

## **TERMS OF REFERENCE FOR POTENTIAL IMPACT ANALYSIS OF VALUE CHAIN EXPRESSIONS OF INTERESTS**

### **INTRODUCTION**

1. The Ghana Agricultural Sector Investment Programme (GASIP) provides a framework for private sector-led, pro-poor agricultural value chain development in Ghana. The overall goal of GASIP is to contribute to sustainable poverty reduction in rural Ghana through the pursuit of specific Programme Development Objective of “agribusinesses – including smallholders – increase their profitability and resilience to climate change”.

2. The Programme has three main components: Component 1 (Value Chain Development) focuses on ensuring strong business linkages among actors participating in the entire value chain of each eligible commodity, strengthen market linkages to improve performance of the value chain with resulting increased profitability and incomes particularly small agribusinesses including smallholder farmers. It has three sub-components: (i) agribusiness linkage development; (ii) rural financial services and (iii) climate change resilience—which is mainstreamed in value chain interventions to reduce risks, enhance yields and sustainable production systems; Component 2 (Rural Value Chain Infrastructure) is aimed at providing the enabling infrastructure to catalyze value chain development. It has two sub-components: (i) productive infrastructure and facilities—aimed at encouraging investments in commercial infrastructure and facilities for the selected value chains; and (ii) enabling public infrastructure—aimed to finance enabling public infrastructure for viability and growth of selected value chains; and Component 3 (Knowledge Management, Policy Support and Coordination) is aimed at harnessing successful lessons for replication and providing an enabling environment for optimization of programme opportunities and benefits.

3. The primary focus of GASIP are smallholder farmers and resource-poor rural households, in particular women, youth (15-24 years) and young adults (25-34 years). Intermediate beneficiaries are agribusinesses, input dealers, financial institutions and commercial farmers, Ghanaian and international investors – of varying scale who invest in new or expand business opportunities in the appropriate value chains. Business models or value chain clusters must be inclusive – i.e., they should provide opportunities for strengthening market linkages of small-holder producers and must also offer business opportunities for men, women and youth.

### **IDENTIFICATION OF VALUE CHAINS FOR SUPPORT**

4. The programme competitively evaluates agribusiness development proposals submitted by all eligible parties (private sector, FBOs, government, civil society, research, etc.). Proposals meriting further consideration are assessed for their potential impact on small agribusinesses including smallholder farm households and an investment plan uniquely crafted to address the needs and opportunities of selected value chains. The assessment of the potential impact of a proposal includes avenues for the functional scaling up of innovations of activities along the value chain. It also includes environmental impact and climate change assessments to identify climate change adaptation activities that need to be carried out to help improve adaptive capacity of smallholder farmers.

5. The following commodity value chains have been identified for support: (a) roots and tubers; (b) rice (c) maize; (d) soya and (e) horticulture. The programme adopts the market driven approach and uses harmonised tools for value chain development as well as climate change vulnerability analysis.

### **OBJECTIVES OF THE STUDY**

6. In its quest to identify and select commodity value chains to strengthen the participation of eligible smallholders, FBOs, small agribusinesses and other value chain actors for investment support

through matching grants infrastructure, rural finance, technical assistance, training and demonstrations, GASIP seeks to recruit consulting firms with the requisite expertise in value chain assessments to perform an assessment of potential impact studies of the qualified EOIs using cost-benefit analysis (CBA) models. These models will assess the commercial viability of the proposals, financial and economic outcomes of the proposals, and what complementary investments are available for smallholder farmers and other key actors in the concerned value chains. The key question is whether the proposed interventions would yield benefits that outweigh their costs and to which extent they result in increased incomes and enhanced resilience for smallholder farmers.

## **SCOPE OF WORK/DUTIES AND RESPONSIBILITIES**

7. Successful completion of this assignment requires to carry out the following tasks:
  - (i) Perform a potential impact analysis of the selected value chain cluster by carrying out the following and submitting the data collected and analysis to GASIP:
    - a. Undertake field visit to collect primary data on the qualified value chain clusters and conduct interviews with the key market informants with the different value chain actors, focusing particularly on market size (production, demand, marketed volumes), price patterns, key constraints, etc.;
    - b. Use collected data to construct cost-benefit analysis (CBA) models of the proposed value chain development using without GASIP's intervention scenario as baseline;
    - c. Use CBA models to assess financial and economic outcomes of the proposed interventions, such as the Financial Net Present Values (FNPV), the Economic Net Present Values (ENPV), the Financial Internal Rate of Return (FIRI), the Economic Internal Rate of Return (EIRR); etc.
    - d. Identify complementary investments in the value chain that would complement GASIPs support and enhance achievement of desired outcomes
    - e. Conduct beneficiary analysis to determine how different value chain actors benefit from the outcomes of the investments;
  - (ii) Based on key assumptions underlying the CBA models and the parameters of GASIP financing mechanisms, propose a financing plan that would sustain the benefits of the interventions for all actors in the value chain;
  - (iii) Determine the possibility of the cluster creating more jobs for women and youth as a result of the intervention;
  - (iv) Assess the environmental impact of the investment at the pre-production, production and post-production stages of the chain;
  - (v) Undertake climate risk assessment on the investment, and with justification provide climate change adaptation activities that need to be carried out to help improve adaptive capacity of smallholder farmers;
  - (vi) From the interaction with the stakeholders, identify and recommend at least one policy issue per cluster'; and
  - (vii) Participate in a validation workshop to defend the findings of the analysis and identify recommendations for successful implementation of the business proposals. The consultant will be expected to present methodology, summary data, summary calculations and findings.

## **GEOGRAPHICAL SCOPE OF THE STUDY**

8. The EOIs, which constitute the target for the potential impact studies, are in a number of communities and districts across the country.

## **DURATION OF THE STUDY**

9. The contracted firm will submit the draft report (12-15 pages maximum) on the potential impact study of the EOIs within a period not exceeding twenty-five (25) working days from the

commencement of services under the contract. The final reports on the potential impact studies should be submitted not later than five (5) working days after the receipt of comments on the draft reports by the Client.

### **EXPECTED OUTPUTS AND DELIVERABLES**

10. The deliverables for the potential impact studies will include:
- (i) An Inception Report to be submitted (not later than two weeks after signing of the contract) for discussion and agreement with the Client. The inception report will include: general approach to the study including methodology; data collection instruments, analysis of data, structure of the draft report and details of the workplan;
  - (ii) Draft potential impact study reports (for each value chain cluster) submitted to the Client and subsequently presented at a mini workshop of key stakeholders (including the Client) for validation;
  - (iii) Six hard copies of the final potential impact study report (for each value chain cluster) reflecting inputs from stakeholders;
  - (iv) An electronic copy of the final potential study report (for each cluster) on a pen-drive; and
  - (v) The data collection instruments/tools used, and the datasets (for each value chain cluster).

### **QUALIFICATIONS AND EXPERTISE REQUIRED FOR THE ASSIGNMENT**

11. The selected firm/institution must have at least ten (10) years' track record of experience and good performance in undertaking similar assignments and should be able to provide the appropriate backstopping to the experts responsible for the assignment at hand. The Consulting firm/institution shall be responsible for the provision of the required skills mix in value chain development and agribusiness finance for the assignment. The multidisciplinary team to be fielded should include a team leader (preferably an agricultural economist), an agribusiness finance specialist, or an economist

12. The **team leader** should have the following qualifications, experience and competencies:
- At least a post-graduate degree in Agricultural Economics, Economics, Business Administration, or related discipline;
  - Proven experience in developing Cost-Benefit Analyses and value chains assessments related to agriculture;
  - At least 8 years' of practical proven experience in economic analysis from market and business development perspectives;
  - Proven experience in facilitating value chain development with various stakeholders;
  - Experience in qualitative and quantitative analysis using statistical software is a plus;
  - Must possess leadership qualities and personnel/team management skills (including mediation and conflict resolution);
  - Very good communication skills and ability to speak at least one Ghanaian local language.

13. **Other key team members** must have the following qualifications:

#### Value Chain Expert

- A degree in the relevant field;
- Proven experience in developing Cost-Benefit Analyses and value chains assessments related to agriculture;
- At least 5 years of practical proven experience in financial and economic analyses from market and agribusiness development perspectives;
- Proven experience in facilitating value chain development with various stakeholders;

#### Climate Change Expert

- A degree in the relevant field;
- At least 5 years of practical proven experience in climate change adaptation activities into commodity value chains and infrastructure development

#### Infrastructure Expert

- A degree in the relevant field;
- At least 5 years of practical proven experience in the identification and design of infrastructure investments especially, irrigation development, feeder roads and warehouses, packhouses and processing equipment etc in the development of commodity value chains

#### Gender and Targeting Expert

- A degree in the relevant field;
- At least 5 years of practical proven experience in gender and targeting in the development of commodity value chains

### **OBLIGATIONS OF GASIP AND THE CONSULTANT**

14. GASIP will ensure that the firm/institution has access to the relevant documents, correspondence and any other information associated with the Project and deemed relevant to the assignment. The Consultant will be responsible for accommodation and meals during the assignment, and the logistics needed to undertake the assignment.