



## Terms of Reference

### Fresh & Ingredients

#### Implementation: Development of dehydrated vegetable and herb value chain in South Africa

September 16, 2019

#### 1. Introduction

IDH 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 several 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.

On the basis of these Terms of Reference IDH aims to select a party that can **lead the design and implementation of a dehydrated vegetable and herb value chain trial in South Africa**. IDH has partnered with a large multinational off-taker to develop their local sourcing strategy in South Africa. In South Africa, the multinational off-taker has identified a potential supplier and have committed to an initial three-year sourcing commitment for dehydrated vegetable and herb products. IDH will support this supplier in the development of an inclusive dehydrated vegetable and herb value chain, building production that is centred on a block farm model, and supporting the supplier in developing its knowledge and capacity for the production and processing of dehydrated vegetable and herb products. This will serve as a proof of concept, to attract commercial financing for future scaling.

**IDH is looking for a Consultant that can support this supplier in building its production, processing and management capacity for supplying a large multinational off-taker in an initial trial period of 17 months (up to end-2020). The Consultant will lead the project design and implementation.**

IDH reserves the right to update, change, extend, postpone, withdraw or suspend the Terms of Reference, this tender, or any decision with regard to the selection or contract award. IDH is not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant. IDH reserves the right to suspend or annul the Tender Procedure at any moment in time.

Participants cannot claim compensation from IDH, any affiliated persons or entities, in any way, in case any of the afore-mentioned situations occur.

By handing in a proposal, participants accept all terms and reservations made in these Terms of Reference, and subsequent information and documentation in this tender procedure.

#### 2. Objectives

The overall objective of this project is, through a trial period of 17 months, to lead the design and implementation of an inclusive dehydrated vegetable and herb value chain trial for a supplier to



supply a large multinational off-taker, and to position the supplier to access commercial financing through IDH's Farmfit Fund for future scaling.

The specific objectives of this project include:

- Develop a financial feasibility assessment of the supplier's different product lines, and the impact that each of these product lines will have on the supplier's financial viability, potential inclusion of smallholder farmers, and the scalability of the supplier's operations into the future.
- Provide technical advice to the supplier in building its dehydration processing capacity. This should include capacity to process onions, carrots, rosemary, thyme, parsley and garlic. The supplier will need to invest to expand its processing capacity to meet the multinational off-taker's longer-term sourcing commitment; the Consultant will need to provide the supplier with strategic investment advice in-line with a longer-term scaling strategy. This should also include specifications for the storage and initial drying of inputs for processing.
- Dehydration processing is energy-intensive. Technical advice to the supplier will need to include different energy generation alternatives and the cost implications in a South African context.
- Provide agronomic advice, including an initial assessment, to the supplier for establishing a trial block farm<sup>1</sup> model to produce raw material inputs for dehydration processing. To build a resilient system, crops will need to be farmed on a rotational basis; the structure of the block farm will require planning to ensure operational efficiency. Included in this will be advice on farm-level mechanization.
- Train, coach and guide the supplier and its staff to build internal capacity to meet the multinational off-taker's sourcing commitment and ensure that this knowledge is embedded in the company.
- In parallel with developing the block farm model, develop a raw material sourcing strategy for the supplier for dehydration processing. To ensure the best sourcing of input materials, a country-wide sourcing strategy should be considered. This should be a combination of the supplier's own-farms and outgrowers (contract farmers) and should include a series of trial fields to identify the optimal location.
- In addition to supply to the multinational off-taker, support the supplier in developing a local, regional, and export market strategy, a customer portfolio for fresh vegetable and herb products, and linking the supplier to potential off-takers in these markets. This will apply to the supplier's existing crop production and crops on rotation in the block farm that do not feed into dehydration processing.
- Support the supplier in the recruitment of an Agronomist, Operations Manager (block farm), and Processing Manager, with the objective of building internal business management, production and processing capacity.
- Link the supplier to an international dehydration processing partner – this will be crucial to ensuring the supplier's long-term success.

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<sup>1</sup> Under a block farm model, land owned or leased by the supplier will in-turn be leased out to a group of smallholder block farmers (for example, at one farmer per hectare). Services provided and offtake from the block farmers is centralized, improving efficiencies.



- IDH have conducted a pre-project scoping assessment; working towards these objectives should build on the output from this scoping assessment.

### 3. Deliverables

The deliverables of this project will include:

Deliverables of project	Deadline
<p>Brief update reports on project progress, including, but not limited to:</p> <ul style="list-style-type: none"> <li>- Engagements with the supplier’s team.</li> <li>- Identifying suitable varieties for dehydration processing.</li> <li>- Assessing the production potential of the supplier’s own-farms, and the block farm model.</li> <li>- Establishing required infrastructure (including access to water and energy) for the block farm.</li> <li>- Potential demand for fresh vegetable and herb products in local and international export markets.</li> <li>- Engagements with suppliers of processing equipment.</li> </ul>	Monthly, over project duration
<p>An initial assessment of the supplier’s production and sourcing (contract farmers) potential for dehydration processing; existing processing capacity; existing management capacity; together with investments required to meet the multinational off-taker’s three-year sourcing commitment.</p>	15 October 2019
<p>A comprehensive production and processing strategy for the supplier for an initial three-year period. This should include the following components:</p> <ul style="list-style-type: none"> <li>- Supply to the multinational off-taker: <ul style="list-style-type: none"> <li>o Processing capacity for the dehydration of onions, carrots, rosemary, thyme, parsley and garlic.</li> <li>o Development of a block farm to produce the required raw material inputs.</li> <li>o An adjacent sourcing strategy for raw material inputs for processing from the supplier’s own-farms and local contract farmers.</li> </ul> </li> <li>- Supply of fresh vegetable and herb products to local, regional and international export markets.</li> <li>- Financial projections, including sales, operational expenditure, capital expenditure, break-even point, etc.</li> </ul>	15 December 2019
<p>Interim progress report, including in-depth feedback according to the points above (monthly update reports).</p>	30 June 2020
<p>Develop a comprehensive production and processing strategy for the supplier for a subsequent five-year period. This will be a revision</p>	30 November 2020

<p>of the initial production and processing strategy, and will include the following additional components:</p> <ul style="list-style-type: none"> <li>- Strategy for the supplier to optimize the production of raw material inputs for dehydration processing. This includes identifying varieties best suited to dehydration processing and suitable production regions/sites.</li> <li>- Strategy for the supplier to scale its inclusive sourcing, using the initial block farm model as a proof of concept.</li> <li>- Strategy for the supplier to scale its processing capacity in-line with the multinational off-taker's longer-term sourcing commitments.</li> <li>- Financial projections, including sales, operational expenditure, capital expenditure, break-even point, etc. that will serve the supplier in accessing commercial financing.</li> </ul>	
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#### 4. Consultant profile

The Consultant needs to have the following experience / knowledge:

- At least ten years' experience in developing fresh and processed vegetable and herb value chains in Africa, with experience in South Africa, supplying to large commercial off-takers and/or into international export markets.
- Experience developing commercially viable value chains of scale in Africa and Europe.
- Experience in mapping and optimizing fresh and processed value chains.
- Proven track-record of development and implementation of successful farming operations.
- In-depth agronomical knowledge of vegetable and herb production, with a thorough understanding of optimal soil and weather conditions, suitable varieties, and farm-level mechanization to scale production and improve efficiency.

The Consultant needs to have the following skills:

- Forecasting agricultural production.
- Building realistic financial models for agricultural supply chains, factoring in the dynamics of foreign exchange and input costs (energy, fuel), labour and farming efficiencies.

The Consultant needs to have the following characteristics:

- Business and operationally-minded: this project needs to lead to an inclusive and viable business that has the potential to scale.
- Network with relevant experts, in South Africa and internationally: seed suppliers; processing experts; suppliers of farm-level equipment and required processing lines.

#### 5. Proposal guidelines

In the proposal, please provide the following:

- a. A succinct, well-documented approach that demonstrates the Consultant's understanding of each of the following components (**maximum of 5 pages**):



- i. Agronomy – aspects that are crucial to building large-scale production for dehydration processing.
  - ii. Block farm model – establishing an efficient greenfield block farm model based on a 1:4 rotation.
  - iii. Dehydration processing – herb and vegetable dehydration processing and options for scaling processing over time.
  - iv. Local (South Africa), regional and export market opportunities for fresh vegetable and herb products.
  - v. Positioning an agribusiness for raising commercial financing to scale, particularly within a South African context.
  - vi. The required technical and management capacity at the farm and processing levels for the supplier to successfully supply dehydrated vegetable and herb products to a multinational off-taker.
- b. A budget with a break-down of man days/rate per consultant. This should include consulting time spent working directly with the supplier on a regular basis, and if applicable, an estimate of associated travel and accommodation expenses.
  - c. Statement of the Consultant’s relevant experience, particularly regarding the knock-out criteria detailed below (**maximum of 1 page**)
  - d. A proposal outlining how the Consultant will communicate on project progress with IDH on a regular basis throughout the duration of the project (**maximum 1 page**).
  - e. Clear description of the project team and relevant experience of team members, CVs of team members, and time allocation per team member (**maximum of 4 pages**)
  - f. Description of contractors (**maximum of 1 page**)
  - g. Statement Grounds for exclusion (see section 6 below)

## **6. Grounds for exclusion**

1. Consultants shall be excluded from participation in a procurement procedure if:
  - a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
  - b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;
  - c) they have been guilty of grave professional misconduct proven by any means which the IDH can justify;
  - d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established, or with those of the Netherlands or those of the country where the contract is to be performed;
  - e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity, where such illegal activity is detrimental to the MFA’s financial interests.



Consultants must confirm in writing that they are not in one of the situations as listed above.

2. Consultants shall not make use of child labor or forced labor and/or practice discrimination and they shall respect the right to freedom of association and the right to organize and engage in collective bargaining, in accordance with the core conventions of the International Labor Organization (ILO).

**7. Procedure**

The procedure will be as follows:

- Inviting Consultants for presenting a full proposal based on these Terms of Reference
- Evaluation of the proposals by an evaluation committee consisting of David Black and Kebba Colley. The evaluation committee will evaluate the proposals on the basis of the knock-out criteria and the selection criteria as published in these Terms of Reference.
- IDH might request the preferred consultant to pitch their proposal to the evaluation committee. This is optional and will not be a requirement for all Consultants handing in a proposal.
- Decision on selection of Consultant.
- Inception meeting with the selected Consultant.

Tender process	Timeline
Terms of Reference published	21 August 2019
Deadline for submission of proposals*	20 September 2019
Pitching of proposal by preferred Consultant (optional)	25 September 2019
Selection of Consultant	27 September 2019
Awarding of contract to successful Consultant	27 September 2019

\* Proposals submitted after the deadline will be returned and will not be considered in the tender procedure.

IDH will reject offers if any illegal or corrupt practices have taken place in connection with the award or the tender procedure.

**8. Selection criteria**

Proposals will first be short-listed based on the following knock-out criteria:

- Demonstrated experience developing successful large-scale commercial agricultural value chains in Africa.
- Demonstrated experience working in large-scale processed food value chains.



Proposals that meet these criteria will then be evaluated through the following selection criteria:

Topic	Selection criteria	Maximum points	Weight
<b>Approach</b>	The extent to which the approach adequately addresses the objectives and expected deliverables of the assignment according to the following components: <ul style="list-style-type: none"> <li>- Agronomy</li> <li>- Block farm model</li> <li>- Dehydration processing</li> <li>- Local, regional and export markets for fresh vegetables and herbs</li> <li>- Raising commercial financing</li> <li>- Knowledge of the required technical and management capacity at farm and processing levels</li> </ul>	10	3
<b>Experience</b>	The extent to which the Consultant demonstrates the required experience detailed in the Consultant profile	10	4
<b>Communication</b>	The extent to which the Consultant’s communication proposal will keep IDH sufficiently informed on project progress	10	1
<b>Budget</b>	The proposal with the lowest budget including VAT and applicable taxes will receive 10 points, followed by 8, 5 and 3 points for the following higher budgets.	10	2
<b>Total maximum points</b>			<b>100</b>

### 9. Confidentiality

The Consultant will ensure that all its contacts with IDH, with regards to the Tender, during the tender procedure take place exclusively in writing by e-mail to Kebba Colley via [colley@idhtrade.org](mailto:colley@idhtrade.org). The Consultant is thus explicitly prohibited, to prevent discrimination of the other Consultants and to ensure the diligence of the procedure, to have any contact whatsoever regarding the tender with any other persons of IDH than the person stated in the first sentence of this paragraph.

The documents provided by or on behalf of IDH will be handled with confidentiality. The Consultant will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Consultant or its engaged third parties will give IDH grounds for exclusion of the Consultant, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Consultant will be handled with due care and confidentiality by IDH. The provided information will after evaluation by IDH be filed as confidential. The provided information will not be returned to the Consultant.



#### **10. Contact information**

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Position : Program Director

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