Background

The World Vegetable Center (WorldVeg) signed an MoU with Trias (representing also its partner Tanzania Horticulture Association - TAHA). This MoU aims at the business development of vegetable business networks in Zanzibar centered around traders, processors, input providers including agrodealers and other categories of business champions of vegetable business networks. Trias “aims to support at least 50 traders/processors in the horticultural value chain (including spices/essential oils). The identification of these actors in the chain will be part of the present study executed by WorldVeg, so there will be no need for Trias to do its own separate study. Additionally, it was agreed, that in this cooperation for business development, networks will not be limited to vegetables, but will also include a number of fruits, herbs and tree crops on which Trias and TAHA had aimed at intervening in. In the context of the MoU, WorldVeg – through its USAID financed “Profitable and Sustainable Youth Vegetable Business” project and in consultation with Trias and TAHA – will finance and oversee the initial study of the value chain and the connected support - / business development services within a market systems development perspective including elements of a food systems analysis. Trias will on its own part provide WorldVeg with the resources for implementing recommendations from the study and capacitating TAHA to work on VBN business development in the longer term. These terms of reference aim at identifying consultants that will implement this study in a participatory manner with the staff of
WorldVeg, Trias and TAHA in order to build ownership of the results and designed interventions by these organizations.

The objective of the VBN approach is to improve the linkage between farmers and consumers through building stable and sustainable business relationships between the value chain actors aimed at quality and fairness (this includes transparent communication, fair share of margins) as well as supporting the business development of the actors involved in the chain. A vegetable business network is a local cluster/network of value chain actors and support services that are actively coached by WorldVeg and business coaches trained by WorldVeg to build collaboration and trust in order to increase competitiveness and seize a particular market opportunity in the vegetable sector. VBNs most often include a “local champion” that will be screened through a quick scan on the basis of a set of criteria such as business models, motivation, size/volume of the business, past and intended business perspectives, inclusiveness in terms of women and youth, and business actors linkages. This will be followed by a more detailed survey of the pre-selected champions to collect baseline data and to make a final selection of champions. VBNs as multi-actor networks are explicitly formed around such business champions. Business champions could be existing street traders/vendors and/or professional intermediaries (middle persons), who in-turn, supply retail outlets like supermarkets. A VBN could also be initiated and constructed around existing «business» relationships between a local seed company and a group of farmers and with bringing in a retailer in such a network, assuring the marketing of the vegetables produced by the farmers, that will in turn be of interest to the seed company providing more confidence of selling seeds. producer collective organizations can also function as champions of VBNs. Building trust and improving cooperation between actors requires support and nurturing, which can be done by outside intermediaries like WorldVeg and business coaches. WorldVeg or a partner will provide business development support and coaching to the vegetable business networks to improve their ability to cooperate as confident and trusted partners that can all earn a better living. The objective is also to reach a considerable number of women and youth (beneficiaries comprise at least 40% women and 40% youth).

Key stakeholders in the planned intervention are:
- The Revolutionary Government of Zanzibar
- DAI – Advancing Youth project: This project has a number of potential business champions in the horticulture sector that they have fostered and that they have shown interest to link with the WorldVeg / Trias / TAHA initiative
- Zanzibar Agricultural Research Institute (ZARI) and Zanzibar University: WorldVeg, Trias and TAHA have shown interest to cooperate with these 2 institutions and have contacted them to this purpose. ZARI will be involved in the agronomy and postharvest research side of the Zanzibar initiatives of the 3 organizations, while it might be interesting to involve Zanzibar University graduates as business coaches to the VBNs.

A full list of already identified stakeholders will be provided at the inception of the consultancy.

The study will collect information to assess the market system dynamics from the vegetable seed sector, input suppliers, producers, aggregators, wholesalers, retailers and consumers who are - or potentially will be - members of VBN
Crop and and processed products markets to be investigated include:

1. Vegetables: Orange flesh sweet potatoes (OFSP), Tomato, Green pepper, (colored) capsicum, onions, Lime, Chilies (including Habanero)
3. Fruits: water melon, papaya, passion fruit, pineapple, bananas, oranges, rambutana
4. herbs (e.g. mint), spices and fruit trees: cinnamon, cloves, cardamom, turmeric, ginger, vanilla, rambutan
5. Processed products from the mentioned primary crops

**Purpose**

The purpose of this study is to give guidance to WorldVeg’s and Trias’ interventions within the specified horticultural value chains in the coming 4 years. This includes identifying ways to optimize the functioning of production and the market for smaller producers (getting income for their optimized production and improving terms of trade) as well as identifying ways to support the business development of business champions and lead firms linked to these producers and the relationships between these actors in order improve the overall efficiency and benefits from the horticultural value chains. This also involves analysis of the enabling environment and technical policies of the market systems as well as elements of a food systems analysis using its concept of food environments.¹ All this means that the consultant will be required conduct an analysis of the market system around the horticultural value chains using a participatory methodology involving WorldVeg, Trias and TAHA.

The study will focus on the 2 islands of Unguja and Pemba, but also consider other geographic areas that are relevant for impacting actors in Zanzibar within the scope of interventions to be defined by this. This means also that the inflow of BDS and inputs from other regions of Tanzania and elsewhere into Zanzibar should be considered, as well as relevant secondary and final markets outside the intervention zone.

**Key research areas and questions**

Resulting from the description above, the research areas for this study are:

I. Map the market system in the horticultural sector in Zanzibar including the key actors in the value chain (demand and supply side); the rules and regulations and the supporting functions

II. Identify systemic constraints or root causes that explain why the horticultural value chains do not function optimally and serve the needs of the key actors, especially the smallholder farmers

III. Identify opportunities for triggering systemic level changes in the horticultural VCs in Zanzibar

The study should specially be able to answer the following questions:

- What are the structures and processes in the horticulture sub-sector in Zanzibar?
- What are the most relevant interventions that need to be undertaken to strengthen “business champions” and lead firms in the vegetable value chains as well as the other horticultural value chains listed in Unguja and Pemba?
- What are the most relevant interventions that need to be undertaken in the mentioned horticultural value chains in Unguja and Pemba with a focus on improving the livelihood of the other members of the vegetable / horticulture business networks
- What are the trade-offs among livelihoods, availability of nutritious foods, equity and the environment?

Objectives

General market systems assessment objectives include:

1. Identify and analyze the actors in the market systems (including logistics and packaging) related to the specified crops and products (including, amongst others, classification by individual production quantities as well as calculation of aggregate production (primary, processing, packaging and trade amongst others) pre- and during the COVID induced collapse of the tourism sector in Zanzibar as well as projected for mid and end 2021, 2022 and 2025

2. Identify and analyze (including amongst others their competence areas, service provision qualitative and quantitative capacities) the BDS providers and other BDS sector actors (including secondary BDS provision to primary BDS providers) that have an approach with potential for sustainability on Zanzibar and Tanzania mainland.²

3. Identify and analyze internal – and end markets for the defined horticultural products including demand, prices and identity of buyers (hotels, restaurants, local open markets, exporters, consumers amongst others)

4. Identify and analyze market channels and the volumes passing through them for the defined horticultural products pre- and during the COVID induced collapse of the tourism sector in Zanzibar as well as projected for mid and end 2021, 2022 and 2025

5. Identify and analyze also lead firms (including amongst others their demand) in Zanzibar, Tanzania mainland or further afield that are interested in and potential for working with VBNs or their business champions in the specified sectors in Zanzibar projected for mid and end 2021, 2022 and 2025

6. Undertake a detailed analysis of the institutional, legislative, policy framework and policy environment for the market systems of the selected crops and products including policies relating to production as well as logistics, quality requirements and standards

7. Identify and analyze the structure and quality of relationships between the actors in the markets for the different selected crops and products (including transaction types amongst others (spot, informal contracts, formal contracts etc.)) and their governance. Consider also the impact of the COVID induced collapse of the tourism sector in Zanzibar.

8. Diagram the gathered information for the concerned markets visually considering also the impact of COVID

9. Identify generic and systemic challenges and opportunities within the identified markets

10. Identify recommendations and interventions from a market systems development perspective (“sustainable solutions”³ and including sequencing) including interventions at market and VBN level

11. Identify the most relevant business model(s) for testing on pilot VBN(s), lead firms or other horticulture business models as basis for upscaling and application to other VBNs and lead firms

² Consider also agrodealers (town vs. village based); finance institutions (who are they? Financing models? Who has been financed?) and roles of LGA, Government Institutions/Parastatals, Development Organizations, etc.


⁴ Sustainable solutions for value chain interventions (McVay, Sievers, and Olming 2008 p. 62)
Sustainable solutions help identify ways of stimulating positive change in the value chain on a sustainable basis. To arrive at a “sustainable solution,” program designers articulate the solution for a particular constraint, and then identify a business service or business support product that would provide the solution For example:

- Constraint: Slow delivery, poor quality, high costs
12. Develop the most relevant business models agreed with WorldVeg, Trias and TAHA further

13. Gendered and age sensitive (youth) market system analysis

13.1. Consider the ways and the degrees to which gender, age, disability and ethnicity define constraints limiting participation in and benefits from activities throughout market systems for the specified crops and products in Zanzibar, how men and women as well as adults and youth (especially female youth), persons with and without disabilities and different ethnical identification respond to incentives and risks in the market system (as a result of gender-, age-, disability- and ethnicity-based behaviors, practices, and relationships) and how these contribute to gender-, age-, disability- and ethnicity-based differences in production, productivity, and sales.

13.2. Map the roles women, youth, persons with disability and minority ethnicities currently play within the targeted market systems, and identify specific gender-, age-, disability- and ethnicity-based systemic constraints related to agency, relations, and structure, while also considering intersectionality of these criteria.

13.3. Propose solutions to constraints based on gender, age, disability and ethnicity limiting participation in and benefitting from activities throughout market systems for the specified crops and products in Zanzibar.

14. Basic climate change / environmental vulnerability analysis

14.1. Identify the primary systemic vulnerabilities and risks to climatic and environmental hazards at each stage of the market system.

14.2. Map the basic current functionality and forecast the functionality of the market systems after a high probability environmental and/or climatic crisis (e.g. drought, flood, etc.).

14.3. Identify the primary negative impacts and mitigation and adaptation measures of the market systems of the specified crops and products in Zanzibar as well as a post-intervention market systems on the environment

15. Identify nutritional opportunities and risks on the market systems analysis as well as their diversified impact on the range of actors in the market systems

15.1. Identify opportunities existing to enhance demand for nutrients (or nutritious foods) employing especially the food systems concept of “food environment”.

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- **Solution:** Improved productivity and quality control
- **Business service:** Productivity improvement consulting services
- **Business model:** Factories purchase productivity improvement services from individual, qualified technicians

Devising a product or service helps program designers think about how this “solution” could be delivered on a commercial basis, through a business model. A “business model” is the strategy for market delivery of a solution. It consists of:

- The business support product or service
- The provider: usually private businesses, cooperatives, or associations, who have a commercial interest in providing the service or product
- The payment mechanism: how the service or product will be paid for, whether by direct fees, bundling the cost into the normal cost of goods bought and sold, or by third-party advertising

5 It is important to recognize that not every constraint can be addressed through commercially viable, market-based solutions, for instance, systemic constraints may be related to social and cultural norms for which there is no commercial incentive for market actors to address (e.g. limited men’s engagement in “women’s work” (including infant and young child feeding and care) is a systemic constraint limiting women’s ability to engage in market systems). In these cases, the consultancy should clearly explain why there is no commercial incentive to provide the solutions, and then indicate how the proposed solutions, sustainably address the underlying systemic constraint over the long term without need for additional donor funding.

6 HLPE defines food environment as follows:

“Food environment refers to the physical, economic, political and socio-cultural context in which consumers engage with the food system to make their decisions about acquiring, preparing and consuming food. The food environment consists of:

- “food entry points” or the physical spaces where food is purchased or obtained;
- features and infrastructures of the built environment that allow consumers to access these spaces;
15.2. Anticipated disturbances in the mix and market availability/cost of nutritious foods (e.g. promoting production of a specific crop that displaces production and/or effects the cost of other crops of more nutritional importance to people’s diets).

15.3. Potential effects on women’s time poverty and/or income (including wages).

Further areas of assessment include:

1. Document a pool of potential “business champions” (traders, processor and hospitality enterprises (hotels, restaurants, etc.) agrodealers etc.) from which to select pilot enterprises (approximately 25 traders and 25 processors as well as the most relevant hospitality enterprises, agrodealers etc.)

1.1. Subcategorize the identified individuals by each of the categories of business champions and document their business structure and size.

1.1. Document the main product average gross and net margin analysis for the variety of identified trade-, processing and hospitality sector capacities (under the most important scenarios for assumptions)

1.2. Document their sourcing methods and channels, input – and linked farm gate prices, output prices (final price after value addition), challenges in procuring inputs and marketing the produce, their market information and intelligence mechanisms as well as their process for creating input – and output market linkages

1.3. Document their relationships with suppliers (transaction types (including on the spot or deferred payment, (in)formal contracts), long- or short-term relationships, (dis)trust based; relatives, close friends and acquaintances vs. impersonal as predominant business partners), etc.)

1.4. Document the variety of their customers (wholesalers, retailers, processors, hospitality enterprises, open market etc.) and their relationships with them ((in)formal contracts, spot selling or deferred payment, long or short-term relationships, (dis)trust based; relatives, close friends and acquaintances vs. impersonal as predominant business partners), etc.)

1.5. Analyze for potential business champion processors and other value addition providers, their processing capacity or other value addition components for horticultural crops (i.e. packaging, branding, etc.)

1.6. Identify and document for each of the 3 categories of business champions the 3 of the most suited to pilot the VBN development trajectory with

- personal determinants of consumer food choices (including income, education, values, skills etc.); and
- surrounding political, social and cultural norms that underlie these interactions.

The key elements of the food environment that influence consumer food choices, food acceptability and diets are:

- physical and economic access to food (proximity and affordability);
- food promotion, advertising and information;
- food quality and safety (p.28)

7 category 1: traders, category 2: processors, category 3: hospitality and others

8 If possible, e.g. rough estimates for capital, turnover (last 3 years), profitability, ownership structure, and main challenges and opportunities. Concrete method to be agreed together with selected consultant.

9 Best available combination of leading the market in new directions that benefit micro- and small enterprises (MSEs), commercially – and social motivation to do business with MSEs, socially conscious and motivated, highly skilled and with technical capacity to train MSE suppliers, good access to credit and ability to navigate new markets or ways available to complement missing criteria through involvement of other actors.
2. Identify and do preliminary analysis of relevant lead firms (including large input provider companies, exporters amongst others) with which VBNs could enter into partnership.

2.1. Identify and document relevant lead firms with which VBNs could enter into partnership and sub-categorize them by type and document their business structure and size.

2.2. Document the main product average gross and net margin analysis for the main types of lead firms identified (under the most important scenarios for assumptions).

2.3. Analyze and document their sourcing methods and channels, input – and linked farm gate prices, output prices (final price after value addition), challenges in procuring inputs and marketing the produce, their market information and intelligence mechanisms as well as their process for creating input – and output market linkages.

2.4. Analyze and document their relationships with suppliers (transaction types (including on the spot or deferred payment, (in)formal contracts), long- or short-term relationships, (dis)trust based; relatives, close friends and acquaintances vs. impersonal as predominant business partners), etc.

2.5. Analyze and document the variety of their customers (wholesalers, retailers, processors, hospitality enterprises, open market etc.) and their relationships with them ((in)formal contracts, spot selling or deferred payment, long or short-term relationships, (dis)trust based; relatives close friends and acquaintances vs. impersonal as predominant business partners), etc.

2.6. Identify and document the most suited 2-3 lead firms amongst the identified to potentially pilot partnerships between them and VBNs.

3. Develop some ideas about key local open markets and alternative outlets (supermarkets, kiosks focusing on horticultural products) some of which may already serve as outlets to a number of identified VBNs business champions.

3.1. Numbers of markets and alternative outlets of different size for Pemba and Unguja.

3.2. Management systems and ownership of main markets and alternative outlets.

3.3. Number and types of traders (wholesale, retail) involved in the main open markets and types of produce they specialize on.

3.4. Volumes traders and alternative outlets procure and sell on a daily basis.

3.5. Challenges (e.g. food waste, infrastructure, amongst others) faced by traders in markets and alternative outlets.

3.6. Documentation of names and contact traders and alternative outlets interacted with.

4. Analyze the production sector.

4.1. Identify and analyze the production sector’s production capacity (productivity), capacity building approaches (e.g. demo plot, trials), technology (dis)adoption and challenges (e.g. GAP, drip irrigation, etc.) post-harvest losses (PHL) and factors associated with PHL.

4.2. With regard to capacity building conduct an assessment of capacity building provision gaps form the perspective of off-takers.

4.3. For a variety of individual production capacities and assumptions, calculate cost benefit analysis, relationships with input suppliers, relationships with their buyers, quality compliance.

4.4. Identify and analyze demand for seedlings of the specified products from farmers, opportunities for seedling production businesses and their suitability for women, youth, disabled individuals and minority ethnicities amongst others.

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10 If possible, e.g. rough estimates for turnover (last 3 years) and main challenges and opportunities. Concrete method to be agreed together with selected consultant.

11 There will be some duplication with the names of traders identified as potential business champions under objective 2.1 above.
5. Formulate specific recommendations how to interact with supporting stakeholders, including
   5.1. DAI – advancing youth\textsuperscript{12} e.g. contributions of WorldVeg / Trias / TAHA vs. contributions DAI
   5.2. The other EU Zanzibar and Tanzania mainland Agriconnect horticulture consortia, the USAID Mboga
   na Matunda consortium as well as any other expected consortia for Zanzibar or Tanzania Mainland.
   5.3. Other regional, national and international organizations active in the Zanzibar horticulture sector
   (Milele Foundation amongst others)
   5.4. Knowledge Institutes: Zanzibar Agricultural Research Institute (ZARI), University of Zanzibar
   amongst others

6. Identify and analyze horticulture sector – as well as horticulture traders’ – or processors’ associations
   and roundtable initiatives, business council working groups, committees, etc.

7. Analyze the policy and enabling environment (doing business and technical policies, regulations and pro-
   cedures (e.g. phytosanitary regulations, product standards regulation, etc.)

8. Identify and formulate key points for a sector (horticulture trade and processing) development strategy

9. Review TAHA’s market information system for horticulture in Zanzibar and provide recommendations, if
   appropriate

Methodology

The methodology shall be designed such that it ensures a participatory consultation process and with inputs
from key stakeholders & key informants to be listed, as well as review of documents and studies.

The study shall be led by the consultants but use a participatory methodology involving WorldVeg and
Trias/TAHA during planning, data collection and analysis.

The market systems – and further objectives assessment will involve the following:
   • Undertake a thorough research and review of existing literature with a focus on the objectives of the
     study.
   • Undertake a stakeholder and key informant consultation.
   • Data collection for the market systems analysis and further objectives.

Methods of analysis include:
   • VC and BDS sector actors, markets, channels and their relationships (while production is somewhat
     deemphasized and maybe looked at in the first instance from the perspective of the business champion)
   • Theoretical framework is market systems development, including market systems development cycle
     (per intervention, not necessarily synchronic):
       market entry $\Rightarrow$ pilot $\Rightarrow$ upscaling (through market-based learning systems) $\Rightarrow$ exit
   • A PESTEC (Political, Economic, Social, Environment, Cultural) sensitive analysis

\textsuperscript{12} Of special interest.
Sequencing
The sequence of the consultancy will be as follows:
1. Kick off meeting and provision of bibliography
2. Literature study
3. Refining proposal and work plan
4. Inception report and meeting - Clear picture of the objectives and illustrate methodology of assignment (merged with a detailed Proposal)
5. Consultation and data collection and analysis
6. Provision of interim report and proposal for further study (e.g. decision on business models)
7. Presentation to and discussion with WorldVeg/Trias/TAHA committee (e.g. decision on business models to develop further)
8. Further study
9. 1st draft
10. Debriefing meeting
11. Submission final report

Deliverables
The Consultant is expected to deliver the following to WorldVeg within the agreed time line:
1. Reviewed proposal & work plan
2. interim report & proposal further study
3. Short debriefing meeting on interim report & further study proposal
4. 1st Draft final report
5. Presentation of the study to WorldVeg / Trias / TAHA team
6. Final report incl. appendices integrating WorldVeg / Trias / TAHA comments

The final report is to include a list of, VBNs, potential business champions (traders, processors, hotels amongst others, mainly from the vegetable sector, but also from the herbs and spices and essential oils sector) that the partners can use as a starting point for further identification of business champions and VBNs.

A tentative Table of Contents for the final report will be agreed with the selected consultant.

Time frame
The consultants can suggest a time frame for the specified deliverables, considering that the consultancy is expected to begin in January 2021 and the final report is to be submitted latest by end of April 2021.

Requirements of the consultant
Extensive experience in and knowledge of:
- Qualitative and quantitative research methodologies
- Market systems analysis
- Value Chain Development
- BDS analysis and development
- Market systems development in Tanzania
- Horticulture production, trade and processing in Tanzania
- Good methodological and research skills
- Ability to write clearly and concisely in English
Submission of proposal and deadline

The proposal should include:

- A proposal describing detailed design and methodology along with a work plan putting timelines and sequence of activities that would be undertaken.
- Detailed profile/background (qualification, expertise, relevant experience etc.) of the agencies and individuals who will be completing the work including their full names, their expertise in the livestock sector and other suitability for this project, and if there is more than one consultant, the amount of time each person will spend on the project.
- Detailed budget

Proposals are to be submitted to info-esa@worldveg.org by Thursday 10th December 2020. For further information please contact Dan da Silva, Agribusiness specialist dan.dasilva@worldveg.org. For more information about the World Vegetable Center, please visit our website: https://avrdc.org/.

The selected consultant will be contacted Monday 14th December. Contracting is expected to be completed by Friday 18th December.

Evaluation of bids

Technical offer: The technical offer will be based on a scoring scheme proposed WorldVeg, Trias East Africa and TAHA. Points will be awarded according to a number of criteria, these may include:
1. General quality of the proposal including (completeness, cohesion & coherence, how well reflecting TOR & to the point?)
2. Language (clarity & intelligibility)
3. Understanding of the TOR & processed into proposal (goals & objectives, process / methodology suggested by TOR, deliverables suggested by TOR)
4. Relevant experience of consultants (VC studies, livestock sector)
5. Availability & time budgeting in work plan

Financial offer: The financial offer will be mainly assessed on the basis of the best bidder, i.e. the financial offer together with the best technical bid (the most realistic). A comparative advantage will be given, if possible, to the least costly offer.