**TERMS OF REFERENCE (TORs)**

**For**

**THE APPOINTMENT OF A TEAM OF CONSULTANTS TO CONDUCT RESEARCH IN SUPPORT TO THE DEVELOPMENT OF AN AGRICULTURAL SECTOR MASTERPLAN AND RELATED AGRO-INDUSTRY DEVELOPMENT OPTIONS**

**Application Deadline: 8 November 2019**

**Category:** Company/Research Institute

**Type of Contract: Professional Contract**

**Languages Required:** English

**Starting Date:** Upon approval and signature by both parties

**Expected Duration of Assignment:** Maximum 80 days

1. **INTRODUCTION**

Most rural areas in South Africa face the structural challenges of unemployment, poverty, inequity and inequality as can be attested by the profiling of Comprehensive Rural Development Programme sites by the Department of Rural Development and Land Reform in the 27 priority districts in South Africa. This is an unwanted economic legacy of the apartheid state that still haunts South Africa. This is most aptly evident in the crisis of rural underdevelopment, underutilisation and unsustainable use of productive land (including redistributed and state-owned land), the plight of small and medium-scale farmers and “emerging” Black commercial farmers across the country.

1. **BACKGROUND AND PROBLEM STATEMENT**
   1. Large-scale commercial farming systems are dominant in some parts of the world (e.g. the USA, Australia), but not in others (e.g. South America, Asia and, large parts of Africa). A great diversity of farming and agro-food systems continues to exist today. This suggests that a transition from small-scale, labour-intensive and family-based production systems to capital-intensive and technologically sophisticated systems is not inevitable.In South Africa, large-scale commercial farming systems are owned by white farmers. The current narrative is that black small farmers in South Africa often require help to graduate from being standalone entities and develop the operational and financial capacity to enable them to sustainably compete with larger farmers and graduate to large commercial farmers.
   2. International experience and empirical research evidence (case studies in countries such as India, China, Brazil, amongst numerous others) show that small-scale, labour-intensive and family-based production systems offer a viable solution in addressing social and economic inequalities, unemployment and poverty by promoting agro-industrialisation within small-scale farming and emerging Black commercial farming sectors, thus ensuring that the escalated land distribution, more inclusive restitution and strengthen land rights are accompanied by equitable, efficient and well-planned land, rural and agricultural development.
   3. Vision 2030 of the National Development Plan (NDP) calls for an inclusive rural economy. The 2030 vision speaks of the inclusivity and integration of rural areas, through successful land reform, job creation and poverty alleviation, and places Agriculture as the driving force behind this vision.

2.4 As the primary economic activity in rural areas, the NDP sees agriculture as having the potential to create close to 1 million new jobs by 2030, a significant contribution to the overall employment target. To achieve this target the NDP identified the following key activities:

* Expand irrigated agriculture: Evidence shows that the 1,5 million hectares under irrigation (which produce virtually all South Africa’s horticultural harvest and some field crops) can be expanded by at least 500 000 hectares through the better use of existing water resources and developing new water schemes.
* Underutilized land in communal areas and land reform projects for commercial production. Better land use in communal areas could improve the livelihoods of at least 370 000 people and create around 300 000 jobs by 2030.
* Pick and support commercial agriculture sectors and regions that have the highest potential for growth and employment.
* Support job creation in the upstream and downstream industries.
* Find creative combinations between opportunities. For example, emphasis should be placed on land that has the potential to benefit from irrigation infrastructure, and priority should be given to successful farmers in communal areas, which would support further improvement of the area and industries and areas with high potential to create jobs should receive the most support. All these will increase collaboration between existing farmers and the beneficiaries of land reform.
* Develop strategies that give new entrants access to product value chains and support from better resourced players.
  1. The NDP provides evidence for job creation if the right conditions are created, such as the better utilisation of land. Better land use in communal areas could improve the livelihoods of at least 370 000 people, and create about 300 000 jobs, based on the following assumptions. Firstly, assuming that 831 871 plots of less than half a hectare are largely vegetable gardens and that the 34 546 farmers with more than 20 hectares farm in commercial areas. This leaves some 440 000 households who farm on between 0,5 and 10 hectares of land. The NDP calculates that if one out every 10 households with less than 0,5 hectares is improved, about 83,187 jobs are created; and if at least 25 000 smallholder farmers with access to more than five hectares of dry land employ at least 2 people, about 50 000 jobs can be created. In addition, if farmers on between 0,5 and 5 hectares benefit from better livelihoods, an estimated 165 000. The output thereof is sustainable agrarian reform with the sub-output that the number of smallholder producers should be increased from a baseline of 200 000 to 750 000 within a period of five years with access to local and international markets.
  2. President Cyril Ramaphosa said in his first State of the Nation Address (SONA- June 2019) that in order to meet desirable growth targets, government will rebuild the foundations of the economy by revitalising and expanding the productive sectors. He said this requires the country to reimagine its industrial strategy to unleash private investment and energise the State to boost economic inclusion. He placed emphasis on agriculture as one of the productive sectors of the economy and as a foundation of the economy that needs to be rebuilt in order to make SA’s growth targets in terms of the National Development Plan (NDP). The President said government will also pursue key interventions, including a plan to expand the agriculture and agro-processing sector, by supporting key value chains and products, developing new markets and reducing our reliance on agricultural imports.
  3. Smallholder farmers currently farm some 10 to 13 percent of available agricultural land in South Africa. About 40 percent of this land is under cultivation by smallholders whose farm sizes range from 5 to 20 hectares, of which nearly four-fifths is used as an additional source of food for the household (McKinsey, 2015). By raising the productivity of these smallholdings and helping farmers gain access to local markets, South Africa can support many rural households in making farming a commercially viable concern that sells agricultural produce and employs workers. It is estimated that South Africa has the potential to boost the productivity of through well-planned and coordinated government support.

2.6 Empirical evidence suggest that smallholders are not always less productive than commercial farmers, but there is scope to improve their value added, quality of life, and income (Van Zyl, Kirsten & Binswanger, 1997). It also suggests that the success of small-scale farmers is determined by the level of state and/or institutional support extended to farmers. In comparison to other countries, South Africa provides the lowest support to producers especially smallholders. There is a need to adequately support these farmers otherwise the Agri-Parks and other agrarian reform and rural development initiatives would not be realised. Smallholder farmers have inadequate access to high-quality inputs, and improvement in this area could increase the quality and quantity of their commodities. Smallholder producers are defined as those producers who “produce food for home consumption, as well as sell surplus produce to the market”, meaning that earning an income is a conscious objective, as distinct from ‘‘family plots/resource-poor producers’’ who produce mainly or entirely for own consumption.

2.7 Most smallholder producers have diverse sources of livelihoods, including off-farm income, therefore being a smallholder producer does not necessarily imply a full-time activity or the only or even main source of household income. In cases of a severely poor resource base, this category of producers can regress to the subsistence level. On the other hand, if adequate support is provided and under the right conditions, these producers may graduate to becoming profitable and sustainable business owners.

2.8 The reason for emphasis on support for smallholders and rural enterprises is that there is evidence to suggest that this is an area in which there remains much untapped potential to create economic opportunities, especially in rural areas where poverty and unemployment is concentrated. One piece of evidence relates to the area of under-utilised arable land in the ex-Bantustans; another is the fact that to date, the land acquired through land redistribution has seldom been subdivided to create opportunities for smallholders, whereas in principle this could be done.

2.9 Small-scale farmers are fully capable of becoming profitable businesses, but this will require a coordinated, systematic and integrated support and assistance approach from government which can equip them with the skill sets to improve production and manage change and this initiative is an important step in securing livelihoods, create employment and reducing poverty. Similarly, a key investment is in building and empowering small and medium scale farmers’ organisations at provincial and district levels. These organizations, when strengthened and made accountable to their members, will be effective and efficient agent of social, political, cultural, and economic change for development in their communities and societies. Farmers’ organizations (1) consolidate the voices, the produce and the material and non-material wealth (such as knowledge) of their members, (2) promote democratic, just, inclusive, and participatory processes and systems, and (3) promote self-reliance and a collective shaping of their members/communities’ destinies. As a result, investments in empowering farmers’ organizations are investments in getting committed, dynamic, active partners, unleashing the potentials of small and medium scale farmers in the working of ending poverty, inequity, inequality and unemployment. This will require a coordinated, systematic and integrated support and assistance approach from government which can equip them with the skill sets to improve their livelihoods.

2.10 The Department of Agriculture, Land Reform and Rural Development (DALRRD) is dedicated to the social and economic development of rural South Africa and hold’s itself accountable to the nation to discharge its responsibilities professionally. The DALRRD is therefore in a unique position to promote and champion the well-being of smallholder farmers in collaboration with the other departments, provincial and local government, business, labour, civil society, farmers’ organisations and associations. This will help in improving the country performance on food security, food safety, nutrition, and food sovereignty.

2.11 To achieve the mandate of the DALRRD in entrusting agricultural, rural development and land reform responsibilities to provincial and district offices, developing and supporting smallholder farmers will stimulate the rejuvenation of the country’s sustainable economic development and social progress and contribute to the achievement of the National Development Plan priorities and Sustainable Development Goals and targets. Small to medium scale farmers need to be part of sustainable, commercially viable and profitable enterprises. In doing so, we will build a future for all of our people. Therefore, it is against this background that the United Nations Development Programme (UNDP) would like to solicit an expertise of a team to undertake a detailed research on status of agricultural sector and assist government to develop sector masterplan. The team’s specific area of responsibility, task duration, task objectives and specific objectives, as well as the minimum scope of work, and deliverables are outlined below.

1. **PROJECT PURPOSE**

To appoint a team of technical experts to support the DARDLR field teams to use various qualitative and quantitative methodologies to determine the following:

3.1 The character of small and medium scale farmers and their organisations;

3.2 The commodities and types of commodities they produce;

3.3 To understand their products and systems and cycles and identify their needs and challenges they face in these cycles, including input costs, sources of inputs, farm extension/preparation services, access to markets, harvest loss and the elements amongst these that can be aggregated; and

3.4 To further assess small agro-processing, manufacturing and industries in villages, townships and towns.

1. **PROJECT SCOPE** 
   1. The team will support the above-mentioned effort, the associated fieldwork and strategic research and other key subjects of developing a business case to mainstream the Land and Agricultural Development Bank of South Africa (Land Bank) to play a key strategic role as provided for in the Land and Agricultural Development Bank Act 15 of 2002 (“The **Land Bank** Act”). In order to achieve the stated objective, the experts team will have the following responsibilities:

4.1.1 Conduct research in the form of a business case for the strategic role the Land Bank can play in agricultural and rural development;

4.1.2 Conduct desktop research on international and local best practices, agricultural and rural development agencies and small and medium scale farmers’ organisations;

4.1.3 Orientation of district teams and field process;

4.1.4 Gather and analyse information from district field visits and provide an independent assessment of these;

4.1.5 Assessment of offers from organised agriculture;

4.1.6 Assessment of Broad Based Black Economic Empowerment and capital gains tax circumvention;

4.1.7 Financial analysis and modelling of various financial options;

4.1.8 Explore industry options and modelling;

4.1.9 Conduct research on the strategic role that National Agricultural Marketing Council (NAMC), Agricultural Research Council (ARC), Sector Education and Training Authorities (SETAs), TVET colleges, etc. can play

4.1.10 Configure the SWOT analysis;

4.1.11 Research, development and innovation in agro-industries;

4.1.12 Assess how the Land Bank currently operates and how it can be configured to play a strategic role in small and medium scale farming;

4.1.13 Analysis of market conditions and barriers of entry both locally and internationally;

4.1.14 Research innovative technologies and equipment to enhance productivity;

4.1.15 Research and analysis in achieving economies of scale in small and medium scale farming systems;

4.1.16 Analysis of policy barriers and policy enhancement and the development of new policies; and

* + 1. Conduct best practice research on innovative capacity building interventions.

**4.2 The experts team is expected to further perform the following tasks:**

4.2.1 Drafting of an inception report detailing the district field visits and information collection plan;

4.2.2 Literature review on small and medium scale agricultural systems and rural development;

4.2.3 Development of case study guide to conduct the case studies on small and medium scale farmers’ organisations;

4.2.4 Development of district consultative visits guides in consultation with the DARDLR;

4.2.5 Data analysis and report writing:

4.2.6 Developing a business case for the strategic role of the Land Bank;

4.2.7 Draft case studies inclusive of key success factors and recommendations on strengthening existing farmers’ and the establishment of small and medium farmers’ organisations where they do not exist;

4.2.8 Presentation/workshop of research findings to key stakeholders including a reflection on key lessons learned from the process.

4.2.9 Finalise the research report and case studies on the basis of the input and suggestions of key stakeholders.

1. **KEY DELIVERABLES**

5.1 Inception report including the proposed research methodology and research plan;

5.2 A systematic and comprehensive Literature Review on agricultural and rural development to advance the development of small and medium scale farmers;

5.3 An acceptable draft report on the strategic role of the Land Bank to advance the development of small and medium scale farmers;

5.4 Final business case report on the above including comments, inputs and suggestions from stakeholders as well as recommendations for the advancement of small and medium scale farmers and the strategic role that can be played by the Land Bank in this advancement.

5.5 An exit report documenting lessons learned from the project.

Take **note** of the level of effort required and tentative time frames below:

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| **Imperative Outputs/Activities** | |  | | --- | | **Tentative timeframe**  **and/or level of effort** | |
| 1. Provision of Inception report including the research approach and methodology, district consultation and research plan. Team orientation and preparations for district visits. | 18-29 November 2019 |
| 1. A systematic and comprehensive Literature Review on agricultural and rural development to advance the development of small and medium scale farmers and their organisation. | 25 November-6 December 2019 |
| 1. Some team members accompany the DALRRD on consultative visits to 6 district municipalities and the other members conduct research and analysis on agricultural and rural development policies, legal research, mergers and acquisitions, etc. Interim draft district and research reports. | 2-20 December 2019 |
| 1. Second district visits. 2. Work towards an initial Business Case 3. International seminar and national conference | 7 January- 7 February 2020  13-22 February 2020 |
| 1. Final reports and Business Case | 24 February - 6 March 2020 |
| 1. An exit report documenting lessons learned from the consultative process | 13 March 2020 |

1. **SENIOR EXPERT PROFILES AND REQUIREMENTS** 
   1. **General Qualification and Skills**

* Master’s or Doctorate in social or human sciences, finance, business, accounting, economics, law, policy or development. Additional qualifications in agriculture and rural development will be considered an advantage. -;
* Excellent research skills;
* A minimum of 10 years research experience and work in either the public, private and development sectors;
* Good facilitation skills;
* Excellent analytical, interpersonal and communication skills;
* Excellent oral and written communication and drafting skills in English are essential;
* Ability to work with minimal supervision and under pressure;
* Strong computer literacy.
  1. **Experts Profiles**

**Key Expert 1: Team Leader (80 days)**

* Experience as team leader will be considered an advantage
* Knowledge and understanding of public policy and planning
* Knowledge and understanding of research approaches and methodologies
* Experience and knowledge of public and development sectors programme and project management

**Key expert 2: Legal-Public Entities (estimated time to spend in the assignment: 15 days)**

* An in-depth understanding of the laws that govern public entities
* Understanding of legal policies and regulations governing public entities

**Key expert 3: Legal- Constitutional Law (estimated time to spend in the assignment: days)**

* Minimum of 3 or 4-year university qualification on Development or Agricultural Economics, Law, B. Com Law, Economics, Planning, Policy or any other equivalent and minimum of 10 years’ experience in consulting
* An in-depth understanding of Constitutional Law

**Key expert 4: Mergers and Acquisitions (****estimated time to spend in the assignment: 30 days)**

* Solid and practical experience of mergers and acquisitions in areas of merger drivers, strategy, valuation analysis, growth potential, due diligence and implementation.

**Key expert 5: Public Finance (estimated time to spend in the assignment: 25 days)**

* An in-depth understanding of the public financial management
* An understanding of inter-governmental fiscal relations

**Key expert 6:** **Master Plan/Business Case drafting (estimated time to spend in the assignment: 40 days)**

* Excellent writing, editing, and oral communication skills in English.
* Experience of work in multifaceted environment and with multidisciplinary teams that require combining and formulating reports and crystalizing them into a master plan.

1. **PROJECT DURATION**

The assignment will be for a period of 4 (four) months from November 2019 to March 2020. The briefing and Project Inception Report will detail the actual level of effort and delivery schedule.

1. **PAYMENT SCHEDULES**

Payments will be closely linked to deliverables.

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| **Deliverables** | **Payment Schedule** | **Time Frame** |
| 1. Provision of Inception report including the research approach and methodology, district consultation and research plan. | 25% | Within 11 days after signing of contract. |
| 2.   * A systematic and comprehensive Literature Review on agricultural and rural development to advance the development of small and medium scale farmers and their organisation. * Interim draft district and research reports based on research and analysis on agricultural and rural development policies, legal research, mergers and acquisitions, etc. in 6 district municipalities. | 60% | Within 50 days after signing of contract and upon approval of submitted reports. |
| 3.   * Participation in International seminar and national conference, * Final reports and Business Case * An exit report documenting lessons learned from the consultative processes | 15% | Within 80 days after signing of contract and upon approval of submitted reports. |

1. **PROJECT IMPLEMENTATION REPORTING**
   1. The activities for the project will be on site at the selected district municipalities. The expert will be required to attend meetings at the Department of Agriculture, Land Reform and Rural Development offices in Pretoria.
   2. The team will be contracted by UNDP and reports directly to a technical team consisting of representatives from the DALRRD and UNDP the UNDP for day to day liaison on implementation of the assignment,
   3. The team will engage with the DARDLR and where necessary, with UNDP for technical guidance and support during the data collection and research.
   4. The DALRRD will provide the overall supervision to the assignment, and facilitate information and access to all necessary documentation, working in collaboration with and technical support of the UNDP.
   5. The DALRRD will provide office facilities during the data collection process and facilitate the meetings with the relevant district municipalities for consultative and data collection purposes.
   6. The team must have access to their own ICT facilities to undertake the assignment.
   7. The consultants shall submit draft and final reports which clearly present work undertaken outlining activities and outputs thereof. Any proposed deviations from the original project implementation plan shall be explained to the UNDP in writing and be approved by the UNDP Senior Management.
   8. The project report (s) must be submitted in electronic formats. All such materials shall become the property of the UNDP and the DALRRD and no document may be reproduced, copied or distributed without prior written consent from UNDP
   9. The team will be required to report to the DALRRD Chief Directorate: Policy Research and Development or his/her delegate official and there will be direct line of communication.
   10. The submission and the approval of the final reports as well as presentation of the findings to stakeholder will define the actual end date of the assignment.
2. **APPLICATION REQUIREMENTS**

Minimum requirements of the proposal should include the following:

* 1. Cover letter stating the ability and suitability of the company/research institute to undertake this assignment
  2. Personal CVs, indicating all past experience from similar projects, as well as the contact details (email and telephone number) of the Candidate and at least three (3) professional references;
  3. Technical proposal/methodology, on how they will approach and complete the assignment, including preliminary work plan with timelines and deliverables
  4. Financial Proposal that indicates the all-inclusive fixed total contract price, supported by a breakdown of costs, as per template provided.
  5. If an Offeror is employed by an organization/company/institution, and he/she expects his/her employer to charge a management fee in the process of releasing him/her to UNDP under Reimbursable Loan Agreement (RLA), the Offeror must indicate at this point, and ensure that all such costs are duly incorporated in the financial proposal submitted to UNDP.

1. **CONFIDENTIALITY**

All information, discussions, documents and reports that arise from this assignment must be regarded as confidential. Only UNDP, or its development partner, shall have the right to make public the findings of this assignment.

1. **SELECTION CRITERIA**

Selection criteria will be based on functionality, knowledge and experience. Technical proposal will be weighted at a maximum 100 points with 70% pass rate. The selection of the successful team of experts will be aimed at maximising the overall qualities in required areas of competence. This will be broken down in the following:

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| --- | --- | --- | --- |
| **Criteria for Selection** | | | **Points Allocated** |
| (As per RFQ or RFP) | | | **Per Criteria** |
| 1 |  | **Technical Proposal** | **40** |
|  | a | Expertise and reputation of institution/Company submitting Proposal demonstrating relevance of:   * Specialized Knowledge (Economics, Planning, Public Entities and Constitutional Law, Mergers and Acquisitions & Policy Research) * Experience on Similar Programme / Projects * Experience on related Projects in the Country/Region | 15 |
|  | b | Proposed Work Plan and Approach:   * Is the scope of task well defined and does it respond to the TORs? * Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project? | 25 |
| 2 |  | **Education Background, Knowledge and Experience** | **60** |
|  | a. | **Team Leader**: Master’s or Doctorate in social or human sciences, finance, business, accounting, economics, law, policy or development. Additional qualifications in agriculture and rural development will be considered an advantage.  Minimum of 10 years’ experience in consulting. | 10 |
|  | b. | **Team Member 2:** Expert in laws that govern public entities with minimum of 3 or 4-year university qualification on Development or Agricultural Economics, Law, B. Com Law, Economics, Planning, Policy or any other equivalent and minimum of 10 years’ experience in consulting | 10 |
|  | c. | **Team Member 3:** One team member must have a Post- graduate degree in Legal or Constitutional law with 7-10 years’ experience. | 10 |
|  | d. | **Team Member 4:** Post- graduate degree in Mergers and Acquisitions with solid and practical experience of mergers and acquisitions in areas of merger drivers, strategy, valuation analysis, growth potential, due diligence and implementation. and 5-7 years’ experience | 10 |
|  | e. | **Team Member 5**: Post graduate qualification in Public Finance with an in-depth understanding of the public financial management and inter-governmental fiscal relations with 5-7 years’ experience. | 10 |
|  | f. | **Team Member 6:** post graduate qualification in Master Plan/Business Case drafting with 7-10 years’ experience. Must have excellent writing, editing, and oral communication skills in English and experience of work in multifaceted environment and with multidisciplinary teams that require combining and formulating reports and crystalizing them into a master plan. | 10 |
| **TOTAL TECHNICAL SCORE (Passing Rate = 70%)** | | | **100 pts** |

1. **TERMS AND CONDITIONS**

13.1 Awarding of the contract will be subject to the institution/company’s acceptance of UNDP Terms and Conditions.

13.2 UNDP reserves the right to terminate the contract in the event that there is clear evidence of non-performance, by the service provider.

13.3 The information contained in these TORs has been prepared to guide interested parties in making their own evaluation and does not purport to contain all the information that a consultant may require. A consultant must make every effort to adequately respond to the terms.

1. **CONTACT PERSON AND DETAILS**

For any questions regarding the contents of these TORs and all other inquiries, please send them to procurement e-mail provided.