

Terms of Reference

Market Analysis of the Agricultural Machinery and Spare Parts Manufacturing and Light Engineering Sector in Bangladesh

1. Background

iDE is an international NGO with over 30 years of experience in designing and delivering market-based anti-poverty programs in 11 countries. We are a world leader in making markets work for the poor as well as the longest established market development specialist NGO in Bangladesh. iDE believes that markets can be a powerful force for improving smallholder prosperity by creating income and livelihood opportunities for poor rural households. iDE Bangladesh currently has eight projects in agricultural markets, water, sanitation and hygiene (WASH), and access to finance with a focus on women's economic empowerment and climate-smart technologies.

2. Program Overview:

The Cereal Systems Initiative for South Asia – Mechanization and Irrigation project (CSISA-MI) is a partnership between CIMMYT and iDE-Bangladesh, funded by the USAID Mission in Bangladesh under the Feed the Future (FtF) Initiative. Working in Bangladesh's Feed the Future (FtF) zone, the first phase of CSISA MI unlocked smallholder farmers' access to cost- and resource-saving crop sowing, irrigation, and harvesting machinery. This was achieved by facilitating rural entrepreneurship and leveraging more than \$6 million of private-sector investments, in an efficient mechanization value chain.

The objective of Phase II of CSISA-MI is to *“Enhance Agricultural Resiliency through Development of Agricultural Machinery Small and Medium Enterprises (SME's), and through Gender-inclusive Workforce Development, with a special focus on crisis-affected areas of Bangladesh”* The activities planned for a second phase (PII) of CSISA MI will contribute to this objective by accelerating new business opportunities for domestic and American farm machinery and light engineering firms. Activities emphasize the professional development of skilled workforces – with a focus on Bangladeshi women and youth – while applying cutting-edge research to unlock technical support and generate business opportunities for US firms, institutions, and financial advisors to collaborate with Bangladeshi companies, particularly small and medium-scale enterprises (SMEs).

This phase of the project will place greater emphasis on SME level actors in the supply chain who are critical, both to machinery and spare parts manufacture, as well as to service and maintenance of existing and new machinery utilized in the market. As a result of project interventions, firms of both categories will be professionalized and made “investment ready” through technical assistance and support across three primary functional areas: i) strategy, management, and operations, ii) technical and industrial process improvement

and iii) financing for capital investment.

3. Geographic locations / targets

The project will target the expanded USAID Bangladesh Feed the Future Zone of Influence (ZOI), which includes the district of Cox's Bazar. Jashore and Bogura are geographical priorities as they are two principal hubs for Bangladesh's domestic agricultural machinery manufacturing, light engineering and spare parts industry.

4. About the Assignment

The consultancy/assignment involves collaboratively engaging with the CSISA-MI team on designing the study methodology and survey tools; and then collecting data from diverse market level actors in the agricultural machinery light engineering, manufacturing, and spare parts industries. The consultant will lead the delivery of sector-wide situation analysis through understanding/identifying the existing landscape and constraints in the sector, focusing on the project targeted areas of Bogura, Jashore and Cox's Bazar districts.

5. Objectives of the Study:

iDE is looking for a consultancy firm/consultant with demonstrated experience in undertaking market assessments and Value Chain Analysis (VCA) of similar manufacturing and light engineering sectors, to provide an in-depth understanding on the current context (social as well as industrial) and future potential of SMEs in the targeted areas. The detailed subsector analysis should identify system constraints and challenges that can be addressed and leveraged through customized programme interventions, thereby increasing capacity and performance of selected SMEs. The specific objectives of the robust value chain analysis are as follows:

- A.** Conduct an inclusive sub-sector analysis (agricultural machinery light engineering and manufacturing) that will provide an in-depth overview on the history and current landscape, both nationally and in the CSISA MI-II working area, including the potential scope for enhancing agricultural mechanization through commercialisation focusing in the FtF zone, Bogura and Cox's Bazar in Bangladesh
- B.** Characterize the market system infrastructure and how it functions, particularly the rules, norms and other control and governance mechanisms
- C.** Develop a series of tangible recommendations that will collectively comprise a strategic roadmap for CSISA-MI Phase II to accelerate scale-appropriate mechanization through private-sector led market development approaches
- D.** Conduct value chain and influencer mapping that depicts the actors in the various market systems; their key functions and provide enhanced understanding of the existing informal relationships and

governance mechanisms among these actors; describe the business enabling environment and the role of local communities

- E. Evaluate the types of skilled labor needed / in demand by the SMEs in the sector, including an analysis of workplace enabling environment (financial benefit, health, physical & mental security etc.) for the workforce and opportunities for women and youth, which will in turn provide an indicator of the potential (or lack thereof) for employment generation/workforce development
- F. Estimate the overall size of the ag machinery light engineering and manufacturing market, including spare parts (domestic and export), as well as after sales service and maintenance; highlight market opportunities for local-SME produced machinery, parts, component assembly and tools
- G. Identify and map the major production pockets within the project areas, their growth potential, current market trends and the overall competitiveness of identified value chains (supply and demand) including future prospects in the domestic market as well as international market
- H. Identify and examine both internal and external systemic constraints within the prioritized sectors/value chains that limit market expansion and growth opportunities; recommend potential interventions to overcome identified constraints, highlighting opportunities for engagement of women and youth
- I. Identify the underlying policy, institutional, and infrastructural issues that affect the competitiveness of the shortlisted sectors with reference to the role of government and private sector. Develop a matrix indicating priority areas in which public sector can intervene and areas for the private sector engagement
- J. Identify organizations (Government of Bangladesh, private sector, civil society, NGOs, chambers of commerce, academia, TVETs, etc.) working within the shortlisted value chains from national to regional levels that (or could) contribute to sector growth.
- K. Investigate sources of potential funding for SMEs and estimate the value of potential investment opportunities (foreign or domestic) in either cash, equipment or infrastructure, or joint collaboration for the growth of SMEs in the sector

The study will further map the related needs, sources, and availability of raw materials to produce the key products of the selected sectors. The existence of linkages and gaps, if any, conducive to inter-firm collaboration (clustering) and potential for positive coordination, resource dependency and synergy with donors and government will also be assessed.

6. Study Methodology

A brief on the methodology is provided below. However, a more detailed and coherent methodology is expected to be co-developed with the consultant. To achieve the objectives of this study, the methodology

should be based on a ‘sub-sector analysis’¹ approach which will involve exploring the backward and forward linkages of key market relationships and transactions in order to triangulate and verify information received from market actors and the communities in which they function.

The study should include comprehensive formative research from both primary and secondary data. The study will include a desk review of the literature in the sector-specific documents, policies, websites, reports, national and international journals, recent books, etc.

The consultancy firms/consultants will collect primary data using both qualitative and quantitative research methods such as: semi-structured interviews, Key Informant Interviews (KIIs), Focus Group Discussions (FGD) and observations from each level of value chain actors and relevant stakeholders i.e *SMEs, spare parts shops, mechanics, Local Service Providers (LSPs), Farmers, Government officials, Private Sector Actors, Dealers/retailers, TVET, civil society, representative of BEIOA, Chambers of Commerce and any relevant input and output market actors*. Here, primary and secondary data analysis is equally important. Participatory tools, techniques and methodologies will be applied in data collection and verification of the available information. The technical proposal should include the following methodology in detail:

- A. Review of available secondary information of the sector
- B. Based on the literature review propose a sampling plan which is representative of the sector focusing on Bogura, Jashore and Cox’s Bazar.
- C. Develop data collection tools for FGDs, KIIs and survey questionnaires for the market assessment
- D. Participatory field observations, interview and consultations at the major market points including, input suppliers, producers, retailers and relevant stakeholders to collect required information;

Given the dynamic nature of markets, the study team needs to apply “follow the lead” in order to understand the role of different market actors and discover the various aspects of the market system. This involves triangulating information received by one source with related stakeholders in the market system in order to verify the accuracy of reports received during fieldwork.

This list is indicative and the consultancy firms/consultants may submit a proposal with additional methodology in line with industry standards.

7. Key Deliverables of the Consultancy Firms/ Consultants:

The consultancy firms/consultants is expected to deliver the following listed deliverables:

Deliverable-1 Detailed work plan and study tools: Subsequent to signing the contract, the consultant will present to CSISA-MI team a brief report demonstrating its understanding of this assignment, the proposed

¹ Sub sector-study approach seeks to understand the various actors, products and services in the different value chains which make up a subsector.

methodology of carrying out the assignment, a work plan with implementation schedule, quality control mechanism and detailed outline of the final report. Inception report will be reviewed by iDE and CIMMYT, resulting in a final agreement on the strategy that guides the consultancy firms/consultants.

Deliverable-2 Presentation of initial findings: The consultancy firms/ consultants will present initial findings to the CSISA MI Team focusing each objective (a-k) of the study. The feedback during this session will help shape the final report, especially in the areas of focus for analysis and recommendations.

Deliverable-3 Draft Report and Presentation: The consultancy will prepare a draft report including a Sector Strategy Document (SSD). The consultancy firms/ consultants should expect at least two rounds of feedback. Feedback from iDE and CIMMYT will be incorporated before finalizing the SSD. Following the feedback incorporation, consultancy firms/ consultants will be responsible for submitting the draft report and SSD to the CSISA-MI team.

Deliverable-4 Raw Tools: The firm will have to share the raw data, cleaned data, and data analysis plan with iDE and CIMMYT after they have completed each of the tasks.

Deliverable-5 Final Report: The final report will be shared with the CSISA-MI team for review and feedback. Depending upon the quality of the SSD and report, additional rounds of review may be required.

Responsibilities of the Firm

The major responsibilities of the consultancy firms/consultants are as follows:

- Collect relevant programme documents from CSISA-MI, clarify ToR and prepare a work plan with a timeline
- Develop a methodology including a sampling plan and key questions to be answered
- Develop data collection tools in consultation with CSISA-MI team
- Collect, clean data and preparation of the transcript
- Share data analysis plan with CSISA-MI team
- Analyze data and key findings presented to the CSISA-MI team
- Develop a table of contents and prepare a draft report
- Incorporate CSISA-MI team's feedback on the draft report and provide a Final version

Major responsibilities of iDE/CIMMYT

iDE/CIMMYT will provide the consultancy firms/consultants with necessary support to undertake and implement the assignment and execute the objective of this ToR. Such responsibilities include the following:

- Provide initial briefing and existing work overview;
- Provide relevant documents and technical support;
- Support to finalize the methodology of the study;
- Provide feedback and approve data collection tools;
- Supervise data collection and arrange a presentation on analyzed data
- Provide feedback on the draft report;
- Approve the final report; and,

- Disburse payment as per the agreed schedule.

Tentative task schedule

CSISA MI project requires the assignment to be completed by the 15th of September, 2019. The following table gives the deliverables along with the deadlines. The deadlines can be adjusted upon mutual consent.

Indicative Work Plan										
Activities	July				August				September	
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2
Contract signed										
Work plan and methodology submitted and approved										
Prepare, review and approve data collection tools										
Field testing and Data collection										
Data analysis and presentation of findings										
Development and Submission of draft report and Sector Strategy Document (SSDs)										
Feedback incorporation and submission of final report										

Deliverables and Schedule of Payment

The financial proposal (format attached) should include expert and data enumerator's fees and expenses (including travel costs, accommodation & food expenses, etc.). The payment will be made in three installments as follows:

S.N.	Deliverables	Installment Value
1.	Approved Work plan	30% of the Total Contract Value
2.	Data analysis and presentation of preliminary findings	30% of the Total Contract Value
3.	Final dataset and transcripts	40% of the Total Contract Value
4.	Final report	

Note: Government VAT and tax regulation will be applied, and these costs must be included in the financial proposal.

The following terms and conditions will apply:

- The payment will be made through account payee cheque/ wire transfer (account name, number, type, bank name, and branch name is required for wire transfer);
- Government VAT and tax regulation will be applied and iDE Bangladesh will deduct all relevant VAT and Tax at source as per GoB rule;
- VAT Registration Certificate, TIN and Trade License must be submitted before the agreement is signed;
- In case of failure to deliver the final product in due time, iDE Bangladesh will deduct 0.25% of the total agreement amount for each day of delay in submitting the report beyond the closing date of the agreement;
- The selected firm will abide by other terms and conditions of iDE Bangladesh.

Guidelines for submission of the proposal

These guidelines shall ensure uniformity of proposals submitted by all applicants and transparency of the evaluation process.

A. Minimum eligible criteria for the consultancy firm/consultant

The applicant must meet the following criteria.

- The Team Leader of the consultancy firm/consultant must have at least 10 years of experience of conducting social/market using both qualitative and quantitative methods.
- The consultant must have rigorous experience of conducting studies. Clear understanding of market research methodologies and experience in using different social research tools and techniques;
- The consultant should have prior experience of working on the light engineering sector in Bangladesh. They must have proven experience in market assessments and value chain analysis with private sector engagement.
- The consultant must be familiar with DCED results framework

B. Contents of the technical proposal

The language of the proposal should be English. The proposal must be submitted in PDF format, maximum of 8 pages (not sheets) excluding Cover Page, Abbreviations, Glossary, Table of Content, Additional Documents, and Annexes. Page size A4;

S.N.	Content of the Proposal	Maximum possible points	Suggested number of pages
The main part of the proposal			
1	Background/organizational profile of the applicant	-	0.5
2	Experience conducting similar market analysis / sub-sector studies (title of the study and brief description of the nature of the study, the date the study was conducted, the name of the client). Recommendations resulting from such work may be included in the Annex.	10	1
3	Team composition and abbreviated CVs of core members of the study team	10	1
4	Description of proposed technical approach and understanding of the assignment	20	1
5	Proposed study methodology	25	2.5
6	Timeline and milestones in Gantt Chart format	10	1
7	The budget must be structured as follows: a) Personnel days with professional fees for each staff assigned b) Support services (materials, communications, etc.) c) Travel (local & distance including flight fare) d) Food and Accommodation (Total cost including average rate per person, per night) e) VAT and TAX as per Government rules (applicable on whatever the cost)	25	1
	Total score for the proposal	100	
Additional Documents that must be submitted			
8	-A certificate proving the legal entity of the applicant (e.g. trade license, NGO bureau registration, joint stock registration); -Tax identification number (TIN); -VAT registration number (if applicable);	--	As required
Annex			
9	Annexes may be included for further clarification. However, for evaluation, only the main part of the proposal will be taken.		As desired

C. The Content of the financial proposal

Financial Proposal		
Name of the Organization		Date:
Address		

SL	Items	No. of Persons	Unit(Day)	BDT per day or unit	Total Amount (BDT)	Remarks
A	Remuneration					
A1	Team Leader					
A2	Study Coordinator					
A3	Qualitative data analyst					
A4	Quantitative data analyst					
A5	Supervisor					
A6	Data Entry Operator					
A7	Enumerator Quantitative					
A8	Enumerator Qualitative					
Sub Total						
B	Travel, Food and Accommodation					
B1	Air fare					
B2	Bus, Train, Steamer fare					
B3	Local transport					
B4	Food & Incidental					
B5	Accommodation					
B6	Other					
Sub Total						
C	Support Services					
C1	Training venue					
C2	Training Materials					
C3	Training food					
C4	Stationary					
C5	Print					
C6	Other					
Sub Total						
	VAT (%)					
Grand Total						
In Words						

Interested firms are asked to submit their Technical and Financial Proposal to bangladesh.procurement@ideglobal.org.

Please write **“Market Analysis for CSISA-MI project”** in the subject line. The proposals should be submitted by **5 PM Bangladesh time on the 29th of June, 2019**. We are only able to consider electronic submissions. Only shortlisted firms will be contacted and invited for a technical discussion.