

TERMS OF REFERENCE

Corridor Potential Mapping of Rural Enterprises and Remittances Project (RERP) Samriddhi

I. Background

A very slow economic growth compared to most of the Asian countries especially the immediate neighbours has marred the economy of Nepal in the recent decade. The new constitution of Nepal has identified the need to accelerate economic development. The current periodic plan of Nepal (2073/74 -2076/77) has put the transformation of the economy and society through a high growth rate with productive employment and just distribution as its objectives. The government has taken the graduation from the Least Developed country status by 2022 as its midterm goal. The accelerated growth of the economy will to a large extent depend on the expansion of the enterprise sector. There is broad consensus among the political parties of Nepal that the entrepreneurial zeal of the population has to be mobilised if the country is to witness a rapid economic growth and transformation. The directive principle of the constitution calls for of the use of resources and potentials of the private sector.

The Rural Enterprises and Remittances Project (RERP), Samriddhi is a joint initiative of the Government of Nepal and International Fund for Agricultural Development. Its strategic goal is 'Reducing poverty and achieving sustainable peace through employment-focused, equitable and inclusive economic development'. The intention is to contribute to such development by creation and expansion of viable rural, micro and small enterprises and attracting the resources of those who have migrated for employment and their family members towards productive investment. The project is being implemented in 16 districts of Eastern and Central Nepal namely: Bara, Dhanusha, Mahottari, Morang, Rautahat Saptari, Siraha and Sunsari and Sunsari from the Terasi Plains and Bhojpur, Dhankuta, Khotang, Okhaldhunga, Sindhuli, Tehrathum and Udaipur the mid hills. The Project is being implemented by the Ministry of Industry of the Government of Nepal, which has instituted a special Project Management Office which is headquartered in Itahari of Sunsari district.

The Project is designed to cover approximately 179,000 beneficiaries directly. This includes 60000 rural entrepreneurs either creating or expanding their businesses, 30,000 rural poor acquiring employable skills either through vocational training or apprenticeship. In addition the project is to provide financial education 213,000 persons, returnee migrants or the members of the families receiving remittances will receive some sort of financial education. They are the primary beneficiary of the project. The project is to target: (i) existing formal and Informal Rural and Micro entrepreneurs, (ii) poor households particularly landless and near landless families, (iii) returnee migrants and remittance receiving households and (iv), small enterprises that either service the micro enterprises by providing inputs and services or buying outputs from them and also those which create employment opportunities, for the rural poor. The Project also includes the financial education program, which is meant to support financial inclusion of the rural

poor especially those families which have their family member as migrant or those who receive remittances to cover their household expenses.

The project is to follow a corridor approach. The corridors to be followed will essentially be the road networks of the area to be covered in the project. The idea is to link the various producers, suppliers, input makers in the value chain of the identified products.

The project design document has identified Lokta (nepali paper), Allo fibre, Large cardamom

Turmeric, Ginger, Domestic goat, Mango, Banana, Vegetables and Sugarcane as the priority value chains where the project intervention will take place. Apart from these value chains, the value chains of other products may be duly identified and project may invest in those value chains which exhibit good potential for growth.

The Project intends to hire interested and qualified firms/companies as Service Provider to undertake the Corridor Opportunity Mapping Study of the project.

II. Objectives

The purpose of the Corridor Opportunity Mapping is to identify the potential sectors and subsectors of the economy, market centres where the products are transacted, and main operators involved and establish the database of business opportunities for development of Rural enterprises that will serve as the basis for project intervention. The study will include collection of secondary information available with various sources and putting them in such order so as to make them useful for planning the project activities and it will also include the survey of the potential target households and enterprises that will help to prioritise the project activities and identification of the specific target households. . The study will have to fulfil the following specific objectives:

- Identify the potential value chains (apart from those already identified in the project design document) with high potential growth of Rural and micro enterprises with backward and forward linkages
- Identify the potential market centres and which serve as the main markets for these value chains
- Assess the potential market volume and market(transaction) for the products identified
- Conduct a survey of the enterprises and assess the constraints and challenges faced by these enterprises
- Identify the enterprises that either act as input providers to these enterprises or buy and process the produce of these enterprises

III. Expected Outputs:

The exercise of conducting the Corridor Potential mapping Study is expected to generate a comprehensive and analytical value chain Potential report that is sufficiently disaggregated on products and people involved including the geo location of the potential enterprises. The study should also be able to provide number and location of the anticipated beneficiaries. The study should be able to report on the indicators as set out into the project log-frame and results chains. In addition to electronic and hard

copies of final report, consultant (s) is expected to provide the data to be included in the P M&E system of the project

The consultant is expected to provide the following outputs:

Preliminary Report including the detailed methodology and questionnaire design

Draft Report of the study Exercise

Detailed Report of the Study fulfilling the objectives

Complete data set of the study including the completed questionnaire

IV. Activities to be undertaken for the Corridor Potential Mapping Study

The study will involve the following key components::

- (i) Collection and processing of the relevant secondary data available with various national, district and local level institutions that will help to identify the sectors sub sectors in addition to the value chains identified in the project design document,
- (ii) Mapping of the project area with identification of the market centres and transportation hubs (existing and potential) for the value chains
- (iii) Identification and Meeting with key informants (government officials, market operators, people with knowledge of the economy and identify the potential sectors and sub sectors apart from those already identified in the project document
- (iv) Identification of key players: input providers, Traders, Financiers, whole sellers/dealers, Processors, Consumers (if they are large industrial enterprises different from household consumers) . The idea is to identify leading enterprises and do a mapping on the entire value chain associated with that enterprise
- (v) Identification of data gaps for study of potentials of the identified value chains
- (vi) Development of information checks list and survey questionnaire and data generation method to generate the required data and information. This will also include the identification of the data source.
- (vii) Interview/Focused group discussion/ questionnaire based sample survey of enterprises and households covering at least 1000 units including entrepreneurs, service providers, processors of the value chain (existing formal and informal rural micro entrepreneurs, poor households, returnee migrants, small enterprises that play a role in either providing the micro entrepreneurs inputs or are involved in processing the output of the micro entrepreneurs or generate employment for the rural poor, rural women) .
- (viii) Collection and processing of the data: The data collected from the sample survey should be processed and aggregated in such manner that they become useful for measuring the project progress.
- (ix) Geo referencing of the key players units and surveyed/ interviewed units. Results should be included into a Geographic Information System (GIS). This will enable combination of socio economic information related to the identified value chains and landscapes and the distribution of the target groups to assist the project implementation.

In addition to establishing the baseline indicators in the RERP logical framework, the baseline household survey will collect baseline information related to the land and natural resource use context of the surveyed households. This will include collection of data about weather-related losses and damages, experience of households with extreme events, soil composition and productivity, water availability and accessibility, water demand and use efficiency, vegetation and land degradation, biodiversity, and other environmental indicators relevant to the Project.

The Survey should: (i) focus on key indicators required to plan the project intervention in the key sectors/value chains (ii) be easily replicable in a cost- and time-effective manner for looking into other value chains; (iii) be strongly linked to the RERP Samriddhi Knowledge management and Monitoring system. In order to ensure the project intervention in a corridor approach, the , geo-referencing of the units and players involved in the value chain which have been identified interviewed or surveyed will have to be done. (iv) focus on use of available data (primary data collection should be done when reliable information cannot be sourced from secondary source) and complementing them with primary data when and where necessary, (v) not require an excessive amount of time for participating information sources(no more than 1 hour per enterprise) (vi) generate accurate and reliable results based on sound statistical best practice; (vii) allow disaggregation by gender, age, and ethnicity, economic status.

IV. Methodology and Time frame:

- The study will essentially follow a value chain approach which includes identification of the value chain, analysis of the value chain, identification of the constraints and problems in the value chain being faced by the rural enterprises, identification of the market based solutions to these constraints and problems, assessment of these solution and identification of the intervention and actions to be undertaken by the project. The study should identify lead firm/firms in the value chain and based on the information from the lead firm/firms undertake the study of backward and forward linkages in the value chain. The methodology being suggested is structured interview with the lead operators and FGD and survey of the enterprises to check the issues and constraints faced in the value chain. Then based on the standard research method including collection and collation of both qualitative and quantitative secondary data and information, collection primary information from the enterprises and households if needed. The Service provider or the research team will have to work closely with the Project Management Office especially the Business Development Specialist, Rural Finance specialist, Knowledge Management specialist. The study team should follow the instructions provided by the Project.
- The study should follow the corridor approach along the road network to capture the situation along the market centres.
- As the study has to cover at least 12 value chains and 16 districts, it is advised that the study may take place with two separate teams with one team leader coordinating and finalising a common methodology and approach.

- The study team should come up with the detailed methodology as part of their proposal.
- The study will have to be concluded within 4 months (17 weeks) of the signing of the agreement

V. Phases of the study

The study will have to be undertaken in 3 key phases: Preparation, implementation, and analysis. Progress reports and key deliverables will be provided at completion of each Phase.

Phase 1: Preparation:

- Identify and finalise the value chains to be studied in each corridor
- Collect and Review secondary literature and information about the value chains in the target districts and identify the data gaps
- Identify the possible key informants and the lead enterprises
- Develop a tentative checklist of information to be sought from the lead enterprises and develop the survey design including the sampling method and the number of the units to be sampled if needed.
- Prepare an inception Report with detailed work plan and submit the same to the PMO
- Recruit and Train the personnel carrying out the study

Phase 2: Implementation:

- Identify the new value chains to be studied in addition to the value chains identified in the design document
- Conduct the interviews with key informants and Focused group discussions on each of the value chain to be included in the potential study
- Design survey questionnaires and conduct survey if needed

Phase 3 Analysis and reporting:

- Process the data collected(both secondary and primary)
- Analyse the data and information collected and prepare the preliminary report which addresses the issues put in the objective
- Do the contextual analysis to ascertain the validity of the conclusions made by the study team
- Conduct validation workshops and share the information with the people who know the subject
- Prepare draft report and submit to the RERP Samriddhi
- Obtain comments of the RERP Samriddhi and incorporate them and finalise the report

VI. Study Team Composition

The proposed team should comprise of reasonable number of experts having proven track record in designing and implementing potential mapping studies, viability studies. Having good depth of understanding of Enterprise Environment. There will essentially be two teams with one team leader and two coordinator (one for each team). The personnel suggested are as follows:

Team Leader (Socio-economist-1): The team leader is responsible for ensuring that the study is properly designed, implemented, and reported on timely manner. S/he is expected to have a minimum Master's Degree in Economics, statistics, Finance or Project management with proven track record in designing and implementing socio-economic research, market studies. Previous experience project evaluation, value chain analysis will be an advantage. In addition, the team leader has to ensure that that Gender Equity and Social Inclusion (GESI) perspectives are also adequately captured in the study. The team leader will have to ensure that both the study teams follow the same methodology and approach

Corridor Study Coordinators (Technical expert-2): Minimum Master's Degree in relevant fields with exposure to Business environment of Nepal specially concerning the Rural micro and Small enterprises. The person with experience in the value chain approach will be an advantage. The corridor study coordinator will essentially be in charge of the corridor level study.

Value Chain Specialist (Technical expert-2): Minimum Master's Degree in relevant fields with exposure to potential mapping study. Knowledge and experience of PRA/RRA will be an added advantage. Knowledge of market based intervention for development of Small and micro enterprises including the lead firm/anchor firm approach in developing micro enterprises and socio economic transformation.

Team member3 (Data/information collection expert) 1 : Master's Degree in Statistics, or relevant field with demonstrated experience in conducting socio economic survey and using credible tools, techniques and software for sampling and data processing. Experience visualizing statistical data in GIS platforms will be needed.

Team members (Research assistant/Enumerators as needed): At least bachelor level education with experience of with some knowledge of survey in a socio economic study, preferably local inhabitants having experience in PRA tools and household survey enumerations. Fluency in local language and dialects will be an added advantage.

VIII. Reporting and Deliverables

The following are the main reporting requirements and deliverables.

- **Inception Report** – to be submitted within 3 calendar weeks of the date of contract signing. This report will include a fully elaborated work plan and design, including the approach and proposed survey instruments, sampling methodology, interviewing method, draft questionnaires and other survey tools, data quality assurance and processing and analysis methodology, GIS maps to be generated, outline of the final report and schedule of activities.
- **Draft corridor mapping Report** – to be submitted within 13 calendar weeks of the date of contract signing. RERP Samriddhi will review and provide comments within 10 working days.

- **Final Corridor potential mapping Report** – to be submitted within 17 calendar weeks of the date of contract signing. The Final Report should documenting the results of corridor potential mapping study in accordance with the above terms of reference, including: (i) a description of any limitations which may affect the accuracy/representation of the results; (ii) a detailed description of the methodology used and the justification for its selection; (iii) a summary of the major findings of the survey, using photographs, maps and diagrams as necessary; (iv) technical details, lists of villages and market centres to be targeted with precise GPS coordinates, interviews held, organisations and people met, documents consulted and other data in one or more Appendices; (v) feedback on the effectiveness and viability of the survey process, highlighting any issues identified during survey preparation, execution and analysis and the cultural viability of the survey process including team composition and effect on interaction with selected households and local sensitivities to particular questions
- **Final Workshop** – within 2 weeks of the submission of the final Mapping study, report the results should be presented to the RERP PMO team members and invited stakeholders. The Project may also request to hold the Workshop up to 3 months following submission of the Final Report.
- **Language of reporting:** The language of reporting will be English written in clear and simple style. The Survey questionnaire will have to be translated in Nepali. The reports and information including the datasheet will have to be submitted in electronic format

IX. Materials to be the property of RERP Samriddhi

All materials developed as well as the output produced will be the property of RERP Samriddhi. The service providers should submit all documents including questionnaire and the information sheets generated to the RERP samriddhi. This includes the maps and the raw data collected and entered into the computer for processing. The service providers should not use the primary data collected for the project in any other use except project purposes.

All produced maps and datasets shall be provided in GIS-compatible digital format (ArcGIS or equivalent) with all the metadata and sources of information. All maps shall be reported precisely on Google Earth and delivered as well as KML/KMZ files format.

• **Survey Schedule**

The study work is expected to commence from 1st September 2017 and completed by 30th November 2017. The service provider are expected to prepare a detailed schedule of the activities

IX. Key documentation to be provided

- Project design document – (Main Report)
- Project Design Document –(Working Papers)
- Relevant IFAD Guidelines (Results and Impact Management System (RIMS) Guidelines, Monitoring and Evaluation Guidelines, ASAP Guidelines)

