

Terms of reference Value Chain Analysis

A. Background

1. The knowledge and support technical assistance (TA) on Enhancing Agriculture Competitiveness in Viet Nam aims to support selected provinces to commercialize agriculture by promoting inclusive agribusiness development along selected value chains. The TA is aligned with the government's Agriculture Restructuring Plan which focuses on promoting nationally and provincially important commodities where provinces have a specific comparative advantage. The project will only invest in value chain investments that are market-linked and where the impact of investment increases value addition to value chain actors in an equitable manner along the value chain.¹

2. The TA will (i) undertake value chain assessment to identify constraints and potential opportunities for growing value addition, (ii) identify investment needs and modalities for building value addition using the proposed follow-on ADB loan, and (iii) build knowledge, skills and capability within the provinces to identify future investment opportunities for inclusion in a long-term programmatic approach of commercializing agriculture. The TA outputs will provide input to a proposed investment program for Rural Agribusiness Commercialization which is currently in ADBs lending pipeline for 2020. The objective of the investment program is increase targeted value chain competitiveness (Project). The improved competitiveness will in turn attract additional investment, advance quality of production, and develop economic growth in the sector.

3. To support the project design, ADB and the Government of Viet Nam agreed to provide a knowledge support technical assistance (TA) to the provinces that will participate in the investment program that will identify value chains for inclusion in the Project. For these value chains, the TA seeks to understand their current stage of development, structure, performance, challenges and opportunities for adding value to the value chain output. The following terms of reference seeks to develop a clear understanding of one value chain within each Province including the structure, performance, opportunities and challenges faced by actors. The assessments will provide the basis for the TA to prioritize the proposed investment needs and for delivering capacity building targeting gaps and weaknesses both along value chains and the services demanded from both the private and public sectors.

B. Scope of Work

4. ADB and the Government of Viet Nam have agreed that the participating Provinces will be (i) Can Tho, (ii) Tay Ninh, and (iii) Nghe An. The successful contractor will work closely with IPSARD staff and Provincial Agencies including DARD, DPI, DOIT and PPC representatives to identify and agree on a commodity in each province for inclusion in the study.

5. For each commodity, the contractor will develop a proposed work plan within 5 weeks that provides a detailed work plan, specific details on the approach and methods to be applied, the range of skills and number of field survey members required to implement the work plan and a detailed timeline for deliverables.

6. Stage 1 of the assignment will involve a complete a diagnostic study for each commodity, to identify the structure and performance of all supply chains ranging from

¹ Government of Viet Nam. 2013. *Prime Minister's Decision No. 899/QD-TTg of 10 June 2013 Approving the Project Agriculture Restructuring Towards Raising Added Values and Sustainable Development*. Ha Noi.

producers to consumers and by any services and inputs demanded by or provided to the value chain.

7. Each province will select a commodity from their respective lists of provincial priority commodity groups. The commodity could be from the category of fruit and vegetables, aquaculture and fisheries, or livestock.² However, the contractor will determine the best combination of commodities for the assessments, bearing in mind the need to keep the scope and implementation arrangements of the follow on investment project as simple as possible. The assessment will focus on the existing production and product flow within the province and surrounding provinces as opposed to adopting a provincial wide commodity sector assessment.

8. The scope of each assessment includes input from actors along each supply chains from producers to the final consumer or agent of consumers when the products are exported as well as service providers along the supply chain. The value chain assessment study shall include a review of historical and secondary data and literature, field surveys, focus groups, and key informant interviews that identify value chain stakeholder perceptions. The assessment will seek to develop both qualitative description and quantitative evidence relating to the structure, performance and potential for each value chain, the current and perceived risks and constraints faced within each supply chain.

9. Stage 2 of the assignment will involve the contractors using the diagnostic study findings to work with value chain actors to confirm their findings and understanding of the value chains. This engagement will take the form of developing a strategic plan for the commodity selected in each province and an associated action plan for the first 3 to 5 years. Responsibility for each action will be identified.

1. Stage One – Expected Scope of Assessment

- (i) An assessment of the comparative advantage for the potential commodities within each of the three provinces with respect to production, value addition and marketing of the commodity with clearly identified locational, natural resources, infrastructure, or logistic features that provide clear comparative advantage.
- (ii) An assessment of the structure and nature of demand in terms of existing and potential domestic, regional and international markets including recent historical data 3 to 5 years, that includes destination, quantities sold or delivered, required quality and trade standards, market organization and the role of the provincial value chain in each market channel and how this has changed.
- (iii) Provide a descriptive assessment of the structure of supply chains – (in terms of number of actors, size of operation, volume of output) at each stage of the value chain for all market channels involving the commodity or derived products from the point of consumption or export back to production. The description of actors and linkages that are outside the boundaries of the specified province. The structure within the province will be geographically defined and aligned with supporting productive rural infrastructure, transport and logistics networks. The structure of the value chain will be aligned to the basis of the comparative advantage of the province, with consideration of:

² In addition to these groups, the contractor will also assess the potential to develop the value chain for specialty commodities in each of the provinces. The value chains of these specialty commodities may require a different set of interventions than those of the broader groups mentioned in the main text.

- a. Production systems – location, representative farming systems - size and mix of crops, and underlying production technology. Links to productive rural infrastructure including irrigation, other cropping or land use systems, on farm infrastructure will be identified including where access to these constrains the supply chain
- b. Trends in productions systems output, quality and volume of output by market channel
- c. Horizontal linkages between actors – including large enterprise linkages to smallholders and smallholder groupings
- d. Numbers of agents, traders, and buyers by the volume of output handled, location and buying areas – vertical – forward and backward linkages
- e. Product aggregation or value addition actors by size of operation, capacity and capacity utilization, vertical linkages
- (iv) Value chain leadership and governance
 - a. Horizontal linkages – clear description of the existing linkages and the purpose and stability of these linkages – both formal and informal – including the identification of the types of formal organization and their ownership, role and relationships
 - b. Vertical linkages and their adaptation changes and durability both formal; and informal – how these are specified and implemented – including the role, mandate, jurisdiction and participation
 - c. Private sector investment and roles and how these are distributed along the value chains,
 - d. Service and logistic agents along the value chain and their linkages, roles and responsibilities
 - e. Access to technical and financial services along the value chains – sources, products and linkages of service provider to other actors
 - f. Role of the public sector – roles, mandates, authority, and jurisdiction
- (v) Performance within and along the value chain to determine the competitiveness of the value chain actors and the overall value chain including:
 - a. Input supplies
 - b. Producers– production systems, agronomic practice, production and quality ranges, marketing channels, margins, trends and intentions
 - c. Producer organization – range of models and systems – formal and informal
 - d. Product aggregation and transmission (physical product, financial, and information including price and quality grades) systems, traders, agents, linkages through the value chain
 - e. Value addition – current, technology and performance, value losses, and post harvest losses
 - f. Value chain logistics
 - g. Market clearance – quality grades by proportion of production
- (vi) Value addition challenges – actor by stage of value chain – and then actors along value chain to develop and prioritize the challenges they face individually and collectively
- (vii) Value addition opportunities
 - a. Value chain actor perspective on how to address challenges in a step wise approach to capture priority opportunity and the expected value addition of each of these opportunities.
 - b. Contractor analysis and assessment of priority value addition options

2. Stage Two Value Chain - Strategy and Action Plans

- (i) Value chain strategic plan prepared as a series of participatory meetings with actors at each stage and also with actors along the value chains. The strategy will highlight priority value addition opportunities including at the least the following imperatives:
 - a. Value enabling reforms
 - i. through policy upgrade, regulatory support, quality assurance integrity systems
 - ii. trade and market access options
 - b. Increased productivity – expand intensity with updated production technologies such as shade, irrigation hydroponics, new seed and cultivars, economies of size
 - c. Increased scale of production through expansion including farmer organization support and rural productive infrastructure
 - d. Service delivery strategies including technical services, quality assurance services, market access, logistics and financial services,
 - e. Leadership and value chain workforce training and capacity strengthening
 - f. Innovation strategies including product development, new technology, science for all stages of value chain
 - g. Role of Private sector, large enterprise and public sector in value chain management
- (ii) Value Chain action plan
 - a. For each stage of the value chain a set of priority actions for the following five years with associated outputs and expected outcome indicators agreed by value chain actors
 - b. Actions to be specified in terms of geographic priorities that maximize comparative and competitive advantages
- (iii) Supporting infrastructure needs identified including
 - a. Road infrastructure
 - b. Cool Chain infrastructure
 - c. Packhouse and distribution center infrastructure
 - d. Others

C. Schedule and Resources

10. The assignment is for a period of nine months commencing in August 2018 until May 2019.

11. The contract amount will cover administration expenses (including remuneration and per diem, travel, reports and communications, equipment, and training/workshops).

D. Requirements

12. The organization must have relevant country (Viet Nam) experience in value chain analysis and strategy planning including farmer direct sourcing and extension system, value chain program including traceability systems and studies on value addition on crop production technologies.

13. The organization must have in-house staff capable of delivering the majority of technical inputs for the design of the assessment and the production of quality outputs suitable to inform government and donor investment programs. In house capacity with local and foreign language skills including specialists with experience in forming and managing field survey teams, planning and conducting value chain focus groups, industry interview programs, data management and collation and analysis, and the production of reports. Preference will be given to organizations that are actively involved in supply chain development and

management with a close understanding of commercial imperatives within supply chains. Knowledge and recent experience of working within Viet Nam's administrative procedures and supply chains for specific commodities in the agriculture and aquaculture sector is required.

14. The contractor will work in close consultation with the Team Leader (TL) and Deputy Team Leader (DTL) of the TA who have been engaged separately. The TL and DTL are ultimately responsible for the outputs of the TA. Therefore they will endorse the work plan, review and comment on the interim and final outputs and assist IPSARD and ADB with monitoring the inputs of the contractor. The contractor will report to ADB and IPSARD through the TL and DTL to ensure sound coordination of all inputs by the consultant team.

F. Milestone-based Activities and Outputs

15. The contract output will be delivered in a two-stage process with the stage 1 deliverable being an assessment of the current structure and performance of the selected value chain in three provinces. For stage 2 the deliverable is a value chain strategic plan and supporting action plan.

16. The scope of content expected for each deliverable is:

1. Inception Report and work Plan

17. A detailed work plan supporting timeline and approach will be prepared and submitted to ADB and IPSARD within 5 weeks of contract signing.

2. Stage One

18. Stage 1 deliverable will include a report and client briefing that presents the findings of the initial value chain description, consumer demand and market channels, quality requirements, value chain structure, actors, organization and linkages, performance and governance and the value chain challenges and opportunities. The output will identify elicited value chain actor perceptions of challenges and opportunities plus additional challenges or opportunities to be identified by the contractor during the study. The opportunities will be in the form of areas of importance with an initial evaluation of scale, impact and locale.

3. Stage Two

19. Stage two deliverables include (i) draft value chain strategic plan, (ii) draft value chain action plan for the implementation of the strategic plan for value chain support that specifies the portfolio of investments that are required and justified in terms of adding value for the value chain actors and for which there is a confirmed market demand, and a (iii) consolidated final contract report.

20. The consolidated contract report will include the findings and key messages from both stage one and two plus provide a record of supporting documentation and reference material of the stage one report and feedback, plus (i) a strategic plan for the value chain and (ii) a prioritized action plan.

21. The report shall present the findings of value chain needs, opportunities and potential outputs. The inclusion of these will be evidence based, geographically defined in terms of location and potential scale of investment. The evidence will define how the investment links with other value chain actors as a means of building inclusiveness and to increase the competitiveness of the product and the actors in the value chain. Further, the priorities will include service functions and their costs such as product aggregation, quality assurance and traceability requirements, capacity strengthening, costs of logistics and transport, access and

demand for credit, and specifically outline the power and governance strengthening that will enable the continued value addition beyond the project. The final report will be presented within the province to the actors, Government of Viet Nam, and ADB/TA staff as a final draft. The final report will incorporate the feedback and responses to editorial and technical review.

22. The action plan will present the priorities as discrete modules each with the expected output and outcomes defined in quantitative terms.

Activities	Major Outputs
1. Value chain assessment and training preparation	Assessment report and training program/ materials
2. Training for central and provincial government VCA	Delivery of VCA training and training evaluation report; draft VCA fieldwork plan
3. Fieldwork preparation	VCA fieldwork reports
4. Implementation of product chain analysis	Survey results/reports; integrated product chain report in Vietnamese and English
5. Strategic Action Plan Workshop	Final version of product chain analysis report; action plan in Vietnamese and English
6. Value Chain Strategic Plan	3 Provincial value chain strategic plan