

TA for developing and strengthening the PPP to launch management model of the cooling facilities in Vardenik and Horom communities, IFRSP/TA/QCBS-2020/006

1. Background

The Infrastructure and Rural Finance Support Programme (IRFSP) aims to assist the Government of Armenia to resolve the widespread occurrence of poverty in the rural areas. Its overall objective is to improve the economic and social status of the population in selected rural areas where poverty is prevalent, by rehabilitating tertiary irrigation infrastructure, generating income growth and sustainable employment opportunities through strengthening the agricultural production systems and the forward and backward linkages of value chains for cash crops. The IRFSP Programme will be implemented over six years, starting in 2016.

The target areas of the program are 7 marzes of Shirak, Lori, Tavush, Gegharkunik, Vayots Dzor, Syunik and Aragatsotn. Rural finance component is countrywide with a special focus on the geographic area of the infrastructure component. The GEF-financed activity on Sustainable Land Management, in addition to the main programme areas, will target selected communities in Ararat marz.

The programme consists of 4 components: (i) Rural Finance; (ii) Rural Areas Water Infrastructure (RAWI); (iii) Farmer Awareness and Support; (iv) Sustainable Land Management for Increased Productivity (SLMIP).

(i). Rural Finance component aims to stimulate sustained growth of rural economic activity through improved and expanded access to appropriate financial services by rural small-scale producers and SMEs.

(ii). Rural Areas Water Infrastructure addresses the demand for improved access to domestic and irrigation water in rural communities.

(iii). Farmer Awareness and Support aims to improve the effectiveness of farming systems in the target communities and provides technical assistance and capacity building for farmers.

(iv). Sustainable Land Management for Increased Productivity aims to enhance the overall resilience of rural communities living in risk-prone areas of Armenia.

2. Project Specific Background

A feasibility study was conducted to observe the entire value chain of basic cultivated plants (from production to sales) in communities of Vardenik and Horom. This allowed to prove the purposefulness, efficiency of cold storage as well as serve as a base for the detailed design. The value chain of the crop production has a vital meaning for farmers' income growth, poverty reduction, job creation, food safety and sustainable agriculture development.

The aim of the study was to identify all opportunities, challenges, advantages and risks related to establishing a cold storage in two beneficiary communities benefiting under Rural Infrastructure Component of IRFS Programme, substantiating the effectiveness and sustainability of the project.

The obstacles to the horticulture development are the current losses prevalent in the chain of agricultural production, maintenance and sales which are quite high. At that, the losses occur during pre-harvest and postharvest stages. During pre-harvest period the losses are mainly due to the improper cultivating technologies and obsolete water supply infrastructures. And during post-harvest period the losses are due to the wrong harvesting practices, lack of collection and cold storage infrastructures, market inaccessibility and transportation issues. It is obvious that with the development of pre-harvest and post-harvest infrastructures, it will possible to ensure food quality and safety, market competence and producers' profit.

Based on the implementation provisions of the Farmer Awareness and Support Component, an agreement has been reached to set up cold storages under the component in Vardenik and Horom communities, to fully valorize the investments in irrigation rehabilitation schemes in the IRFSP focus areas two investments in post-harvest facilities are identified.

The planned establishment of cold storage facilities will accelerate the utilization of agricultural land and productivity of farmers and rural households benefitting from irrigation infrastructure rehabilitated under the program, as well as contribute to sustainable growth of income. The establishment of cold storage facilities will be accompanied by technical assistance.

The feasibility study recommended a property ownership and a management form for cold storage operation, with equal participation of the community and cooperative. It recommended to establish a Limited Liability Company, where the founders are both the community and the operating consumer cooperative within the community.

3. Specific Objectives of the Assignment

The service provider will provide a technical assistance to the management bodies of the cooling storages to be established in the beneficiary communities. The Service Provider will support the communities to establish private companies in each community with the ownership of the communities, local cooperatives and the private sector engagement following the management model requirements designed by the feasibility studies. It will also strengthen and develop managerial and technical skills of the staff to be responsible for the operation and maintenance of the facilities (including trainings on finance & business administration, harvesting and post-harvesting processes, technical operation etc.),

The efficient and sustainable operation of cold storage depends on a few factors and particularly on the right choice of proper management mechanisms for the structure.

As stated in the feasibility study, after discussions and legal studies it is more realistic to expand the operation through a commercial company because the functions of the proposed facility have a commercial character (sale and purchase, export) and aimed at income generation, so based on the purposes and goals of the cold storage establishment it is recommended to establish a trade organization from the legal point of view.

From the other side, Client's requirement was observed to create flexible mechanism of management, which by the way comes from the position of the Government of Armenia. It will have principles of public private partnership ensuring the commercial efficient operation of cold storage and the representation of farmers of the community.

The service provider, in close cooperation with the beneficiaries, should provide the PPP model for the establishment of the company and operation and maintenance of the cold storages.

4. Activities

The main activities of the Service Provider include the following:

4.1. Legal consultation/framework

- Review and analyze the best practice for establishing a Public Private Partnership (PPP) in the target communities including the possible participation of women and youth in the PPP in target communities including;
- Explore existing cooperatives established by the communities in Vardenik and Horom communities to assess their compatibility with the PPP;
- Review and analyze the existing legal framework on establishing the organizational legal form of cold storages in Vardenik and Horom communities based on Public Private Partnership, including but not limited to:
 - the legal form of the organization,
 - processes and procedures to establish the company upon requirement,
- Prepare a clear and comprehensive PPP contract ensuring sustainability taking into account also the perspective of gender and youth, social inclusion and accountability mechanisms;
- Prepare a presentation on the PPP contract to ensure all stakeholders understand the contractual arrangements and how things are organized within the organization, including but not limited to:
 - clearly identified roles and responsibilities of beneficiaries,
 - clearly identified compensation system,
 - a clear dispute resolution process.

4.2. Technical consultation and Operations & Maintenance (O&M) and Management

- Develop a clear, well understood and documented operational management and maintenance manual based on the feasibility study and in accordance with technical and safety requirements and norms including:
 - adherence to the storage procedure to ensure using the entire volume of the refrigeration chamber and to exclude overload;
 - maintenance of the required temperature regime;
 - maintenance of the required limits of relative humidity
 - adherence to the defined duration of storage
 - adherence to the technological processes, including:
 - Acceptance of raw materials

- Selection-sorting-packaging
 - Measurement
 - Packaging
 - Pre cooling
 - Loading and unloading of refrigeration cell/chamber
 - Delivery
- a dedicated technical, safety and maintenance training on the operational management and maintenance of the cold storages

4.3. Financial management

- Review and analyze the financial management model and risk moderation outlined in the feasibility study
- Develop a financial management model for the cold storages for operational management purposes and to ensure long term economic and financial sustainability, including but not limited to:
 - annual budget plan
 - profitability of investment project
 - profit of investment project
 - return period of investment
 - liquidity level and calculations of indicators
 - cost recovery indicators
 - cashflow
 - the rate of crop storing

5. Duration, Deliverables and Submission Dates

The duration of the assignment is 6 months. Below is a list of major deliverables and their due dates:

Deliverable	Due dates
a clear agenda with milestones and deadlines (in Armenian and English)	1 week after the contract award
Report on the PPP best practice, legal entities in Vardenik community and existing legal framework on establishing PPP contract (in Armenian and English)	1 month
Operational management and maintenance manual (in Armenian and English)	0.5 month

English)	
Presentation on capacity and knowledge building (in Armenian and English)	1 week
Training on capacity and knowledge building	2-4 days
Presentation on training on technical, safety and maintenance (in Armenian and English)	1 week
Training on technical, safety and maintenance	2-4 days
Financial Framework	
a financial management model (in Armenian and English)	1 month
Draft PPP contract	3 months
Final PPP contract (in Armenian and English) and presentation on the PPP contract (in Armenian and English)	4.5 months

6. Main Qualifications

Experts (estimated at 17 man-months for all experts).

The main qualifications include the following:

6.1. Team Leader

- a. Minimum 10 years of general professional experience
- b. Minimum 5 years of experience managing teams in projects and designing and implementing consultation and training projects in Armenia
- c. Experience in conducting assessment and PPP Framework development is an advantage
- d. Previous experience in the management of donor-funded projects
- e. Proficient in English and Armenian Languages
- f. Excellent communication, coordination, leadership and problem-solving skills
- g. Minimum of a Master's degree in administration, management, development or in a relevant domain

6.2. Legal expert

- a. Minimum 5 years of experience in public private partnerships
- b. A strong understanding of RA rules and regulations

- c. Experience in conducting legal trainings in rural areas of Armenia
- d. Minimum 2 years of general work experience in working in rural areas of Armenia is an advantage
- e. Excellent communication, coordination, and presentation skills
- f. Minimum of a Master's degree or equivalent in Law

6.3. Technical expert

- a. Minimum 5 years of general professional experience
- b. Minimum 5 years of experience in the design and delivery of training in a technical management field
- c. Minimum 2 years of experience in rural areas of Armenia is an advantage
- d. Proficient in Armenian and English languages
- e. Excellent communication, coordination, and presentation skills
- f. Minimum of a Bachelor's degree or equivalent in a relevant domain.

6.4. Financial expert

- Minimum 5 years of experience in similar projects
- A strong understanding in technical and operational management and financial modeling
- Excellent communication, coordination, and presentation skills
- Proficient in Armenian and English languages
- Proficient in Excel, good knowledge of other financial modeling tools is an advantage
- Minimum of a Master's degree or equivalent in Economics, Business Administration or a relevant domain