Development of viable, bankable proposals for starting the activities of the project participants.

25. The SP may also facilitate financial support through / from other government schemes, donor agencies.

26. Document the entire proposal and results thereof. Develop sharing and dissemination strategy with all key stakeholders
27. Registration of PA under companies Act as producers Company or any other suitable act.
28. Operational and Management support of P.A.

7. Expertise required by the Service Provider

29. An illustrative staffing table is presented below, but the SPs are free to employ resources (including the time for each team member) as they see fit, keeping in mind that ‘adhering to the objectives in para 5 , scope of work/activities given in para 6 and outputs in para 11 is essence for the assignment). Experts with national exposure on similar assignments and who have experience of working with the World Bank and/or other international donor institution (e.g., ADB, EU, DFID, etc.) financed projects would be preferred. Firms applying to work as a SP are expected to demonstrate experience of undertaking similar assignments in the past, particularly in the field of agriculture marketing through producer groups, and promotion of rural marketing. Experience of similar assignments undertaken in the past would be given preference.

Team Composition	Qualification
Team Leader (Agribusiness Specialist)	An agribusiness, agriculture marketing or business development expert, with MBA/PGDBM and having substantial experience in handling similar nature of assignment (7 years of experience in handling similar nature of task is desirable).
Social Scientist	A Social Scientist with Post Graduate Degree in Economics, Sociology or other relevant discipline and substantial work experience in handling similar nature of assignment (7 years of experience in handling similar nature of task is desirable).
Agricultural Expert	An Agricultural Expert with Post Graduate Degree in Agricultural Sciences and substantial work experience in handling similar nature of assignment (5 years of experience in handling similar nature of task is desirable).
Financial Management Expert	A Financial Management Expert with Post Graduate Degree in Commerce with substantial experience of working on similar assignment, development of bankable proposals and arrangements of finance. Prior experience of 4 years in book keeping for rural Producers’ Organization is desirable.
Support Staff	Graduates with 3-4 years experience in market-led rural development.

8 Key Skills Required by Organization:

30. Proven track record and practical experience in applying pro-poor market and business development approaches within a rural context. Good understanding, experience and knowledge of the principles and concepts of agriculture commodity marketing, processing and value addition of the agriculture produce;
31. Experience of working for value chain development from producers’ perspectives;

32. Experience in technology transfer and product development;
33. Experience in institutional development, logistics management and finance ;
34. Experience in handling key challenges faced in marketing at primary producers/collectors level;
35. Also have good understanding and knowledge of the non-farm sectors in India;
36. Good understanding and knowledge of livelihoods, gender and equity issues and poverty within a rural context;
37. The Service Provider should be able to involve both supply driven planning & implementation methodology with demand driven planning & implementation methodologies at the time of implementation. Implementation would be an evolving process, which will require continuous review of planning & implementation strategies and incorporating these changes on continuous basis into future implementation arrangements.

9 TIME FRAME

38. The timeframe for the assignment is 36 months from the date of award of the contract.

10. SUPPORT/INPUTS TO BE PROVIDED BY THE CLIENT

39. Client shall provide access to all places, related documents and interaction with related personnel to the members of the Service Provider.

11. OUTPUTS

40. Producer organizations with effective governance structure with well developed conflict resolution mechanism and transparent accounting system.
41. At least 13 Producer Associations established with FCSC and members of the PA trained in using the FCSC
42. At least 13 Number of FCSCs established and successfully launched;
43. FCSC capacity optimally utilized (Optimal utilization will be defined based in learning evolving during implementation)
44. At least 7 PA / FCSCs (Grain) linked to MSWC network; and
45. Community Professional (CPs) trained and providing services to PA & FCSC.

12. REVIEW MECHANISM

46. Monthly meeting at MACP headquarter would be organized in which progress against action plan would be reviewed.
47. There would be quarterly review of the progress at MACP headquarter in which the Service Provider would have to make presentation of the progress as well as constraints. In such meeting strategy would be formulated to address the constraints and the Service Provider would have to work as per the strategy in the next quarter to overcome the constraints.

12. REVIEW COMMITTEE

48. The constitution of review committee is given below:

- a. Project Director, PCU : Chairman
- b. Social Development Specialist, PCU : Member
- c. Nodal officer, PIU : Member
- d. Officer Incharge, FCSC, PIU : Member
- e. Social & Environmental Officer, PIU : Member Secretary