

INFRASTRUCTURE AND RURAL FINANCE SUPPORT PROGRAMME (IRFSP)

SUSTAINABLE LAND MANAGEMENT FOR INCREASED PRODUCTIVITY COMPONENT

TERMS OF REFERENCE

CONSULTING SERVICES

FOR THE IMPLEMENTATION OF

DIVERSIFICATION AND FOOD SECURITY PROGRAMME

(WINDOW 1)

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“Rural Areas Economic Development Programmes Implementation Unit” SA of Ministry of Economy of the Republic of Armenia seeks a Consultant/Service Provider for the implementation of the “**Diversification and Food Security Programme**” **W1** assignment under the Sustainable Land Management Component (SLMIP) of Infrastructure and Rural Finance Support Programme (IRFSP).

I. Background

As part of the recent comprehensive Armenia Development Strategy 2012-2025 (ADS), the Government of Armenia acknowledging that agriculture and rural development play a key role in economic diversification, job creation, and poverty reduction requested the International Fund for Agricultural Development to launch a complex Programme with a focus on sustainable agriculture, by promoting soil conservation measures, improving water collection and irrigation methods and diversifying access to concessional rural finance.

In this context the Government in cooperation with IFAD initiated the “Infrastructure and Rural Finance Support Programme” (IRFSP) with an overall objective to improve the economic and social status of the population in selected rural areas where poverty is prevalent by: (i) increased productivity of small scale farming, post production processes and transition by smallholders to growing high value cash crops; (ii) creation of linkages between agro processing facilities and poor rural smallholders to enhance their improved access to domestic and international markets and employment opportunities along the value chain; (iii) improved resilience of agricultural production systems to fluctuation in rainfall levels; and (iv) upgrading food safety, the quality of marketable products, and family health by improving household water supplies; (v) increasing income and assets generated by smallholder farmers through investments in sustainable land management systems and technologies.

The Programme has four main components: (i) Rural Finance; (ii) Rural Areas Water Infrastructure; (iii) Farmer Awareness and Support; and (iv) Sustainable Land Management for Increased Productivity.

- **Rural Finance component** is providing refinancing capital and equity investments to rural smallholders and SMEs to improve and intensify their production operations and to increase their incomes.
- **Rural Areas Water Infrastructure (RAWI) Component** addresses the demand for improved access to domestic and irrigation water in rural communities.
- **Farmer Awareness & Support and Sustainable Land Management Components** target farmers through investments in sustainable land management systems, technologies and capacity development.

The full project document is accessible at the following link: <https://raed.am/programms/ongoing-programmes/infrastructure-and-rural-finance-support-programme.html>

II. Project-specific Background

The Sustainable Land Management Component is financed by the Global Environmental Facility (GEF SLMIP) which stepped into the IRFS Programme to enhance the overall resilience of rural communities living in risk-prone areas of Armenia by (i) integrating soil and water conservation measures in the development of the targeted high value agroforestry and vegetable crops and (ii) restoring the resilience to land degradation and climate-risks of the agro-ecosystems and the rural population in the project communal lands.

The GEF SLMIP strategy builds on IRFSP baseline and is based on the following key intervention lines:

- **Investments in sustainable farming systems and technologies benefiting from rehabilitated irrigation systems**
- **Community-led land degradation prevention through landscape restoration interventions.**

Investments in sustainable farming systems and technologies benefiting from rehabilitated irrigation will (i) mainstream the adoption of climate-proof technologies in the tertiary irrigation systems rehabilitated by the baseline interventions, (ii) support the conversion of marginal lands into climate-resilient farming, managed with efficient irrigation technologies and soil and water conservation agronomic systems. It is largely by diversifying high value vegetable crops thanks to the on-farm provision of irrigation water that women-headed, youth and the poor households can become more resilient, prevent land degradation and reduce the climate-risk that affect both people's life and assets. To improve the resilience of the baseline agriculture production interventions two diverse financing options (windows) aiming at the diversification and food security and the development of farming systems were developed.

Livelihood diversity is an essential prerequisite for reducing risk, building resilience and providing food security. The possible benefits and impact of diversification are many: (i) distributing risks, both climate-related and others, among different crops; (ii) extending vegetable production from early spring to late autumn, leading to increased production volumes and increased incomes; (iii) developing competencies around production, processing and marketing; and (iv) achieving a broader range of products that better reflect the productive potential of the mountain regions targeted by the project.

Besides being an effective instrument for mitigating land degradation and climate risks on vulnerable territories, this intervention lays the groundwork to increase nutrition security, and combat poverty and economic marginality of vulnerable population with a focus to women-headed households, the youth and the vulnerable.

In this context it is foreseen to provide small grants (start-up packages) and Combined Financial Products (combined financing products) to vulnerable groups (women headed households, young farmers, and poor households) and to smallholder farmers willing to undertake sustainable farming based on land conservation principles in the selected areas. Therefore the sub-component will have two windows: **Window 1) Diversification and Food Security Programme** (DFSP-start up packages); and **Window 2) Sustainable Farming Programme** (SFP-combined financing products).

III. General Objective of the Project

Under the GEF Window 1 elaborated below, the overall objective of this consulting services assignment is to enhance the overall resilience of rural communities living in risk-prone areas of Armenia by (i) integrating soil and water conservation measures in the development of the targeted high value agroforestry and vegetable crops and (ii) restoring the resilience to land degradation and climate-risks of the agro-ecosystems and the rural population in the project communal lands.

IV. Specific Objective of this Assignment

The specific objective of this consulting services assignment is to enhance the resilience of disadvantaged groups (women-led households, youths, and poor households) in the targeted communities and equip them to develop and enhance their agricultural production through tools, techniques, competencies and investments in sustainable farming systems and technologies. This will be accomplished through the set of activities elaborated below.

Based on the above, the Project intends to select a consultant/service provider to support the achievement of the above objective over a 24 months period, namely by identifying target beneficiaries, researching their needs, elaborating on the requirements, building their capacities and coaching them to build and enhance their agronomic and agro-food productions from within the pre-identified basket of start-up packages detailed below.

V. Window 1 - DFSP and Start-up Packages

The DFSP (start-up packages) will be provided to support production activities on household plot, land preparation, efficient irrigation and other small farming equipment, small fruit driers and beekeeping. The Start-up Packages under this Window 1 will target beneficiaries in 16 settlements in nine municipalities benefiting from a) the improved irrigations schemes (rehabilitated under IRFS Infrastructure component) and b) Community-led land degradation prevention and landscape restoration interventions(to be financed under GEF Sustainable land management component). The

Window 1 beneficiaries will receive a grant-financed package of maximum USD 3,000 to diversify their small-scale farm production and nutrition.

The project will adopt an ecosystem-based landscape approach to identify vulnerable sites to land degradation and implement integrated landscape restoration interventions to enhance the functionality and durability of the irrigation schemes, prevent soil erosion degradation, and improve vegetation cover along water courses, catchment areas and mountain slopes. The final goal is to restore the environmental services supporting rural development in the target areas, and provide environmental, social and economic benefits from multipurpose restoration interventions. This component will also create opportunities for income diversification from the production, processing and marketing of wild products, such as those derived from beekeeping, supporting the creation and strengthening of youth associations making an economic use of the restored communal lands.

VI. Window 1 target beneficiaries and implementation requirements

RAED PIU undertook a Feasibility Study in target areas of the IRFSP and GEF projects to better understand socio-demographic and livelihood factors of local communities and to scope needs and priorities. The final report provides a foundation for elaboration of the Investment and Action Plan and a proper targeting strategy for Window 1.

About 7,116 households (HH) with 26,245 members (population) reside (are registered) in targeted areas. The window will target directly at least 1,100 direct beneficiaries (at least 320 households) in 16 settlements in nine municipalities located in project area, i.e. marzes of Syunik and Vayots Dzor in the south, and Ararat marz in the central-western part of the country. There will be indirect beneficiaries such as inputs suppliers, marketing and processing enterprises, and those who would be able to get permanent and seasonal jobs generated as a result of new and expanded production and processing activities.

The window will focus on three vulnerable groups in Project selected areas aiming to reach agreed targets:

1) Women led households (at least 50%)	
Basic selection criteria:	- Woman is responsible for making decision on household's economic activities (what, where and how to grow), can apply for a loan to the financial institutions, responsible for managing household finances at least for more than 8 month a year. <i>Feasibility study showed, that these women are represented by widows, single women and women, whose husbands have been in migration out of country for longer than 8 consecutive months</i>
<i>To be verified by consultant/service provider through the approval of the list of selected beneficiaries by the</i>	- Households does not possess more than 1.4 ha of arable and perennial land, including household plot;

village authorities and municipality along the specified criteria - At least a third of HH expenditures covered/or will be covered in the result of the participation in the Project by income from related agriculture production

Specific Criteria

To be verified by the consultant/service provider in the process of social mobilization

- Interest and ability to participate in intensive training and coaching activities;
- Orientation towards subsistence and sale of surplus;
- Ability to match at least 10% of co-financing to the grant (in-kind) ;
- Availability of markets is advantage

2) Youth (at least 30%), with priority given to youth led households

Basic selection criteria:

- Youth led households, as well as young people - women or men - in poor or vulnerable households (age restriction for men is up to 35 and women up to 40 years old);
- Responsible for making decision on household's economic activities (what, where and how to grow), who can apply for a loan to the financial institutions, responsible for managing household finances;
- Households does not possess more than 1.4 ha of agricultural and perennial land, including household plot;
- Households living along or below upper poverty level established by the Government of Armenia
- At least a third of HH expenditures covered/or will be covered in the result of the participation in the Project by income from related agriculture production.

To be verified by consultant/service provider through the approval of the list of selected beneficiaries by the municipality along the specified criteria

Specific Criteria

- Interest and ability to participate in intensive training and coaching activities;
- Availability of land, water for requested ag production (at least backyard plot)
- Orientation towards subsistence and sale of surplus;
- Ability to match at least 10% of co-financing to the grant (in-kind)
- Availability of markets is advantage

To be verified by the consultant/service provider in the process of social mobilization and market analysis

3) Poor households (about 20%)

Basic selection criteria: - Poor or vulnerable household living along or below upper poverty level established by the Government of Armenia

<p><i>To be verified by C/SP through the approval of the list of selected beneficiaries by the municipality along the specified criteria</i></p>	<ul style="list-style-type: none"> - Households does not possess more than 1.4 ha of agricultural and perennial land, including household plot; - At least a third of HH expenditures covered/or will be covered in the result of the participation in the Project by income from related agriculture production
<p><i>Specific Criteria</i></p> <p><i>To be verified by the C/SP in the process of social mobilization and market analysis</i></p>	<ul style="list-style-type: none"> - Interest and ability to participate in intensive training and coaching activities; - Availability of land, water for requested ag production (at least backyard plot) - Orientation towards subsistence and sale of surplus; - Ability to match at least 10% of co-financing to the grant(in-kind);

Beneficiaries can be individual persons, or groups of beneficiaries (formal and informal), interested, committed and able to demonstrate intent to undertake joint production, processing or marketing. These groups can be registered informally as Farmers’ Groups according to the Civil Code of Armenia and registered at the notary level. These groups should have group organizational rules, joint decisions on operating and use of joint resources, allocated by the Project before decision on grant award is made.

The selection process of beneficiaries for **Window 1** will need to follow agreed basic and specific criteria to reach directly targeted beneficiaries, in order to reach Project development objectives, avoid elite capture and include vulnerable but economically active smallholders. Specific Project criteria related to economic activities need to be verified if selected households are engaged in agriculture and receive not less than half of their income from agriculture, they don’t possess more than 1.4 ha of agricultural land (all types), willing to participate in training and coaching activities. The cross verification should be carried out based on participatory poverty assessment verified with the data obtained by using national poverty line following specific criteria of the Project regarding economic activities of the household. It is expected that the consultant/service provider will undertake participatory poverty assessment method (e.g. Participatory Wealth Ranking- PWR) that uses the ratings of local reference groups concerning the relative poverty status of households in their community. The results of the PWR would need be confirmed by the method of Living Standard Measurement Survey (LSMS) method employed by the Government of Armenia to identify poor households. The data allow the identification of households that have per-capita (adult) consumption below the national poverty line (poverty line in Armenia for 2018).

VII. The Start-up Packages

The Start-up Packages under the **Window 1** will be allocated to selected individuals or groups (one household cannot receive more than one package from the Project). The Window 1 beneficiaries will receive a package with a cost of not more than US\$3,000 and will need to match the grant funding with own contribution at the 10% in-kind.

Each start-up package may include any one or combination of the below:

- Beekeeping for those who don't have any bee hives or less than 50; the package includes the provision of bees and beehives, honey extraction small-scale machines and packaging materials.
- Small fruit driers (capacity of 150kg, low-energy usage 5 Kwh).
- Sustainable vegetable and orchard production (tomato, cucumber, pepper, eggplant, garlic, berries, and mushrooms) including small-sized low tunnels necessary for vegetable production; establishment or maintenance of orchards (small tools, seedlings); installation of small-scale efficient irrigation systems (e.g. drip irrigation); and purchase/production of organic fertilizers; small equipment for wild products value chain (e.g. production and packaging of wild herbs and berries).

The start-up packages (amounting to about USD 960,000) will be provided (by the supplier(s) contracted by the RAED PIU) to the beneficiaries as in-kind contributions. The Beneficiaries will not receive the grant funding directly. The beneficiaries will receive the products, equipment, and other essential assets for which they submitted grant financing applications prepared in cooperation with the consultant/service provider.

The description and implementation of start-up packages including (i) Target settlements, (ii) Beneficiaries - women headed HHs, youth, poor HHs, (iii) Target directions, (iv) Grant characteristics, (v) Grants allocation procedure, including concrete actions, (vi) Application rejection processes are detailed in the "Development of Financing Packages, Raising Farmer Awareness of Packages Developed and Implementation of Agricultural and Financial Training" report.

Based on the approved grant applications and the start-up packages design and elaboration, the RAED PIU will announce a tender for the supply, delivery to beneficiaries, assembling/installation and testing of assets (i.e. start-up packages).

The grant can be used solely for the purchase of items, goods and services which are clearly measurable and documented.

VIII. Activities

The consultant/service provider will play a key role in implementing the investments in sustainable farming systems and technologies intervention creating synergies across the Programme activities. The Project will provide technical and financial support to selected beneficiaries with the Start-up Packages

accompanied with the knowledge and skills improvement to increase their production and productivity. Therefore, the consultant/service provider will undertake social mobilization in target areas to identify potential candidates. These pre-selected beneficiaries of Window 1, verified with the RAED PIU, will have to go through business skills and financial literacy training related to packages to be pre-selected for the Project support. Selected beneficiaries after receiving Start-up Packages will be further trained by the consultant/service provider on technical issues, financial literacy, farm management, marketing and land conservation technologies in the scope of packages they apply for. The beneficiaries of the Window 1 will also be supported/coached by the consultant/service provider for at least one production cycle and will get support in linking to markets/aggregators. Groups of women and young farmers who want to be engaged in group Start-up Package activities, will go through additional group organization and management, business and technical training.

The outcomes of the all implementation phases are subject to the approval of the Grant committee to be established under the RAED PIU to ensure transparent and effective implementation of W1. The consultant/service provider shall observe the IFAD's Social, Environmental, and Climate Assessment Procedures (SECAP¹) and respect their stipulations as well as local and national laws and regulations (social and environmental safeguards).

Under the full coordination with the RAED PIU and with its full approval, the consultant/service provider shall handle the following activities broken down into 5 phases:

A. Identification and Awareness

- a. Desk study of all relevant existing reports/publications and previous studies conducted and information available with the RAED PIU;
- b. Data collection in terms of poverty levels and prospects for alleviation or reduction of poverty by utilizing the planned start-up packages directed towards the 16 settlements in nine municipalities located in the marzes of Syunik and Vayots Dzor in the south, and Ararat marz in the central-western part of the country;
- c. Identification of potential beneficiaries (at least 320 households) in the target communities based on the above;
- d. Implementation of a comprehensive Awareness Raising Campaign, introducing the Window 1, its objectives, intervention instruments, targeted groups, etc.;
- e. Preparation and dissemination of awareness raising materials to identified potential beneficiaries.

B. Beneficiary Selection

¹ <https://www.ifad.org/en/document-detail/asset/39563472>

- a. Nomination of beneficiaries for selection (in consultation with official representatives of local communities and respecting the overall targeting approach of IRFSP) in a detailed report with clear justifications;
- b. Submission of the list of selected Beneficiaries by target groups, including names, addresses, start-up packages, need for assembling/installation, testing, training, etc.; this includes a 2-3 pages profile for each beneficiary;
- c. Drafting of a one-page grant contract ensuring acceptance of grant and setting some rules on use, operation and maintenance of the start-up packages;
- d. Facilitation of Grant Provision Contracts with the selected grantees. Grants will be signed by PIU and Beneficiary. Consultant will provide for the logistics and administration of the signatures (e.g. have beneficiaries sign and bring signed contracts to PIU, etc.)

C. Requirements Elaboration

- a. For each selected Beneficiary, design of a specific start-up package from within allowable categories;
- b. For each category of start-up packages, conducting a market survey to advise on potential suppliers/manufacturers and on the spectrum of available product specifications and estimate costs;
- c. Development of a detailed schedule of requirements (list of all items and their quantities and delivery addresses) elaborating to the very detail each of the start-up packages in all their variations required by the Beneficiaries;
- d. Calculation of a cost estimate of each beneficiary start-up package (the limit is US\$ 3,000 per Beneficiary);
- e. Development of detailed technical specifications for all types of the start-up packages including assembly/testing/installation/training to enable the RAED PIU to launch the start-up packages procurement and enable suppliers and manufacturers to submit compliant and competitive bids (respecting IFAD procurement rules and regulations).
- f. During the time when the RAED PIU is procuring the start-up packages, the consultant/service provider will conduct training (based on detailed training material provided in advance to RAED PIU for file) to the selected beneficiaries on the following: sustainable agricultural production, environmentally-friendly processing, basic financial management, all as is related to the start-up packages (their operation,

use, and maintenance). The training will be for 2 days per type of start-up package per community (16 communities).

D. Supervision of Supply/Installation

- a. Since the start-up packages will be procured directly by the RAED PIU (i.e. the consultant/service provider will **NOT** purchase the start-up packages), the role of the consultant/service provider will include supervising the supply, installation and setup of the start-up packages at each beneficiary location to ensure that the packages are compliant with the specifications and are as specified during design. The consultant/service provider together with supplier will ensure that start-up packages are delivered to each household separately and delivery orders are signed by each beneficiary, the supplier and the consultant/service provider;
- b. Supervision of the training conducted by the supplier(s) to the beneficiaries on the use, operation and maintenance of the start-up packages as applicable;
- c. Upon completion of the procurement of start-up packages by the RAED PIU, the consultant/service provider will certify whether the suppliers have met their obligations under their respective contracts or not.

E. Mentoring and Training

- a. Provision of technical assistance to beneficiaries (coaching-mentoring) for at least one production cycle;
- b. Building awareness about regional market opportunities and supporting beneficiaries to market and sell their production;
- c. Conducting on-the-job coaching to each beneficiary in a custom-made manner based on needs and requirements for the duration of the production cycle covering also optimizing production, enhancing quality and the marketing of their products;
- d. Provision of detailed progress reports on a quarterly basis covering the progress made with each Beneficiary with documentary evidence, statistical data, etc.;
- e. Provision of detailed quantitative outcome report on an annual basis.
- f. It is estimated that this phase will require the collective effort of about 28 man-months of consultant experts of various types and categories.

The consultant/service provider cannot proceed from one phase to the next before the explicit prior approval of the RAED PIU.

The below figure graphically summarizes the scope of work of the consultant/service provider in addition to the procurement of start-up packages which will be handled directly by the RAED PIU:

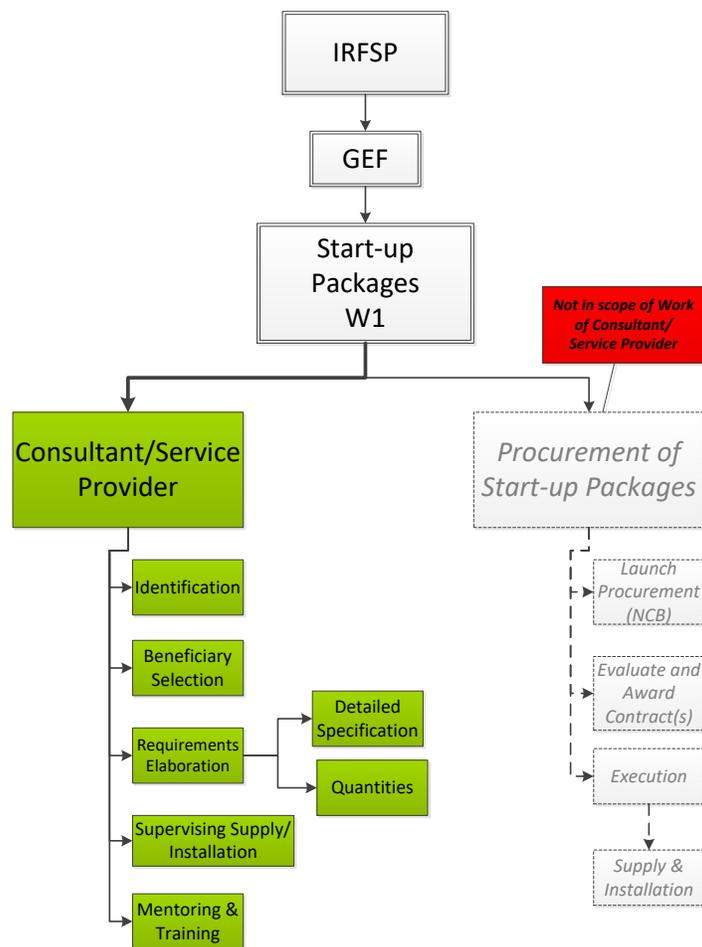


Figure 1- Summary of Scope of Work and Relation to Other Activities

IX. Duration, Deliverables and Submission Dates

The duration of the assignment is 24 months. Below is a list of major deliverables and their due dates:

Deliverable	Due Date (from commencement)
Identification and Awareness Report (English and Armenian)	2 months
Beneficiary Selection Report (English and Armenian)	4 months

Requirements (Quantities, Specifications, Cost Estimates) (English)	5 months
Supervision & Monitoring Reports (Armenian with executive summary in English)	on a monthly basis accompanying delivery/installation
Mentoring and Training Report (Armenian with executive summary in English)	On a monthly basis for a period of one full production cycle for each product starting delivery/installation
Quarterly Progress Report (Armenian with executive summary in English)	Every 3 months from commencement till completion
Annual Report (English and Armenian)	Annually
Final Report (English and Armenian)	24 months

The reports required might be adjusted as needed on the basis of prior mutual agreement and no-objection of the RAED PIU. During the course of this assignment, the consultant/service provider will directly report to the RAED PIU authorized Coordinator. In addition to reporting requirements mentioned under Deliverables above, the consultant/service provider will be required to provide brief monthly progress reports defining the status of ongoing and indicating planned activities as well as problems encountered with proposed solutions.

In case of necessity, the activities of the consultant/service provider that relate to the implementation of the Project should pass audits upon the official request of the RAED PIU. The above reports include all deliverables elaborated in the respective list of activities above in section VIII.

The consultant/service provider shall use modern technologies and information systems in the monitoring, supervision, facilitation, data collection, performance evaluation, etc. activities.

X. Experts (estimated at 65 man-months for all experts)

The consultant will be required to mobilize the following key experts:

- A. Team Leader
 - a. Minimum of 15 years of general professional experience
 - b. Minimum of 5 years of experience managing teams in projects
 - c. Minimum of 7 years of experience in designing and implementing projects for underprivileged individuals in rural areas of Armenia
 - 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 or equivalent university degree in a relevant domain

- B. Lead Socio-Economic Specialist
 - a. Minimum of 15 years of experience in socio-economic development

- b. Minimum of 10 years of experience in technical assistance or project implementation in the socio-economic field
- c. Minimum of 5 years of experience in the socio-economic field and pro-poor targeting activities in Armenia
- d. Minimum of 3 years conducting needs analysis surveys and monitoring and evaluation.
- e. Proficient in Armenian Language and good knowledge of English is an advantage.
- f. Excellent communication, coordination, leadership and problem solving skills
- g. Minimum of a Master's degree or equivalent university degree in a relevant domain

C. Lead Agronomist

- a. Minimum of 10 years of general professional experience
- b. Minimum of 5 years of experience in the agro-food or agronomy sector in Armenia preferably in the targeted start-up packages (e.g. sustainable farming, beekeeping, vegetable/orchard production, small-sized low tunnels, small fruit driers, or drip irrigation, etc.) and with dis-advantaged individuals and groups. A definite advantage is the experience in all the above fields.
- c. Minimum of 5 years of experience in rural areas of Armenia.
- d. Proficient in Armenian Language and good knowledge of English is an advantage.
- e. Minimum of a Master's degree or equivalent university degree in a relevant domain.

D. Lead Trainer

- a. Minimum of 10 years of experience in general professional experience
- b. Minimum of 5 years of experience in the design and delivery of training in the agro-food industry and sustainable agricultural fields targeted to dis-advantaged individuals and groups
- c. Minimum of 5 years of experience in rural areas of Armenia
- d. Proficient in Armenian Language
- e. Excellent communication, coordination, and presentation skills
- f. Minimum of a Master's degree or equivalent in a relevant domain

In addition, the consultant/service provider will be required to mobilize all necessary short-term experts in the requisite qualifications and quantities to ensure the successful implementation of the project. At a minimum, the following expertise should be mobilized on short-term basis as may be needed:

- Communication and awareness specialists
- Beneficiary selection specialists
- Social field workers
- Social and Environmental Safeguards experts
- Agro-food field specialists
- Trainers

- monitoring and evaluation specialist
- Agro-food/agronomy market specialists
- Engineers in relevant domains