

# Example Invitation for Applications (IFA)

## INVITATION FOR APPLICATIONS PROGRAM TO SUPPORT AGRICULTURAL SUPPLY CHAINS IN KUMAR

**AFE Kumar** is a USAID-funded program working to develop and expand the capacity of agricultural value chains in Kumar to compete with increasing effectiveness in domestic and global marketplaces and generate greater income and benefits for small-scale farmers. AFE is inviting selected **agribusiness companies** (buyers, processors, exporters, input suppliers, etc.) in Kumar to submit applications to:

1. *(for buyers)* build their capacity to provide products, services, support and market access to producers they buy from;
2. *(for input supply companies)* build their capacity to expand distribution networks, provide useful information and training to producers, and offer a greater variety of quality inputs adapted to producer needs;
3. improve their competitiveness, and/or;
4. expand the number of producers they buy from or sell to

Technical and financial support agreements (with cost share components ranging from \$3000 - \$5000) will be negotiated with selected companies based on the criteria described below. This support must contribute to a significant investment (in cash or in-kind) that will be made by the companies themselves. The AFE program will also provide technical support as needed to build the capacity of successful applicants to implement their proposed initiatives.

Proposal concepts must be submitted in accordance with the format described and received no later than **December 31<sup>st</sup>, 2012**.

### **Background**

The objective of the AFE program in Kumar is to promote mutually beneficial (win-win) relationships between market actors in the agribusiness industry. AFE realizes the importance of private sector companies to drive change and provide technical support, inputs, and market access to the producers they transact with. AFE is therefore seeking to collaborate with selected companies in order to support initiatives that will improve their competitiveness and build their capacity to provide improved or expanded products, services and support to producers they buy from or sell to. Such companies may include exporters, processors, input supply companies, and wholesale buyers who: a) employ or engage small-scale farmers in growing the crops that they need, or; b) sell needed inputs or services to farmers.

### **Illustrative Areas for Support**

Proposed activities should contribute to the company's ability to improve, expand or develop the products, services, and market access they provide to producers. Examples of activities that could be supported include, **but are not limited to**, the following (*company would be responsible for organizing and managing these activities with technical and/or financial support from AFE*)

- Producer training / extension activities
  - a. Development of training modules
  - b. Company led training/coaching of new or existing producers in improved production and post-harvest handling techniques
  - c. Organization of demonstration plots to expose producers to improved production practices and/or new varieties
  - d. Capacity building of company staff / lead farmers to provide improved extension and training services to producers
  - e. Introduction of sustainable production methods
- Introduction of new varieties
  - a. Identification and testing of new crop or product varieties
  - b. Seed development programs / trials

- Procurement
  - a. Development of new / innovative procurement models in rural areas
  - b. Development, improvement, or expansion of outgrowing (contract farming) operations
  - c. Investigation into new areas where products can be produced and sourced from farmers
  
- Technology
  - a. Introduction of new or improved tools/equipment for producers
  - b. Technical support in developing post harvesting techniques that will benefit producers company is sourcing from
  - c. Technical support for company to develop or improve its final products (quality, packaging, labeling, product diversification etc.)
  - d. Introduction of new methods for post-harvest storage, and/or methods to preserve product freshness and value.
  
- Exposure Visits / Business to Business meetings
  - a. Learning visits in Kumar or to other countries to identify:
    - Sources of tools or equipment
    - Sources of raw materials
    - New production technologies
    - Innovative ways of organizing procurement between producers and buyers
    - New techniques for achieving high productivity/quality/lower costs from farmgate through to retail
    - Techniques to identify and eliminate plant diseases
  
- Market access
  - a. Technical support to meet requirements of new markets
  - b. “Buyer-Seller Meets” (meetings in Kumar or another country where companies meet with potential buyers in person – mostly for exports)
  - c. Company conducts meetings to inform producers about the products they are interested in buying from, or selling to them.
  - d. Technical support to improve decoration/organization of trade show stands
  - e. Development of promotional materials, catalogues, web pages, etc.
  - f. Trade show participation
  
- Management Systems
  - a. Development of business plans
  - b. Strategic planning exercises
  - c. Improving quality management (QM) systems at different levels of supply chain – from producers through to companies (assess quality gaps at different stages of production, develop guidelines for QM systems, develop QM checklists, disseminate QM standards with producers, safety regulations, etc.)
  
- Policy/Regulation
  - a. Organization of a coalition of market actors to lobby for specific government policies that will support the growth in agribusiness sectors
  
- *For Input Supply Companies*
  - a. Company led training, coaching or field days to expose producers to improved use of agricultural inputs (seeds, tools, feed, equipment, etc.)
  - b. Organization of demonstration plots to expose producers to new varieties and/or improved use of agricultural inputs
  - c. Capacity building of company staff to provide improved information and training to producers and distributors
  - d. Training and capacity building of company distributors (retailers, commissioned agents, etc.) to enable them to better inform producers on the correct use the products that the company is offering (seeds, inputs, feed, tools, etc.)
  - e. Development of posters, brochures or other materials to assist in dissemination of good use of agricultural inputs for small scale farmers

- f. Expanding the company's rural distribution network through the identification and training of individuals that can serve as commissioned agents
- g. Identification and testing of new crop varieties and other agricultural input products to meet the needs of consumers
- h. Development of programs to produce inputs that will be sold to farmers (seed, feed, etc.);
- i. Developing or improving products to make them more attractive to producers (better packaging, lower cost, etc.)
- j. Exposure visits to identify new sources of seed, tools, equipment, or other inputs; and
- k. Strategic planning exercises/ development of business plans to expand distribution networks.

This list is non-exhaustive. It is simply to provide examples of company initiatives that could be supported by AFE. Any combination of these activities is encouraged. However, all supported activities must show how they will create sustainable impact for the producers that the company buys from or sells to.

***AFE financial support funds cannot be used for:***

- Working capital (day to day operations for purchasing, rent, salaries, etc.)
- Direct payment to producers
- Fixed assets (computers, vehicles, equipment, etc.)

***General Criteria:***

Criteria for applicants eligible for this program include:

- They must have existing commercial (buying or selling) relationships with at least 50 producers (includes laborers working for those producers).
- They must have a fully developed and marketable product and should have been in operation for at least the past two years. They must have commercial interest and incentives to invest in the producers they buy from or sell to.
- Their investment in the proposed initiative must be at least 30% of the cost of the initiative (in cash or in-kind).
- ***At least 60% of proposed activities/budget should be for activities that involve direct support to producers (training, introduction of new products, technologies, quality management, etc.)***
- Program is not eligible for NGOs, consulting firms, or associations

After review of the applications, AFE may determine that some of the proposed initiatives (such as exposure visits) might be best pursued as "cross-company" interventions, with several companies participating (an example could be an exposure visit to identify new kinds of packaging). This could have the effect of reducing costs and promoting lateral learning among the participating companies. This assessment (as well as discussions with the Applicants) will take place once Applicants have submitted their applications.

***Expected Results:*** While it is expected that participating companies will benefit from these activities, it is also expected that supported activities will demonstrate a clear linkage to expanding the number of producers the companies are transacting with, skills upgrading, and/or improved revenues for producers.

***Preparation of Proposal Concepts***

Support from AFE may be given to many different companies. All applications will be evaluated based on the criteria above, and in the table below. ***All applicants that meet the criteria will be considered for technical and financial support.*** Applicants are invited to discuss their ideas and request advice from AFE in the preparation of their applications.

## INSTRUCTIONS AND FORMAT

<b>Cover Page</b> <i>Name and Address of Applicant (address, phone, fax, email)</i> <i>Date of Submission</i> <i>Lead Person to Contact</i> <i>Reference: AFE Agribusiness Sector Application</i>
<b>Proposed Initiatives and Impact (up to 2 pages):</b> <i>Clear description of proposed initiatives including how they will contribute to improved competitiveness of the Company and how they will support producers they source from or sell to.</i>
<b>Personnel (up to 1/2 page):</b> <i>Describe the name and qualifications of the company staff who will be responsible for implementing the activities.</i>
<b>Experience (up to 1/2 page):</b> <i>Brief description of past or current initiatives that company has conducted similar to those proposed, or why the company feels it is qualified to successfully conduct the proposed activities</i>
<b>Sustainability (up to ½ page):</b> <i>A clear description of how the proposed initiatives will result in increased and sustainable commercial relationships between the company and producers, and how the company will be able to continue these relationships and support to the producers once the program ends.</i>

Applications will be accepted in English and must be no more than four pages in length (not including the budget or budget notes). AFE will select applicants that meet criteria by January 15, 2013. At that time, more detailed activity planning will take place between AFE and the applicants. This planning will include:

- Detailed discussions and agreement on strategy, budget and timing for different activities.
- Discussions on how technical support from AFE staff and consultants can be provided to support the agreed upon activities.
- Discussions on how combined technical support or “cross-company activities” might be organized with several companies.

Technical and financial support activities will begin in February 2013. All supported initiatives must be completed by October 31, 2014.

Please submit an electronic copy of the proposal concept by December 31<sup>st</sup>, 2012 to the AFE representative at email \_\_\_\_\_. Please include the name of the lead contact person who will be involved with the application process as well as telephone and email contact information.

**Conditions:** *Issuance of this invitation for application in no way constitutes a commitment by AFE or [donor agency] to execute any agreement or to pay any costs incurred by any applicant in submitting an application.*

Please note that AFE **will fully respect the confidentiality** of all companies involved in the program. If selected, AFE will establish a memorandum of understanding (and subsequent addendums to the MOU) with the Company that describes the objective of collaboration and that clearly defines the respective responsibilities, roles, and obligations of each party. Successful applicants must be willing to share information with AFE regarding their purchases from or sales to targeted producers. AFE (on a sample basis) will conduct interviews with these producers to gather information on impact and to monitor progress.

**INSTRUCTIONS FOR COMPLETING THE BUDGET**

Each applicant will prepare a budget using the format below. If possible (though not mandatory) applicant should prepare and send this budget as an additional file in Microsoft Excel format. ***Applicant must contribute at least 30% to proposed costs.***

	<b>Line Item</b>	<b>Budget Notes (describes line item in more detail)</b>	<b>Cost/ Unit</b>	<b>Days/ Unit</b>	<b>People/ Number</b>	<b>Total Cost</b>	<b>Company Investment</b>	<b>AFE Cost- Share</b>
1								
2								
3								
5								
6								
7								
8								
9								
10								
11								
	<b>Total AFE cost share (up to 70%)</b>							
	<b>Total Company cost share (at least 30%)</b>							

*\* Please contact AFE for any assistance or questions you may have.*

