

Terms of Reference

Service provision for operation of Sahaj Challenge Fund (SCF)

1. Background

1.1 Sahaj – Nepal Agricultural Market Development Programme (NAMDP)

The Nepal Agricultural Market Development Programme (NAMDP), also known as *Sahaj* (Nepali for 'facilitate' or 'make easier'), is designed with three successive phases spanning across a 12-year horizon. Sahaj's objectives are based on a vision of a thriving and inclusive agriculture sector, aiming to grow employment and income for Nepal's rural population.

Sahaj operates under a bilateral agreement between the Government of Nepal and the Government of Switzerland. Sahaj is a Swiss Agency for Development and Cooperation (SDC) project, implemented by a consortium of Swisscontact (as the lead agency) and the Center for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED). The programme focuses on Province 1.

NAMDP Phase I (March 2016 - November 2020) aimed to increase farmers' income by integrating them into commercial agriculture markets and networks. Using an approach that makes private sector markets work better for the poor (also known as a Market Systems Development or MSD), the programme supported market-based solutions around inputs and farming. The impact targeted smallholder farmers, including women and people from disadvantaged backgrounds. The programme's activities boosted on-farm productivity and increased the marketing potential of their agricultural products. NAMDP Phase I partnered with over 75 private sector and 10 public sector actors through around 50 interventions. It covered over 50 districts of Nepal, including 12 of the 14 districts in Province Number 1. The programme created 1,800 new jobs, and increased farm-income of 45,800 households.

NAMDP Phase II builds on the work done in the previous phase, but shifts focus on forward market linkages, strengthening the commercialization and export of the country's agricultural produce. The second phase will run from December 2020 until November 2024. Using the MSD approach, the programme will provide financial and technical support for new agricultural products, services, and innovation in Province Number 1. This will increase demand for smallholders' produce, including them in value-added supply chains and building resilience in rural communities through higher employment and income.

NAMDP's slogan "partner for innovations in agriculture markets" will be paramount in Phase II – a strong focus on supporting small agri-businesses with innovative services in the province. This will be done through three pillars supporting i) agriculture services, ii) non-agriculture services, and iii) the overarching business environment. Under these pillars, the programme will identify and address constraints to innovative and sustainable agriculture products and services. This includes addressing policy bottlenecks and unlocking potential for closer collaboration between the government and the private sector. NAMDP will build a portfolio of interventions (support for Small and Medium Enterprise partners), starting in the maize, dairy, cardamom, and vegetable sectors. Additionally, the programme will support the government's efforts to strengthen the federal structure by working closely with provincial and local government units.

Sahaj-NAMDP Phase II objective is to support market system transformation to achieve the goal: **"women and men, including from disadvantaged groups, find employment and increase income."** Three interlinked outcomes contribute to this goal, with Outcome 2 & 3 acting a steppingstones to achieve the goal.

- **Outcome 1:** Agribusinesses, particularly SMEs increase trade value of agricultural produce in key value chains.
- **Outcome 2:** Agriculture and Non-Agriculture Service Providers offer innovative services/products.
- **Outcome 3:** Sub-national and national government provide a more enabling environment for businesses and SME growth, particularly in agriculture.

Phase II's theory of change posits that a vibrant agro-processing drive is needed to increase value of agro-products traded domestically (outcome 1). As Agri-businesses are characterized as a significant employer for women, often ranging from 50 to 90% employees (WB, 2008), they have potential to contribute to inclusive employment goals. To this end, Phase II will strengthen the provision of support services to Agri SMEs, including through innovation (outcome 2) and contribute to a favorable regulatory environment that encourages coordination in investment, trade, and business growth (outcome 3). The rationale behind this is that a better enabling environment will support changes in behavior at service provider level, which is needed for agribusinesses, especially SMEs, to source Agri-products locally and increase domestic and international trade.

1.2 The Sahaj Challenge Fund (SCF)

The Sahaj Challenge Fund is aligned fully with the overall programme objectives of NAMDP Phase II. As such, the fund intends to contribute to increasing employment and value-add in the agricultural sector of Province 1 in Nepal.

Specifically, the SCF will be used to solicit innovative ideas to address some of the most challenging problems and obstacles identified in this sector. Basis for this analysis will be the Phase II project document and sector studies done as a precursor to Phase II. These documents shall be made available after the selection of the consulting firm for challenge fund implementation. In addition, the project team will use its knowledge and expertise to report on evolving circumstances and identify additional challenges to be addressed where relevant.

Importantly, the Fund will aim to address those challenges where disruptive, 'break-from-the-past' type innovations are considered key to move the sector forward. The Fund aims to solve persistent bottlenecks in the private sector functioning of agriculture in Province 1 and contribute to a higher level of commercialization and economic value-add in this sector.

1.3 Sahaj Challenge Fund: Purpose of this assignment

NAMDP wants to be effective in supporting innovation and investments in the overall Agri sector, while respecting the fundamentals of its market systems development approach. NAMDP has till date implemented two rounds of challenge fund. Based on experience of those engagements, NAMDP has developed a 9-step process for entire challenge fund implementation. By June 2023, NAMDP intends to implement additional rounds of CFs. The additional themes could possibly include: 1) Branding and Packaging Challenge, 2) Sahaj Product Improvement and Development in the priority sector, 3) Distribution channel development, 4) Challenge fund for enterprises opting to streamline climate aspects in their businesses. These are tentative themes and is subject to change as situation evolves.

Based on current experience of the two rounds, and for effective implementation of proposed themes under the challenge fund, NAMDP intends to uptake services for effective implementation of SCF.

This RfP refers to the assignment of a consulting firm that has a sound understanding and substantial experience in designing and implementing challenge funds in Nepal with strong presence, understanding and expertise in agriculture market system development. The consulting firm will work closely with the project team of NAMDP, which will guide the firm during the contract period and ultimately be the key decision maker.

The SCF is guided by principles such as competitive process, innovation, cost sharing, scalability, transparency, additionality, competition, reciprocity, impact, gender equality and social inclusion.

NAMDP now seeks services from a qualified and reputed organization(s) to perform the tasks (stage 1 to 9, detailed in section 2) and implement further rounds of challenge fund. Consulting firm shall implement stages of the challenge fund on behalf of NAMDP and shall adopt entire implementation mechanism as designed by Swisscontact for NAMDP.

2. Scope of the work for the consultancy assignment

The broad objective of the assignment is to design, implement and assess the interventions that come from the identified themes of the challenge fund.

The consulting firm will work under the supervision of NAMDP as its extended team. It will follow (and eventually contribute to the vision and strategy of NAMDP Phase II. Along with design and implementation, the consulting firm will strictly follow the Monitoring and Results Measurement (MRM) system (DCED standard) used in NAMDP. The consulting firm shall also be responsible for processing payments against the agreed upon deliverables, milestones and terms and conditions of the agreement that will be signed with the winners and recommending disbursement to NAMDP.

The deliverables for this assignment can be divided into following stages:

Stage 1: Build Support Systems and background work
Contribute to design of the conceptual framework, define and refine concept of the identified theme(s) of the SCF ¹
Gather and prepare informational and promotional material
Customise website and current social media sites such as LinkedIn (relevant info, server hosting to receive applications, FAQ), manage social media pages and respond to queries, email setup
Translate customised application package into Nepali, if required
Designated HR and telecommunication team to handle inquiries and assist during the application process
Develop workplan with milestones and timeline
Decide whether the round will have a one-stage application process or a two-stage application process ²
Identify and on-board an expert(s) in the identified theme who can help design the scorecard(s), application(s), and will be involved in assessment of applications

¹ Analysis of the underlying reasons for systemic constraints and the possible market-based solutions to address to the systemic constraints that can be potentially proposed by the challenge fund applicants. While the consulting firm does not need to propose market-based solutions, they should be cognizant of solutions that meet the most important results, i.e., disruptive innovation, commercial viability, and their resonance with the overall programme objectives of NAMDP, thereby facilitating changes in the market system.

² A two-stage application process reduces the transaction costs for both applicants and organization-NAMDP team by eliminating proposals that are unlikely to be awarded grants at the first application stage. It is perhaps a better way to filter and choose better proposals.

A one-stage application process makes sense if applicant's business model are more mature and when decisions need to be fast tracked.

Stage 2: Conduct Promotions Calling for Applications
Prepare for Kathmandu and/or Biratnagar press meet
Organise Kathmandu and/or Biratnagar press meet
Prepare and circulate media articles, news, interviews
Prepare and circulate prepared promotional materials
Conduct panel discussion/open house events/webinars if required
Other promotional activities-jingle, videos, digital, social etc.
Email, SMS, Referral marketing etc.
Stage 3: Scout Potential Applicants
Commence scouting potential applicants
List down the potential applicants
Mobilise team on the ground to encourage potential applicants
Use relevant networks, associations, business member organisations to scout and encourage applications (business membership organisations, provincial governments, other relevant networks etc.)
Conduct FAQ sessions
Stage 4: Gather applications and guide applicants
Depending on whether there will be a one-stage or a two-stage application process, have application pack(s) ³ ready
Have translated application pack ready, if required
Have website ready to receive applications
Assign physical locations to collect applications
Answer applicant queries through phone, emails, website, in-person, social media sites
Help applicants fill application form
Fix first deadline to submit application
Monitor application status and inform NAMDP periodically
Fix extended deadline to submit application (if required)
Transcribe received applications into a common format for assessment panel
Stage 5: Complete initial screening of the applicant
Identify and assign one to two experts who will be part of the assessment panel ⁴ relevant to the theme of challenge fund being implemented
Prepare screening scorecard and develop screening manual
Pre-shortlist applicants (for instance in high/medium/low potential) for the assessment panel
Conduct initial screening assessment for shortlisting applicants
Complete screening, score and create short list of applicants for next round
Create format for feedback (successful and unsuccessful applicants)
Communicate feedback to rejected and selected shortlisted applicants
Stage 6: Refinement of proposals submitted by the shortlisted applicants
Work closely with the shortlisted applicants to develop a business plan/proposal that is commercially viable and in-tune with the project's impact goals. It is envisaged that maximum ten business proposals per theme would need to be developed.
Business plan may include, but not be limited to, topics such as executive summary, project description (relevance to project's impact indicators), market analysis, innovation, business model, competitive advantage, competitive landscape, growth plans, marketing & sales strategy, operational plan, financial plan & projections, SWOT & Five Forces analysis, impact & inclusion, scalability & sustainability
Design intervention specific deliverables of the applicants

³ First stage should outline the project and how it meets the eligibility criteria. Eligible ones which get selected receive support to develop the business proposal for the proposed project.

⁴ Assessment panel may include members of NAMDP, donor, expert(s) assigned by consulting firm

Prepare final scorecard
Assist to conduct final scoring
Forward detailed recommendations (for the winners) to the SCF Committee and provide justification/clarification sought by the SCF Committee
Create format for feedback (successful and unsuccessful applicants)

The SCF committee will make the final decision on the winners and awards. The selected consulting firm will further provide following support:

Stage 7: Fund Awards
Work closely with the project's team to communicate the approved/rejected decision
For the winners, NAMDP shall negotiate budget, terms and conditions to receive the award
The consulting firm will assist NAMDP in preparing legal agreements pertaining to the fund award
The consulting firm shall organise partnership signing ceremony and circulate fund awards in relevant media (on an average 5 applicants shall be selected for partnership under each theme- a total of 20 partnerships will be on implementation)

Stage 8: Monitoring
Work closely with the project's MRM team to develop Intervention Plans
Monitor on the ground implementation of the proposed solutions
Work closely with the project's MRM team to monitor the milestones, conditions as detailed in the agreement
Work with the project's MRM team to track the relevant indicators and qualitative information for adaptive results management
Submit periodic monitoring reports to MRM as well as project team
Provide relevant information and data as required by the consultant for impact assessment of each intervention
Report any success stories that arises from any interventions
In addition to the above, the MRM activities will include the following (but will not be limited to): Intervention plans Cases and stories of the interventions Periodic monitoring reports Intervention assessment reports Relevant supporting evidence documentation (e.g., meeting minutes, field visit reports, event/activity participation lists, pictures etc).

Stage 9: Payment processing
Oversee financial and contractual compliance as per terms and conditions, milestones, deliverables of the agreement when the partner (CF winners) requests for payments
Recommend disbursement to NAMDP finance team. Disbursement decision rests with NAMDP team.

2.1: Principles of implementation

- I. The 'consultant' with close collaboration with NAMDP, will operate to implement and manage challenge fund within the scope of market systems development. Consulting firm is aware of their temporary presence in the market and respect the market systems development principles.
- II. The consulting firm must ground its work in a thorough understanding of market dynamics and how the challenge fund is used as a vehicle to "challenge" the private sector to identify innovative (generally disruptive) solutions that unlock market constraints and by doing so can have socio-economic benefits for poor people; but also be commercially viable;

- III. The consulting firm must be guided by the understanding that the challenge fund aims to enable innovative and inclusive business models to be tested by tipping investment decisions from 'no to go,' overcoming the purely commercial risk hurdle in return for potential social development benefits.
- IV. The consulting firm must recognise that challenge funds are a means to trigger innovation and speed up implementation of new business models which combine potential commercial viability with impact, particularly where commercial returns are uncertain, and the investment is therefore risky.
- V. The consulting firm would harness the strengths of the private sector to generate and test new ideas and supports, refines and selects such ideas through a transparent process of competitive application rounds.
- VI. The consulting firm recognises that the majority of the Sahaj Challenge Fund support is expected to be provided through conditional grants to the winners. Technical assistance where required may also be provided. The consulting firm, on their own or through relevant experts, may also provide technical assistance to the winner in those areas where the latter lacks the knowhow in case the winner indicates that such assistance is required.
- VII. The consulting firm must be adept at adaptive management. Market dynamics are subject to change and being engaged in a market to attain the impact goals should lead to further learning about the market vis. a. vis. results and hence facilitation cannot be reduced to a linear process of planning and implementation but must be reflective of the dynamic nature of the market.

2.2 Mode of implementation

The potential and interested organization and/or consortium of organizations have the flexibility of completing the deliverables on their own or through further hiring consultants and/or staff. The consulting firm will be liable to NAMDP while the extra hiring that the consulting firm makes will be liable to them.

The consulting firm will implement the activities through its team in close consultation with relevant NAMDP team. Relevant members of the NAMDP team and consulting firm will meet as necessary to implement the activities under the nine stages.

2.2.1 Team structure

The team structure will be submitted by the consulting firm along with the proposal, as per the program requirement and in line with the proposed budget.

Activities planned under the nine stages requires well-qualified staffs and/or consultants with the ability to do research, analyze, develop strategies, monitor and ensure compliance. They would use effective and top-of-the-line marketing and promotion to create a buzz around the themes, encourage applications, and guide applicants. They would have to develop commercially viable business plans, understand the fine line between 'thinking along with' and 'working on behalf of', perform MRM activities and have open attitude to continuously learn, change and adapt to changing scenarios.

Based on previous rounds of challenge fund implementation, NAMDP proposes the team structure with estimated inputs as below. The proposed personnel's résumé for key personnel are to be mandatorily submitted in the proposal and will be subject to evaluation. Bidders providing letter of commitment from key personnel to engage throughout the assignment will be regarded positively.

	Key personnel	Qualifications	Months	Remarks
A1	Challenge fund manager	Master's in business administration or related field with 10 years general	20	25% engagement per theme *4

		experience in MSD and agriculture sector Experience of managing/ leading challenge fund/s and forging partnerships with private partners for development objectives		themes = 100% level of effort over 20 months
A2	Challenge fund Implementation and monitoring officer-1	Master's in business administration or related field with 5 years general experience in MSD and agriculture sector	20	Each officer assigned to operate two themes. 50% engagement per theme for one officer
A3	Challenge fund Implementation and monitoring officer-2	Experience of being engaged (or knowhow) in challenge fund implementation	20	
A4	Communications officer	Master's degree in communications with 5 years' experience in development sector. Experience of publishing stories, creating posts, social media post development and handling, etc. highly preferred.	20	25% engagement per theme.
	Non-Key personnel			
A5	Admin and finance officer	Experience in processing/ examining claims of private organisations for payments and manage overall administration of the project	20	
A6	Support staffs/ Interns for communication, query handling	These positions can be recruited later as per the requirement and demand in various phases of assignment implementation. The consulting firm is required to ensure that the required personnel are in place for smooth operation of the challenge fund.	20	Multiple personnel as required during different phases of the assignment
A7	Support staff/ intern for logistics management		20	
A8	Business plan analysts/ interns		20	
A9	Thematic experts	(1 per theme for 4 months intermittent inputs mostly up to partnership formulation phase and requirement-based TA support in implementation)	4*4=16	
	Sub-total (A)			

3 Required expertise

- A thorough understanding and work experience related to designing, implementing and managing challenge funds, specifically in themes related to agriculture market system development
- Legally registered in Nepal with over 5 years standing experience
- Prior experience working with various ecosystem actors

- Exemplary network of media and relevant actors, associations etc. to receive quality applications
- Ability to handle tasks independently
- Availability of resources to conduct the activities efficiently
- Experience working with development projects
- Excellent analytical, communication and report writing skills
- Understanding of business, economic and financial aspects
- Prior work experience & offices in Province 1 will be an advantage

4 Deliverables

The deliverables for this assignment will be as per the table outlined in the duties and responsibilities (section 2). Additionally, the consulting firm will provide following deliverables to NAMDP:

- Monthly report containing activity overview of previous month, activity plan for next month, and impact and monitoring data/report
- Documentation(s) and materials used during the implementation of nine stages
- Minutes of meetings and decisions made by assessment panels and SCF Committee
- Half yearly review or periodic report describing interventions, impact, learning, etc.
- Reports such as field updates, activity status etc. as per completion and as per request by NAMDP
- MRM and communication related data and documents as and when required
- Project completion report on completion of the assignment contract
- Other related tasks assigned by NAMDP

5 Request for Proposal and selection method

The potential and interested organization and/or consortium of organizations are requested to submit documents showing their keen interest to undertake the proposed assignment.

Any one organization and/or consortium of organizations is encouraged to bid for implementing the SCF. The proposal should include two components, i.e., 1. Technical proposal and 2. Financial proposal.

The consulting firms are required to submit both the technical and financial proposal within the stipulated deadline. NAMDP shall employ Quality-Cost-Based-Selection (QCBS) method [Technical Proposal Weightage: 75% and Financial Proposal Weightage: 25%].

Following documents need to be submitted within the date stipulated in this RfP:

- Organisation profile
- Registration certificate of the organisation along with latest renewal certificate
- VAT registration certificate if applicable
- Latest Tax clearance certificate of last fiscal year or formal approval of extension if applicable
- Audit report of last fiscal year

Organization(s) missing any document mentioned in the eligibility criteria will not be outrightly rejected. NAMDP team will pursue with the bidder to provide the missing documents within 5 days to ensure that they are included for further assessment. In case the bidder fails to submit the missing documents within the extended time period, they will be disqualified.

Before awarding and signing the contract with the selected organisation, NAMDP may undertake an assessment of the organisation's financial and management capacity and the relevant practices, through one or more meetings and visits.

Both the proposals must be in two separate PDF files/envelopes.

The technical proposals shall be evaluated first. Top three technical proposals shall be notified, and their financial proposal shall be opened.

The below is the basis of technical and financial evaluation criteria.

5.1 Technical evaluation criteria

S.N.	Heading	Points
1	Overall Response	10
1.1	The understanding of the assignment by the proposer and the alignment of the proposal submitted with the RfP	
1.2	Completeness of response	
1.3	Overall concord between RfP requirements and proposal	
2	Organisation, key personnel, and relevant past work experience	35
2.1	Range of depth of the organisational experience with similar assignment. Knowledge and experience on designing, running and monitoring a challenge fund for at least 2 years	
2.2	Sample of previous work experience	
2.3	Relevant experience and qualifications of the proposed team for the assignment. The CVs for positions mentioned under key staffs needs to be submitted and shall be subject of evaluation.	
3	Proposed Methodology and Approach	30
3.1	Work plan showing detail deliverables, implementation plan in line with the project. Proposed work plan, duration, and approach of delivery of the tasks (between stages 1 to 8) as per the RfP. In addition, the proposal should also include the following: -Concept plan -Strategies and modality of execution -Strategic partners and stakeholders -Activity details and action plan -Exit plan	
	Total	75

5.2 Financial evaluation criteria

The financial proposal will be evaluated using the below criteria:

SN	Basis for Scoring/Criteria	Marks	Remarks
A	Total budget	10	Lowest will get highest score.
B	Consistency with technical proposal: Is the budget in line with the technical proposal? Are there enough resources allocated for being able to implement the proposed activity? Quality of	15	Highest consistency will get higher scores.

	out-of-pocket expense such as marketing/promotion and their proposed cost will be considered here.		
	Total	25	

In terms of scoring the total budget criteria, the lowest bidder of the total budget will get 10 marks. Financial proposal from the bidders will receive pro-rated points on the relationship of the bidder's prices to that of the lowest evaluated cost. In case of scoring the consistency of the proposed budget, budgets being proposed shall be assessment in consistency with the activities proposed in the technical proposal.

NAMDP reserves the right to negotiate budget with the bidder(s) prior to awarding the contract. In case of unsuccessful negotiation with the first placed bidder, bidder with next highest technical score will be invited for negotiation.

5.3 Formats for proposal submission

Format for technical proposal submission can be referred from the technical evaluation criteria (*section 5.1*). Format for financial proposal is provided below.

Cost Head		Level of effort for four themes in months over 20 months period	Unit Rate (NPR)	Total (NPR)	Remarks
A	<u>Salaries/Remuneration: Management, intervention design, implementation, consulting, monitoring, admin and finance staff</u>				
	Key personnel				
A1	Challenge fund manager	20			25% engagement per theme *4 themes = 100% level of effort over 20 months
A2	Challenge fund Implementation and monitoring officer- 1	20			
A3	Challenge fund Implementation and monitoring officer- 2	20			
A4	Communications officer	20			
	Non-Key staffs				
A5	Admin and finance officer	20			
A6	Support staffs/ Interns for communication, query handling	20			Multiple personnel as required during different phases of the assignment
A7	Support staff/ intern for logistics management	20			
A8	Business plan analysts/ interns	20			
A9	Thematic experts (1 per theme for 4 months intermittent inputs mostly during selection phase)	4*4=16			
	Sub-total (A)				

B	Out of pocket expenses⁵ (for 4 rounds)				
B1					
B2					
B3					
...					
Sub- total (B)					
Total [C] = A+B					
VAT [D]					
Grand Total [C+D]					

It is to be noted that the activities and direct costs related to the implementation by partners/ winners of the challenge funds of the assignment shall be reimbursed as per actual invoices.

⁵ May include: travel costs; accommodation, per diem; marketing, promotion, advertisement; website/server; press meets and partnership signing event and others deemed necessary by the proposing firm to complete the assignment

6 Deadline for submitting the proposal

Technical and financial proposals along with other details and documents must be submitted in PDF format addressed to np.info@swisscontact.org by 11:59 PM of November 27, 2022.

7 Contractual arrangement

The assignment is expected to last 20 months to complete the nine stages for one theme of CF. The detailed timeline depends on the proposed work plan and will be discussed after the first meeting with the selected organization and is subject to change as per need.

8 Terms of payment

The payments will be made as per NAMDP's rules and regulations and will be discussed with the winning bidder before signing the contract.

9 Rejection of proposals, tender cancellation

Should any proposal fail to comply with terms and conditions stipulated in this RfP, or be incomplete, conditional or obscure, or contain additions not called for or irregularities of any kind or does not respond to important aspects of the RfP or if it fails to achieve the minimum technical score, it may be rejected as non-responsive.

NAMDP reserves the right to accept or reject any proposal, and to annul the bidding process and reject all proposals at any time prior to contract award, without thereby incurring any liability to the participating organization(s).