

TERMS OF REFERENCE

Background Research for a market systems development programme to support agricultural value chains in Armenia

1 Assignment Summary

Swisscontact is a leading organisation in the implementation of international development projects. It promotes inclusive economic, social, and ecological development to make an effective contribution towards sustainable and widespread prosperity in developing and emerging economies. Swisscontact designs and implements projects to support rural producers and SMEs generate income and jobs and improve the business environment through developing skills, market access opportunities, diversified markets, and access to finance.

Swisscontact is preparing to design a programme in Armenia that will achieve these aims through supporting SMEs and producers in selected value chains through a market-based approach. To inform this process, Swisscontact is looking for a **consultant to conduct background research activities in Armenia and provide an evidence-base and recommendations for the programme**. This includes literature review, conducting key informant interviews, analysing findings, presenting, and reporting recommendations to Swisscontact.

The assignment will take place from April to June 2022 (tentative).

2 Context

Agriculture is a major sector for the Armenian economy, accounting for about 18% to the GDP and employing about 36% of the labour force.¹ Livestock breeding is a central component of the Armenian agricultural sector and in recent years there has been a steady growth in the amount of land under cultivation. Some 335,000 farms operate in the sector, with an average landholding of around 1.4 hectares per household. This does not allow for an efficient and diversified production system, involving both crops and livestock, and access to sufficient land resources is a key constraint.²

Food processing plays an important role in the economy and is the main employer in rural areas. Some of the most important products are canned food production, alcoholic beverage production, especially wine and brandy made from locally grown grapes. The industry is still adapting to a market economy however, and efforts are focused on improving efficiency, competitiveness of products, and diversification of production. There are approximately 1,600 food-producing companies operating in Armenia some of which are now competing both in domestic as well as international food markets and making investments to scale up production.³

Large disparities remain in the rural poverty levels between Armenia's regions. The average incidence of people below the national poverty line is 26.4%.⁴ However, in the mountain communities, rural poverty incidence increases in relation to altitude: 34.7% above 1,700 meters and 29.5% in the 1,300-1,700-metre range.⁵ Poverty is concentrated in rural areas and urban centres outside the capital city Yerevan. The nature of multidimensional poverty differing significantly between the capital and rural areas and urban centres outside Yerevan and there are discrepancies in health, housing, and labour market opportunities.⁶ Some areas are further disadvantaged due to proximity to conflict areas and due to the closure of international

¹ <http://www.investinarmenia.am/en/sector-overview-of-armenian-economy>

² <https://www.privacyshield.gov/article?id=Armenia-agribusiness>

³ <https://www.privacyshield.gov/article?id=Armenia-agribusiness>

⁴ <https://www.adb.org/countries/armenia/poverty>

⁵ <https://www.privacyshield.gov/article?id=Armenia-agribusiness>

⁶ ARMENIA – POVERTY SNAPSHOT OVER 2008-2018 https://armstat.am/file/article/poverty_2019_english_2.pdf

borders with neighbouring countries, particularly in the areas around of the Republic of Artsakh and the borders with Turkey and Azerbaijan.

There are several international development donors supporting projects in the agriculture sector in Armenia. The SDC⁷ has financed projects to support farmers in remote geographical areas, focusing on fruit production and livestock, and also market oriented cross border programmes.⁸ The European Union⁹ is financing initiatives in support of the EU-Armenia *Comprehensive and Enhanced Partnership Agreement* (CEPA) including the EU-Green Agriculture Initiative to develop Armenia's sustainable agribusinesses. ADA¹⁰ orients most of its funding towards agriculture including a joint initiative with the EU to support organic agriculture. USAID¹¹ is active in agricultural training and business enabling environment reform. UN and other agencies implement projects in the agriculture field.

3 Objectives and Scope of Work

3.1 Objectives

- Understand the policy context and recent practice for value chain strengthening to support SMEs and rural producers in Armenia
- Define *Leave No-One Behind* (LNOB) groups in Armenia using the SDC criteria and their population sizes and geographic concentrations in the country
- Identify good practices and weaknesses in current approaches to value chain development in Armenia, and areas and stakeholders for potential synergy and/ or collaboration.
- Provide recommendations for focus areas for the new programme in terms of pro-poor market opportunities, sectoral and geographic targeting, and technical approach.

3.2 Scope of work and key tasks

The following key tasks are anticipated to be required to achieve the objectives:

- Literature review to provide an **overall assessment of the agriculture system**, including the Armenian Government institutional framework, policy environment, including key priority areas, particularly those with relevance to private sector development, gender and social inclusion, environment, and climate change issues.
- Literature review to **identify LNOB groups in Armenia** based upon SDC and Swisscontact guidance (to be provided) based upon the country context, the ability for a project to feasibly target them, and a calculation of total populations of selected LNOB groups.
- An **assessment of the structure and main constraints of sectors selected using a Relevance, Opportunity, Feasibility (ROF)** analysis in relation to the target group of rural producers and SMEs, including private sector capacity and the identification of potential lead firms.
- Preparation of question guides and engagement with key stakeholders in the public and private sector through key informant interviews (KIIs), to inform a **brief stakeholder mapping and rough assessment of current capacities of potential partners**, especially to act as potential co-facilitators to implement a market systems development approach. Swisscontact team members may participate in certain meetings and an engagement plan will be agreed prior to meetings taking place.
- **Mapping of current development initiatives** (and any future planned initiatives where information is available) in the sector, including important technical partners (NGOs, etc.) active in agriculture system strengthening, value chain development, private sector promotion, and/ or support to farmers and the farming sector. Identify gaps/ best practices in current practices, considering how initiatives link to the private sector.
- Provision of **recommendations for a proposed market systems development (MSD) programme** which could be targeted at supporting small-holder farmers in rural areas, include the scope, location, and target group. Contextual issues in the target areas and the challenges and implications of applying the MSD approach in this context should be addressed.

⁷ <https://www.eda.admin.ch/deza/en/home/countries/south-caucasus.html/content/dezaprojects/SDC/en/2006/7F03199/phase4>

⁸ https://www.eda.admin.ch/dam/deza/en/documents/aktivitaeten-projekte/projekte/Factsheet-South-Caucasus-ALCP_EN.pdf

⁹ https://www.eeas.europa.eu/armenia/european-union-and-armenia_en

¹⁰ <https://www.entwicklung.at/en/countries/south-caucasus/armenia>

¹¹ <https://www.usaid.gov/armenia/our-work/economic-growth-and-trade>

4 Approach and Methods

4.1 Approach

Swisscontact employs the principles of the **Appreciative Inquiry (AI)** approach of which the key concept is to keep investigating until satisfied with the evidence on the outcome: to repeatedly *Investigate, Validate, and Triangulate* information. This means stressing flexibility and open-endedness in fieldwork, taking a snowballing approach and triangulating information between the market actors and within the team itself.

4.2 Methods

Following this approach, the consultant will research using the following methods.

Desk review: Review of key documents related to agriculture and private sector development in Armenia. Relevant literature includes Armenian government policies, development partner strategies (SDC, ADA, etc), project reviews and other development sector documents, and also websites and other online resources related to potential project partners and private sector stakeholders. This information will inform the question guide of key information to be elicited from KIIs (next stage) and in the stakeholder engagement workshop.

Key Informant interviews: Face-to-face discussions with key stakeholders including:

- Development partners (e.g., SDC, USAID, ADA, EU, GIZ, others)
- NGOs and implementors (tbc)
- Government (e.g., Ministry of Agriculture, Ministry of Economy, Ministry of Environment); and,
- Private sector lead firms in target industries (tbc).

Swisscontact team members may participate in certain KIIs (tbc).

Report writing: to include discussions with Swisscontact Team, preparation of report and presentation to Swisscontact. Finalisation and submission of report

5 Level of Effort and Deliverables

The following deliverables are required with the level of effort (person days) estimated below. This includes where necessary workshops/ sessions with the Swisscontact team to agree findings and recommendations.

Milestones/ Deliverables	LoE Estimated Days Required	Anticipated deadlines
Literature review: <ul style="list-style-type: none"> • provide an overall assessment of the agriculture system • review to identify LNOB groups in Armenia 	4	April 2022
Selection of focus sectors using ROF	2	April 2022
Preparation of question guides for KIIs	2	May 2022
Field work – engagement with stakeholders in Armenia	6	May 2022
Mapping of development initiatives	2	June 2022
Presentation and draft report	4	June 2022
Final report	2	June 2022
TOTAL number of days	22	June 15 2022

6 Eligibility criteria and Required Skills and Competencies

6.1 Eligibility criteria

Suppliers may not apply, and will be rejected as ineligible, if they:

- Have been convicted of illegal/corrupt activities, and/or unprofessional conduct.
- Have been guilty of grave professional misconduct.
- Have not fulfilled obligations related to payment of taxes.
- Are guilty of serious misinterpretation in supplying information
- Are in violation of the Swisscontact policies (Anti Bribery or Anti-Corruption policies)

- Supplier (or supplier's principals) are on any list of sanctioned parties issued by; or are presently excluded or disqualified from participation in this transaction by the United States Government or United Nations by the United States Government, the United Kingdom, the European Union, the United Nations, other national governments, or public international organisations.

6.2 *Required skills and competencies.*

- Experience of development cooperation projects in Armenia
- Knowledge of the agriculture/ agricultural processing sectors and dynamics
- Experience of conducting scoping studies/ data collection through semi-structured interviews
- Contacts with key sector stakeholders – in government, commercial industry, and the development sector (development partners and implementors)
- Good analytical skills to synthesize qualitative data and identify recommendations.
- Reporting writing in English

6.3 *Evaluation and selection criteria*

Swisscontact is committed to selecting the most competitive offer. The valuation will be geared to identify offers with the best combination of expertise and value, considering the following:

- Suitability for the assignment—current workload, suitability of experts, references, and a demonstrated effectiveness with similar assignments
- Financial implication

The criterion for evaluation is quality cost-based system. The technical suitability is assessed at 70% of the total possible score and financial offer at 30% of the total possible score.

7 **Submission Instruction**

Who can apply: individuals/ representatives of consultancy firms

Interested candidates should submit:

- **Cover letter** confirming eligibility and availability for the assignment, explanation for the suitability of the assignment in relation to the required skills and competencies (see 4.2) (maximum 1 page). Include as annex **profiles/ resumes of consultant(s)** with contact details of at least 2 references and copy of diploma(s)/ certifications for consultant(s).
- **Financial offer** (maximum one-page): breakdown of cost estimates for services rendered. This should include, daily consultancy fees and any other expenses required. Proposed fees should be provided in gross amount including all the relevant taxes as per local legislation. Financial offers should be provided in CHF.

Files should be sent by email to info.georgia@swisscontact.org stating in the subject line: **Background Research Armenia**. Shortlisted consultants will be invited to an interview.

Submission Deadline: **5:00 pm, Friday 29 April 2022**

If any, please submit questions in writing to: info.georgia@swisscontact.org

- Last Day for Questions: 5:00 pm, Tuesday 26 April, 2022
- Questions will be answered by: 5:00 pm, Wednesday 27 April, 2022

NOTE:

The contracting authority for this assignment will be Swisscontact (Zurich). Payments will be made via international bank transfer from Switzerland. It is the responsibility of the consultant to meet any applicable tax obligations which must be included in the quoted rates.

This announcement does not obligate Swisscontact to execute a contract, nor does it commit to pay any costs incurred in the preparation and submission of offers. Furthermore, Swisscontact reserves the right to reject any and all offers, if such action is considered to be in the best interest of Swisscontact.