

## Terms of Reference

### Service Delivery Models - Phase 3 (program cases)

December 2016

#### 1. Background

##### **IDH The Sustainable Trade Initiative**

IDH accelerates and up-scales sustainable trade by building impact oriented coalitions of front running companies, civil society, governments, knowledge institutions and other stakeholders in 18 commodity sectors. We convene the interests, strengths and knowledge of public and private partners in sustainability commodity programs that aim to mainstream international and domestic commodity markets. We jointly formulate strategic intervention plans with public and private partners and we co-invest with partners in activities that generate public goods.

##### **Service Delivery Models Study - Phase 1 & 2**

IDH started with the work on “Service Delivery Models” in 2014 by developing the methodology on how to analyze the economic sustainability of a SDM, both from the perspective of the farmer and from the perspective of the service provider. In Phase 1 the methodology was tested with three trusted partners of IDH in coffee and cocoa. Based on the outcomes of the first analyses, it was concluded that the analyses added value both to partners of IDH as well as to IDH itself.

In Phase 2 the number of analyses were expanded with key partners in coffee and cocoa and based on the experiences of the first phase, the methodology was deepened and refined. IDH created an overall insights report based on these analyses, including a number of key questions that were not answered yet.

##### **Service Delivery Models – Phase 3**

In Phase 3 of the SDM work stream, IDH would like to focus on a number of these key questions, which could be clustered around how to improve the impact at farmer profitability and around how to increase the financial sustainability of a SDM. Besides “understanding” a SDM, IDH would like to actively work with partners on further innovating their SDM. For Phase 3 IDH has entered into a strategic partnership with Bill and Melinda Gates Foundation to look into best practices on cost-efficiency and how to best finance a SDM. IDH and BMGF would like to derive key criteria for success from analyzing a range of different SDMs (in different countries, crops, with different types of service providers) to sharpen investment strategies and explore possibilities to set up a dedicated Innovation Program for SDMs.

The work in the third phase of the SDM project is split into two parts: the BMGF program, and case analyses that are part of IDH program innovations. This TOR covers the program cases only.

The overall objectives of phase 3 are:

- To support the IDH programs & BMGF in strategizing their investment decisions and in investing in innovations to improve the performance of SDMs (through new case analyses, case deep dives and prototyping SDM innovations);
- To strengthen the “thought leadership” of IDH on SDM (through deepening learnings on key topics and organizing a learning community around SDM);
- To design an Innovation Program for SDMs to unlock funding to implement prototypes for innovation.

## 2. SDM methodology

IDH, with the support of KPMG and NewForesight Consultancy, developed a methodology to assess the economic sustainability of a “Service Delivery Model”. This methodology entails the calculation of the Return on Investment for a farmer, service provider(s) and potential investors. Also a sensitivity analysis is executed to understand the shock resistance of an SDM. The analysis looks in detail at the type of farmers that are being reached, how they are organized, the services that are being provided, the cost structures of the model, how it is being financed and the strengths and weaknesses of an SDM. In each analysis a set of learning questions is being used. For the SDM analysis, a tool has been developed that can be tailored to each individual analysis. The tool is an Excel file that makes the calculations and sensitivity analyses with the data that’s being provided by the SDM case owner. This tool will be made available to the consultant that is selected to execute this assignment.

## 3. Objectives of this assignment

Within the framework of the third phase of the work on SDM, IDH is looking for a partner that will deliver 9 - 10 case analyses, based on the SDM methodology developed by IDH in earlier phases. These cases are executed within the context of the IDH commodity programs. Each case will give IDH and its private partner insight in the particular SDM to identify strengths and areas for development. Next to that, the case analyses will enable IDH to make informed investment decisions.

Within this assignment, the consultant is expected to develop two standardized products with a fixed price:

- A light version SDM analysis (without field visit); and
- A regular version (including field visit).

The consultant is expected to prepare the following deliverables per SDM analysis:

- Private case report;
- Public case report;
- Short public case report (8 pages);

- SDM excel tool adjusted for the specific case;
- Qualitative analysis on the strong and weak points of a specific SDM, including the positive / negative effect of the enabling environment;
- Feedback of learnings and insights into the analytical framework.

IDH will make available (only for use within this assignment) to the selected consultant the SDM tool and methodology, as well as the case report formats (both full and short versions).

The (maximum) 9 - 10 case analyses are expected to be executed in the period between January 1st 2017 and December 30, 2018, depending on pipeline development and requests for SDM analyses. The timeline per case analysis will be decided on a case by case basis.

#### **4. Profile of the consultant**

The consultant(s) need to have the following experience / knowledge:

- Experience with a variety of agricultural value chains (and give examples of earlier projects);
- Experience with data management projects (data collection, verification and analysis);
- Experience with “dynamic modelling”;
- Experience with different types of service delivery models;
- Experience with “closed box” environment (necessary requirement);
- Track record in working with private sector players.

The consultant(s) need to have the following skills:

- Well-developed analytical skills;
- Well-developed modelling skills;
- Well-developed communication skills to contact different type of organizations and to report in a way that is easy, attractive and accessible for a wide audience;
- Writing skills for concrete and structured reporting.

The consultant(s) need to have the following characteristics:

- Punctual;
- Result-oriented;
- Critical on quality & reliability of information;
- Dedicated adherence to deadlines;
- Sensitivity how to treat confidential information.

#### **5. Proposal**

IDH is asking consultants to prepare a proposal (max. four pages) in which it is explained how the consultant will organize its engagement and team to contribute to the objectives as explained above.

The proposal should at least contain:

- Description of your organization;
- Approach to the assignment with concrete examples of similar types of analysis;
- Profile of the consultants (in line with Section 4), including CVs and at least three references per consultant;
- Budget (fixed price for two standardized products: ‘regular analysis’ and ‘light analysis’, as specified in Section 3).

When preparing the proposal the consultant will take into account that the amount of cases is not fixed. The maximum number of case analyses that will be executed by the consultant is 9-10. Payment will be per case analysis.

Please send your proposal digitally to Iris van der Velden, [vandervelden@idhsustainabletrade.com](mailto:vandervelden@idhsustainabletrade.com).

## 6. Selection criteria & procedure

The proposal will be assessed based on the following selection criteria:

- Quality of the proposal, based on the requirements in Sections 4 and 5:
  - o Quality of the proposed methodology & approach;
  - o Track record in working with private sector and agri value chains;
  - o Demonstrated experience in executive communication;
  - o Team composition and track record of the consultants.
- Budget.

The following timelines apply to the procedure and assignment.

Activity	Timeline
Terms of Reference published	December 22, 2016
Deadline for submission of proposals	January 13, 2017
Selection of consultancy	January 20, 2017
Inception meeting	Around February 1, 2017
Case analyses (ongoing)	February 2017 – December 2018

## 7. Contact information

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