TERMS OF REFERENCE

Consultancy Services in Value chain analysis for Shan-Tuyet tea in Yen Bai and Dien Bien provinces, and Arabica Coffee in Son La and Dien Bien under predicted climate change

1. Background

Climate change with its multifaceted impacts is increasingly being recognized as one of the biggest challenges of our time. Vietnam has been identified as one of the countries for which climate change is projected to make rather serious and daunting effects. The Northern Mountainous Region of Vietnam (NRM) is particularly vulnerable to Climate Change impacts both because most of the population is rural and makes its livelihood mainly from Agriculture, but also due to excessive land exploitation and difficult cultivation conditions which have created the premises of increasing adverse effects (i.e. land sliding, land erosion, reduced fertility etc.). Many of the development and food security gains could, thus, easily be eroded because of climate change impacts, resulting in greater poverty in future.

In a bid to sustain agricultural production in the face of climate change the Government of Vietnam, through the Ministry of Agriculture and Rural Development, in collaboration with the Food and Agricultural Organization of the United Nations (FAO) and support from the European Commission is implementing the Climate Smart Agriculture (CSA) Project: Capturing the synergies between Mitigation, Adaptation and Food Security for which the Northern Mountainous Agriculture and Forestry Science Institute (NOMAFSI) has been assigned as the country focal institute. The project’s outcome is to strengthen the institutional capacity in scaling up the implementation of CSA options to increase community resilience. This outcome will be achieved through four main outputs: a) Establishing an evidence base for planning, developing CSA options and review of CSA related policies; b) Formulation of country owned CSA frameworks; c) Development of CSA investment proposals and identification of financing mechanisms, and; d) Building capacity in planning and implementation of CSA initiatives.

One of the intermediate results towards the above said final outputs is conducting an analysis of the value chain (VCA) for tea and coffee which are 2 among the few crops with high potential values for CSA in the target provinces.

Thus, as part of the Climate Smart Agriculture (CSA) Project, NOMAFSI is looking for national consultants to conduct value chain analysis for Shan-Tuyet tea in Yen Bai and Dien Bien, and for Arabica Coffee in Son La and Dien Bien provinces under predicted climate change.

2. Purpose and expected outputs of this assignment

2.1 Purpose

Within the frame work of the on-going CSA project, the outputs of this assignment will serve as an evidence base for development of CSA investment proposal/s and formulation of CSA frameworks as well as financing mechanism/s. Under this consultancy, for which a detailed written report as indicated below should be produced, it should be paid particular attention to:

- identifying all the actors involved in the value chain analysed as well as their linkages, role, and added value;
- identifying which elements of the chain could/should be strengthened for developing strong linkages between production and market actors and for the producers to be able to capture larger share of the gross margins;
- locate which elements represent barriers or obstacles to overcome.
2.2 Expected outputs

The consultant(s) are expected to produce two separate reports in both English and Vietnamese language; (1) on Value chain analysis for Shan-Tuyet tea in Yen Bai and Dien Bien provinces, and (2) on Value chain analysis for Arabica Coffee in Son La and Dien Bien under predicted climate change, with special attention on the following aspects, taking into account existing downscaled simulations of the impact of climate change in these provinces:

Agronomic production profile
i. Identifying the currently dominant agronomic production practices for arabica coffee and Shan-Tuyet or similar tea in the target areas. Specification of agricultural management practices of soil & water management, pest & pesticide mgmt, practices of land clearing and land use change, tree nursery practices (if managed by farmers as opposed to upstream actors) and use of non-hh labour. The consultant is required to pay particular attention to the coffee and tea varieties used as opposed to varieties mostly required by the output market as well as to to the farming techniques required to achieve market standards.

Product and market analysis
ii. Demand for value chain outputs: investigate the current and potential demand of the final outputs, their various market destinations and related price trends so as to allow analysts to identify constraints, barriers and opportunities. Specify past price trends and price volatility and present future price outlook at the national and global levels, where applicable (making use of internationally recognized price outlooks such as ICO, as well as other sources);

iii. Give a short characterization of the position of Vietnam on the international coffee and tea market, especially in relation to the targeted coffee and tea varieties (also compare the ratio of farm gate prices to international prices with the prevailing ratio in other countries);

iv. Describe the major existing international quality standards and specify whether coffee and tea from Vietnam are meeting these protocols (e.g. “S” coffee in accordance with ICO Certificate of Origin, etc.). Describe the most important constraints in front of quality improvements to meet international standards.

v. Describe and evaluate the feasibility of commercialization and market linkages needed for the proposed coffee and tea varieties and compare them to the usually grown varieties. Give an assessment of the feasibility of participating in such higher value market segments of the chain. Also assess the availability of major certification schemes in Vietnam for the target crops (GAP, Organic, Fairtrade, Rainforest Alliance, UTZ Certified, The Common Code for the Coffee Community (4C), etc.)

Value chain mapping and analysis
vi. Mapping the value chain: Identify the main actors and other stakeholders (supporters and influencer) and how are they linked and interact in the value chain; assessing the flow of products, information and financial resources along the value chains – both descriptive and as a value chain map.

vii. Functional analysis of the value chain. Profiling of the industry structure, skills and production technology by identifying, describing and quantifying in physical terms the sequence of operations concerning commodity production, processing, marketing and final consumption and related agents carrying them out. Describing the factors affecting the value chain actors.

viii. Analysis of input and output markets. Examine the input and output market and their structure. Procurement processes, accessibility to and availability of varieties required as well as related standards and information. Identification of final buyer for output market, type of contractual arrangements and transaction costs involved. Analyse degree of competitiveness, the existence of monopolies, monopsonies, oligopolicies, market share and market segmentation for both input and output markets; and identification of potential lead firms for each value chain.
Policy environment & institutional analysis

ix. Analysis of the institutional set-up: identifying and appraising the set of interactions taking place among agents and the formal and/or informal rules governing them.

x. Specification of services provided to producers by government services

xi. Specification of services and service conditions provided to producers by input providers, traders, banking institutions, commercial extension providers etc.

xii. Specify the degree of organization of producers, the constitution and services provided by producer organizations

Economic value chain analysis & development options

xiii. Economic analysis of the value chain: assessing in quantitative terms the value added creation and distribution among the various actors of the chains.
   - Assessment of the socio-economic context of the producer profile, specifying the costs of production, the farm gate price and income of average production household whose main crop is a target crop; comparisons to national/international poverty lines. Moreover, costs, benefits and a resulting estimated income need to be quantified for the relevant identified certification schemes.
   - Macro-economic demand situation for coffee and tea from Vietnam & options for market participation in high value segments of the chain

xiv. Analysis (diagnosis) of potential added values to arabica coffee and shan-Tuyen tea if different potentially Climate-Smart technical innovations are adopted (irrigation; conservation agriculture, intercropping...), and the potential for CSA labeling.

xv. Analysis of business development service market for the chains, with suggestion of potential service providers and measures for addressing constraints identified from the value chain analysis that facilitate upgrading of the value chains or that would allow a larger share of gross margin to the producers.

Climate change analysis of the value chain

xvi. Analysis of climate change implications on the value chains, highlighting potential areas of climate change impacts on the operations of the studied value chains and vice versa, as well as recommendation of options for CSA adoption as opposed to conventional agriculture currently practiced by the chain actors.

While not being limited to agricultural production issues, the analysis on farm level may be guided by the elements:

   Adaptation (capturing as many as possible of the following elements):
   - a description of expected changes in average day and night temperatures, total water availability and distribution, CO2 concentration
   - estimation of the negative yield effect from higher day temperatures through lowering photosynthesis and higher night temperatures through increased respiration
   - estimated yield effect from differential water availability
   - a detailed discussion of these climate change impacts on the reproductive stage (flowering: when pollination & fertilization occur)
   - the needed changes in fertilization and water supply to translate higher CO2 levels in increased vegetative growth and yield benefits
   - priority areas and expected improvements from targeted breeding (heat, drought tolerance)
   - the impact of temperature increases on pest and disease prevalence.

Discuss in this context where relevant the issues of nutrient loss, shallow rooting, drought injury, limited maturation, fruit shed, and plant death.

Mitigation:
   - identification of main emission sources and main mitigation potentials (land use change, fertilization, soil mgmt, biomass growth, etc).
**SWOT**

*Summary of SWOT* (strengths, weaknesses, opportunities, and threats) analysis of the chain derived from the different aspects analyzed above.

**Action Plan** Propose and draw recommendation and suggest strategies and action plans for supporting upgrading the value chains, with specific interventions, indicative timeframe, and agents to address constraints identified, barriers to remove and investments that could mainstream CSA.

### 3. Report outline

The report outline for each value chain should contain at least the following parts:

- Executive summary
- The socio-economic context of the value chain and an overview of the chain sub-sector development
- Research methodology utilised
- Findings from value chain analysis covering the aspects from (i) to (xvi) in the expected outputs above, reflected in the following sections:
  - Agronomic production profile
  - Analysis of national and international market and demand for value chain outputs
  - Value chain mapping: analyse and map the relations between actors and stakeholders including actors and their functions, supporters and their functions, service providers and their functions, flow of products along the chains (types and volumes) and flow of information as well as flow of finance.
  - Functional analysis of the value chain and skills/technologies used in the chain, as well as of constraints to quality improvements in the chain.
  - Analysis of climate change implications on the value chains and potential options for CSA
  - Analysis of business development service market for the chains
  - Economic analysis of the value chain and analysis (diagnose) potential added values to arabica coffee and shan-Tuyen tea if different technical innovations/certification schemes are adopted
  - Analysis of the policy & institutional environment
- Summary of SWOT analysis for each value chain.
- Proposed strategies and action plans for supporting in upgrading the value chains
- Appendices (list of interviewed informants, socio-economic information and analysis, questionnaires, maps of studied areas, etc.).

### 4. Suggested methodology

**Desk review**

The desk research includes a research into the supply and demand side of tea and coffee domestic and export markets. The consultant team will collect all relevant studies, materials, and statistics already produced by relevant government agencies and other donors, NGOs and/or research institutes in the recent past, and detail the outcomes of these studies, as a starting point to map the value chain and to reveal the main constraints and opportunities. A list of references and materials necessary for this assignment will be provided by NOMAFSI, including reports on downscaled climate simulations at provincial level (Dien Bien, Yen Bai, Son La).

**Field work - data collection**

Primary data collection in the field is undertaken by the consultant team who are expected to conduct the fieldwork to collect missing data, assess the specific situation and engage with potential stakeholders and key informants for the collection of their views.

The fieldwork comprises:

- Identification of the key chain actors; interviews them where possible;
• Interviews with the target companies (exporters/lead firms); assessing demand for value chain outputs and what the constraints in their exporting business are;
• Interviews with importers in order to have a clear understanding about (sustainable) demand;
• Interviews with other chain stakeholders such as input providers such as state agencies, financial institutions, universities, consulting and donor organisations;
• Conduct economic analysis of the value chain and analysis (diagnose) potential added values to arabica coffee and shan-Tuyen tea if different technical innovations/international quality standards are adopted;
• Field survey to quantify/collect statistics on number of chain actors, prices, current exports, employment, market trends, sustainability standards etc.;
• Technical consultation workshops with value chain stakeholders to validate research findings.

Data processing and reporting
Field information and data will be analysed by the consultant team in order to produce first draft reports for the two value chains. A workshop will be organized by NOMAFSI where the consultant team will present their findings and proposed strategies and action plans for supporting in upgrading the value chains for comments from invited participants including representatives from value chain stakeholders, research institutions, FAO and MARD. The final reports will be produced taking into account the feedback from the consultation workshop.

5. Consultant team

This call for application is open to national consulting firms and individual consultants with sound experience in the services outlined above. The Lead Consultant will be a national consultant with the relevant experience for this task, which includes the setting-up and formulation of the methodology and process of the Study, and editing / quality-assurance of the resulting report. The Team Leader must have a strong background in relevant sector analysis and in economics. The consultants must meet the following criteria:

Team leader
• At least a Masters degree in Agricultural Economics or Agricultural Development or Social Science especially in Economics, Development Economics;
• Strong coordination/organization/networking skills and experience in coordinating expert teams
• At least 10 years of practical experience in the field of agriculture and rural development, and development of enterprise support institutions.
• Experience with value chain analysis in Vietnam; and has at least conducted two or more value chain analyses before as lead consultant/researcher.
• Proven record of international programme/project development experience.
• Experience in, understanding of climate change in agriculture.
• Knowledgeable of the study areas (Dien Bien, Son La, and Yen Bai) and/or in Vietnam
• Outstanding inter-cultural communication, networking and coordination skills.
• Excellent written and oral English.

Other local experts (other experts in the team which should include one expert on rural socio-economics, one expert on tea/coffee farming system/crop development, one expert on climate change/climate smart agriculture, and one expert on field survey and data analysis) should have:

• Masters degree in relevant fields: agriculture economics/development economics, agriculture development, climate change/environment, bio-statistics
• At least 5 years of practical experience in the relevant field of expertise or enterprise development in the agricultural sector.
• Practical experience in conducting value chain analyses.
• The team should have strong connections to businesses in the studied areas (Dien Bien, Son La, Yen Bai) and/or Viet Nam which will be pivotal in establishing relevant partnerships during the consultancy
• Excellent written and oral communication skills.
• Excellent written and oral English.
6. Timeline

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<thead>
<tr>
<th>Activity/sub-activity</th>
<th>Outputs/milestones</th>
<th>Time</th>
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</thead>
<tbody>
<tr>
<td>1 Submit proposals (technical and financial)</td>
<td>Full proposal</td>
<td>25 October 2013</td>
</tr>
<tr>
<td>2 Selection of consultant team; signing contract with the selected team</td>
<td>Contract signed</td>
<td>31 October 2013</td>
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<tr>
<td>3 Reviewing secondary information, field work and organizing technical workshops with chain actors</td>
<td>Field work completed and findings discussed with chain actors</td>
<td>31 December 2013</td>
</tr>
<tr>
<td>3 Provide an outline of the reports</td>
<td>Outline approved by CSA project team</td>
<td>January 2014</td>
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<tr>
<td>4 Provide first draft of reports for review</td>
<td>Draft reports reviewed by CSA project team</td>
<td>31 January 2014</td>
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<tr>
<td>5 Organizing consultation workshop on draft reports and finalizing</td>
<td>Final reports submitted and approved by CSA project team</td>
<td>21 February 2014</td>
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7. Submission of applications

Interested applicants must submit technical and financial consultancy proposals, updated curricula of the team leader and team members and a cover letter in an envelope marked “Application for Consultancy Services for Value chain analysis for Shan-Tuyet tea in Yen Bai and Dien Bien provinces, and Arabica Coffee in Son La and Dien Bien under predicted climate change” to:

Mrs. Le Dieu Huong
Representative office of Northern Mountainous Agriculture and Forestry Science Institute.
Add. Office No. 1.9, Agriculture Genetic Institute, Pham Van Dong street, Tu Liem district, Ha Noi

A soft copy of all the above mentioned documents must be sent to Mrs. Phạm Thị Sên (phamthisenprc@gmail.com), with cc to Mr. Le Đài Nghia (nghia.le@fao.org). The e-mail subject must state clearly “CSA value chain consultancy”.

Closing time for applications is on 17.00, 25 October 2013