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| **Project/Partnership Title:** **Project Location(s):**  | **Lot 2: Call for application Terms of References for Mechanization Services for commercial and small holder farmers in six woredas of Gambella region.** Abobo, Gambella, Gog, Itang, Mengeshi, and Lare woredas |

# Background

Mercy Corps is a leading global organization powered by the belief that a better world is possible.
In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action helping people triumph over adversity and build stronger communities from within. Now, and for the future.

Mercy Corps has been operating in Ethiopia since 2004, working in rural, peri-urban, and urban areas in six regional states - Somali, Oromia, Gambella, Afar, Southern Nations Nationalities and Peoples, Amhara - and the capital city of Addis Ababa. We engage in both development and humanitarian work, and seek to integrate approaches, programs, and geographies as much as possible. Our partners include government, academic institutions, development and private sector actors, civil societies, and communities.

Smallholder farmers in Africa face many challenges in accessing quality inputs, markets, finance, information, and extension services that are essential for improving their productivity, profitability, and resilience. Digital technologies are transforming the way value chain services can reach smallholders, who often face challenges in accessing inputs, markets, and payments. These technologies can expand the scope and diversity of products and services for smallholders, especially those who have weak or no links to buyers. However, the development and adoption of these technologies are hindered by poor infrastructure and a weak digital ecosystem in rural areas. This is the case for many African countries, including Ethiopia, where agricultural value chain actors in the regions of Ethiopia encounter various difficulties. For instance, smallholders lack financing for high-quality inputs, buyers incur high costs and risks when paying smallholders in cash, smallholders have limited access to markets for their crops, and buyers have insufficient funds to pay smallholders promptly, leading to side-selling.

In Gambella Region, there are a total of 85,890 farmers across all thirteen woredas, out of which 57,401 are male farmers, and 25,444 are female farmers. Further, youth participation in agriculture remains low, evident with a small number of farmers in the region, which stands at 3,048 youngsters. Natural resources are abundant with a very good footprint of international organizations, including United Nations Agencies, International and local Non-Governmental Organizations, supporting the refugees and host communities. Areas with agriculture potential include most of Anywaa and Majang zones, some parts of Itang special woreda, and a small portion of the Nuer zone. Most land in Gambella is fertile and suitable for growing diverse crops, including cereal, tubers, and root crops, horticulture crops such as fruits and vegetables, and oil crops. The potential areas for rainfed agriculture constitute 560,897.50 ha, while irrigable land amounts to 317,319.68 ha.

The main challenges that farmers in Gambella region of Ethiopia are facing can be summarized as follows:

* Farmers have poor knowledge and practices of agriculture, due to weak or non-existent extension services.
* Farmers lack access to agricultural inputs and services, such as seeds, fertilizers, pesticides, and irrigation, on a sustainable basis.
* Farmers face undeveloped and fragmented crop markets, which make it difficult to find buyers and get fair prices for their products.
* Farmers do not have strong and effective cooperatives, which could help them aggregate their production and engage with buyers.
* Farmers do not have the skills and capacity to run their farming as a business, and to adapt their production to market needs and opportunities.
* Farmers and traders do not have access to financial services, such as credit and insurance, which could help them invest in their business and expand or improve their production.
* Farmers have poor post-harvest management of crops, which results in low-quality commodities and high losses.
* Farmers do not have access to a mechanized tillage service.
* Farmers rely on rain-fed agriculture, which exposes them to climate risks and uncertainties.

To effectively serve the diverse and complex needs and preferences of smallholder farmers and other value chain actors, there is a need for a holistic and integrated approach that can combine different services in one platform.

**Overview of ISRL and Trade for Peace (T4P) Projects**

Integrated Smallholder Resilience and Livelihoods Support (ISRL) is a three-year project being implemented in Gambella. The Integrated Smallholder Resilience and Livelihoods Support (ISRL) project's main goal is to strengthen resilience against shocks and ensure food security for host and refugee smallholder farmers targeting 10,000 +155 existing smallholder farmers (SHF) and 15 existing commercial farmers in Abobo, Gambella, Gog, Itang, Mengeshi, and Lare woredas of the region.

The following are specific objectives:

* Increase agriculture production and productivity of smallholder farmers through improved agricultural technologies and post-harvest handling.
* Increased access to improved Agricultural Markets for Women, Men, and Youth Smallholder Farmers.
* Strengthened financial systems that are also accessible to refugees and host communities to improve their access to financial services.
* Promote behavioral change in the production and consumption of nutritious food.

The Trade for Peace(T4P) project is funded by the Hilton Foundation and is being implemented by Mercy Corps in Gambelia region of Ethiopia. The project aims to promote peace and stability in the region through enhancing trade and economic opportunities, strengthening social cohesion, and supporting conflict prevention and resolution mechanisms. The project targets 24,000 households (50% female & 20% youths) from refugees and host communities in Gog Woreda & Itang Special Woredas

**T4P Specific objectives**

* Objective 1: Trade4Peace governance institutions become drivers of cooperation and peace between refugee and host communities.
* Objective 2: Improved livelihood and market opportunities for refugee and host communities.
* Objective 3: Inclusive financial services strengthened for host and refugee communities and facilitated wage and self-employment opportunities.

# Purpose / Project Description

Together with government institutions and development partners, Mercy Corps is implementing ISRLS and T4P projects in Gambella Region, with funding from WFP and Hilton Foundation, respectively.

With this background, Mercy Corps through its ISRLS and T4P projects wants to improve and increase efficiency and availability of different business development services to smallholder farmers. The use of ICT or digital platforms has proven to be among the easiest, most reliable, and cheapest ways of delivering services to smallholder farmers, especially regarding access to markets and finance. We are therefore looking for a private partner that can adapt/develop a digital solution for agricultural value chains and market actors in Gambella region to ensure smallholder farmers, commercial farmers and other market actors have access to bundle of services through digital solution.

**Purpose and Objective of the partnership Assignment**

The overall objective of this assignment is to develop digital mechanization services that can provide mechanization services to smallholder farmers and other value chain actors in six woredas of Gambella region. The services may include, but are not limited to, the following:

**Lot 2: Digital Technology Assisted Mechanization Services for smallholder farmers in Gambella region.**

* **Farmer booking and service delivery**: Farmers can request and book tractor services through the mobile app or through booking agents, who are local entrepreneurs or community leaders who organize farmers in their area. Booking agents can also help farmers with land preparation, crop selection, and input provision. Tractor owners can accept or decline bookings, assign operators, and schedule services. Operators can use the mobile app to navigate to the farm, start and stop the service, and collect payment.
* **Tractor monitoring and management:** Tractor owners can track and manage their fleet remotely and in real-time, using GPS and IoT devices installed on their tractors. They can access various data and insights on their tractors, such as location, fuel level, engine status, maintenance alerts, operator performance, and work completed. They can also control their tractors, such as locking or unlocking them, or setting geo-fences.
* **Financing and insurance**: Tractor owners can access various financing and insurance options through online platform, such as pay-as-you-go loans, equipment leasing, or crop insurance. The potential applicant will partner with various financial institutions and insurance companies to provide these services, using the data and reports generated by the platform to assess the creditworthiness and risk profile of the tractor owners.
* **Data sharing and analysis**: the partner online platform uses a digital ledger and machine learning to capture, track, and share data, while creating end-to-end trust and transparency across the agribusiness value chain. The potential applicant will establish partnership with various stakeholders, such as governments, NGOs, research institutions, and private sector actors, to provide them with access to data and insights on the agricultural sector, such as crop yield, soil health, market prices, and weather patterns.

**Scope of work**

**The scope of work for this assignment includes the following tasks.**

* Conduct a needs assessment and a market analysis to identify the gaps and opportunities for providing a one stop digital solution to smallholder farmers and other value chain actors in the target areas and sectors.
* Deliver two pitching sessions for ISRL and T4P project teams on the proposed solutions and implementation modality
* Internal validation, co-creation and verification of field finding before preparing a final report and sharing with external stakeholders.
* Facilitation of consultation and validation workshop for the wider stakeholders
* Design and develop a user-friendly and scalable digital solution that can integrate and bundle different services in one platform, using appropriate digital technologies, such as mobile applications, web portals, SMS, voice, USSD, IVR, etc.
* Test and validate the digital solution with the end-users and stakeholders and incorporate their feedback and suggestions for improvement.
* Deploy and launch the digital solution in the target areas and sectors and provide training and support to the end-users and stakeholders on how to use and benefit from the digital solution.
* Monitor and evaluate the performance and impact of the digital solution on the productivity, profitability, and resilience of smallholder farmers and other value chain actors and provide regular reports and recommendations for further improvement and scaling up.

**Deliverables of the partnership:**

The deliverables can be determined in detail once the assignment has started, but are likely to include:

* A needs assessment and a market analysis report that summarizes the findings and recommendations for developing a one stop digital solution for smallholder farmers and other value chain actors.
* Deliver two pitching sessions on the proposed solutions and implementation modality
* Internal validation, co-creation and verification of field finding before preparing a final report and sharing to external stakeholders.
* Facilitation of consultation and validation workshop for the wider stakeholders
* A digital solution prototype that demonstrates the features and functionalities of the one stop digital solution, and a user manual that explains how to use and navigate the digital solution.
* A testing and validation report that summarizes the feedback and suggestions from the end-users and stakeholders, and the changes and improvements made to the digital solution.
* A deployment and launch report that documents the process and outcomes of deploying and launching the digital solution in the target areas and sectors, and the training and support provided to the end-users and stakeholders.
* A monitoring and evaluation report that measures and analyzes the performance and impact of the digital solution on the productivity, profitability, and resilience of smallholder farmers and other value chain actors and provides recommendations for further improvement and scaling up.

**Timeframe / Schedule and Location:** This will cover Abobo , Mengesh, Gambella, Lare, Gog and Itang special Woredas. The company teams will adopt a mixed-methods approach, combining quantitative and qualitative data collection and analysis techniques. The partnership engagement will also ensure a participatory and inclusive process, involving relevant stakeholders’ consultation from different levels and sectors. The partnership engagement will be for 18-24 months project.

**The potential partner will report to:** Mercy Corps Ethiopia, Director of Inclusive Economic Growth

**The potential partner will work closely with Project teams in Gambella and Addis Ababa:** Gambella Area/Program Manager, Market System Development Advisor-Agriculture, Gender Advisor, Peace building and social cohesion specialist, Senior MSD Advisor, ISRLS Project Coordinator, T4P Project Coordinator and other field teams. The experts of the consulting firms will closely work with Director Economic Growth and will coordinate his/her activities with Gambella field offices. The lead expert will keep the parties informed on the progress of the technical assistance assignment and discuss any challenges s/he is facing. During the consultancy period, the consultants coordinate and work closely with ISRLS and its relevant stakeholders to share information and receive feedback. This could include organizing meetings and discussions among Officers of RRS, UNHCR, WFP, Gambella Region relevant government line department, Farmers’ Cooperatives, extension workers and field project team, community representatives, refugee central committee, refugees and host communities, market actors, private businesses, development practitioners and humanitarian agencies considering the proposed interventions of the project.

**Administrative information**

Mercy Corps ISRLS and T4P project team will facilitate linkage with relevant stakeholders, relevant partners, and community structures. MCE will be providing all the necessary documents on context and project profile and prompt and timely response to the consulting teams.

 **Eligibility Criteria for application**

• They must be registered business entities under Ethiopian law, with valid and recent business licenses from the relevant authorities.

* They must be involved in providing digital mechanization services for the agricultural sector, with embedded business advisory services, access to loan through lease financing or other modalities, such as mobile applications, web platforms, e-commerce, e-learning, or e-extension.

• interested in having an active and operational business that offers digital solutions or services to Mercy Corps programs in Gambella region

• They must have audited financial statements for at least two to three years, showing their financial performance and stability.

• They must have sufficient financial and other resources, such as working space, human, and technical, to support the implementation of the proposed activities. They must also be willing to contribute at least 50% of the total investment cost of this partnership.

• They must have a commitment and interest to work with host and refugee communities of vulnerable populations, including women and youth. They must also demonstrate how their mechanization/digital solutions or services can address the needs and challenges of these populations.

**Skills and Diversity of Team Members**

* A minimum of 2 years of experience in developing and implementing digital mechanization solutions/services for agriculture, especially for smallholder farmers and other value chain actors.
* A demonstrated ability to conduct needs assessment and market analysis, design and develop digital solutions, test and validate digital solutions, deploy and launch digital solutions, and monitor and evaluate digital solutions, using participatory and inclusive approaches and methods.
* proven track record of delivering high-quality and user-friendly digital solutions that integrate and bundle different services in one platform, using appropriate digital technologies, such as mobile applications, web portals, SMS, voice, USSD, IVR, etc.
* A strong knowledge and understanding of the needs and preferences of smallholder farmers and other value chain actors, and the challenges and opportunities in the target areas and sectors.
* A team of qualified and experienced experts, including digital solution developers, agronomists, economists, market specialists, financial specialists, extension specialists, and M&E specialists, who can work collaboratively and effectively with the end-users and stakeholders.
* A good command of English and the local languages spoken in the target areas and sectors.

**Maximum amount of award and cost share requirements**

* The digital solution providers will take a significant share. Grantee expected to contribute equal amount of Mercy Corps program contribution (i.e., 50 % of the total investment costs); and
* The business enterprise that leverages/willing to cost share above the minimum contribution (50%) will be encouraged and prioritized during the selection process.

**Areas not eligible for funding**

* Financial support for working capital costs (e.g.  rent), regular employee salaries for existing/new permanent staff and other operational costs of the business such as transportation and related.

 **Application Collection and review process**

 MERCY CORPS expects to receive proposals/applications from the entities that meet the above criteria, through the Mercy Corps Office in Gambella and/or Addis Ababa by no later than January 3, 2024. Upon receiving the applications, Mercy Corps will evaluate the proposals using the criteria outlined in Table 1. The process of evaluating the proposals will be:

* **Initial Application Screening:**  A committee established by Mercy Corps will screen, score and rank applications received. Only applications from applicants meeting the ELIGIBILITY criteria will be screened. The ELIGIBLE applications will be scored using the criteria presented in Table 1 (below); as needed Mercy Corps will consult government agencies to get consent on the selected applicants mainly on their experience of operating in the area and commitments.
* **Application Assessment**: Best ranked projects will be additionally assessed by evaluation committee members of Mercy Corps team via on-site*verification of the application and the applicant due diligence* check. Areas that need to be emphasized will be dependent on the type and nature of the submitted Concept note.
* Co-creation on type of services, business model and approach of the digital solution
* **Final selection**. Budget negotiation and agreement terms

The Mercy Corps committee will, upon receiving the completed assessments (business plans), conduct the final scoring and ranking of proposals and make recommendations for support. The applications will be evaluated based on the criteria, and the selected business enterprises will enter into partnership agreements.

**Table 1. Score Sheet for delivering digital solution in Gambella region.**

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| ***S/NO*** | ***Description of evaluation areas*** | ***Score points*** |
| ***1*** | *Strategic alignment of proposed mechanization /digital solution business idea with overall objective of strengthening farmers’ access to bundle of services: farm inputs, financial services, market, information, and mechanization by employing one stop digital solutions (40 points)* |  |
| 1.1 | Experience and performance capacity for type and number of services provided over the past 2 years (5 points maximum) |  |
| 1.2 |  Number of agents that they have recruited to promote mechanization services in the past 12 months (5 point maximum) |  |
| 1.3 | Number of farmers that have been served through one- stop digital solution in one of the regional states -track record of demonstrating one-stop digital solutions under farmers condition (10 point maximum) |  |
| 1.4 | Number of Farmers receiving digital and/or embedded services (10 points) |  |
| 1.5 | Type and quality of embedded services integrated in their mechanization service (10 points Maximum) |  |
| ***2*** | The applicant Technical and Financial Capacity to develop/adopt digital mechanization services for smallholder farmers and semi commercial farmers in Gambella region (55 points) |  |
| *2.1* | Financial capacity based on verified bank statements (15 points) |  |
| 2.2 | Demonstrated experience on digital mechanization solutions and on proposed activities as mentioned in the ToR (15 points) |  |
| *2.3* | *Applicant understands the geography and the context of the region can implement this project as explained in the ToR; (5 points maximum)* |  |
| *2.3* | Work Plan, monitoring, reporting and tractor performance monitoring and management tools (5 points)  |  |
| 2.4. | **Cost Share**: Applicant expected to contribute a minimum of 50% of the total project investment cost but the maximum point for cost share will be dependent on the maximum amount of an applicant submitted cost share (10 points maximum) |  |
| **3** |  **Gender Considerations (5 points)** |  |
| 3.1 | Experience and interest of the institution to work with women group and women farmers and potential women business owners (5 points maximum) |  |
| ***Total Score*** | 100 |

**Instructions for the technical and financial proposal**

Interested consulting confirms kindly to send a technical and financial proposal detailing the experience and qualification of your firm to execute the assignment. The potential TA Operator should prepare a budget based on the proposed methodology and resources required for the assignment. The financial proposal should include daily fees for the assigned personnel and the total cost to execute the assignment. Following the selection of competent applicant, the detailed terms and conditions of agreement will be outlined in the MC contract of agreement with the consulting firm.

**Application process**

Eligible companies/firms must submit the following:

* Company profile.
* Statement of interest proposed methodology and work plan.
* Copies of renewed business registration certificates.
* The financial proposal should be detailed and with a breakdown of costs (including all related costs) and in ETB and mention the terms of payment.
* Technical and financial proposal should be sent separately to  **et-tender-questions@mercycorps.org**
* Failure to comply with any of the conditions indicated above will result in automatic rejection.
* Application deadline is 3 January 2024 10:00 AM EAT and proposals sent after this date may not be considered.
* Attached here is technical proposal application format:

 [Technical Proposal APPLICATION FORM.docx](Technical%20Proposal%20APPLICATION%20FORM.docx)

 Mercy Corps reserves the right to reject the bid fully or partially.