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IMPACT ASSESSMENT OF PROFIT ZAMBIA: TERMS OF REFERENCE FOR LOCAL RESEARCH PARTNER

REQUEST FOR PROPOSALS

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1. BACKGROUND

The United States Agency for International Development is promoting a strategy of economic growth with poverty reduction through the Accelerated Microenterprise Advancement Program – Business Development Services (AMAP BDS). The strategy involves promoting the competitiveness of selected industries or value chains in global and domestic markets while increasing the participation of, and benefits to, micro and small enterprises (MSEs) within these value chains. Interventions pursued under this strategy aim to strengthen inter-firm cooperation, improve access to product markets, upgrade firms, and bolster supporting markets for inputs, finance, and business services – all in a sustainable and market-friendly manner.

A portion of the AMAP project is concerned with identifying and measuring the results of these efforts through performance monitoring and impact assessment. The activity to which these terms of reference refer involves an impact assessment of selected activities under the Production, Finance, and Technology (PROFIT) project. An impact assessment attempts to measure the results of project interventions by comparing observed changes at several levels with estimates of what would have happened if the project had not been carried out. This impact assessment will have quantitative and qualitative components and will be carried out over a period of approximately two years. The present terms of reference refer to a baseline study to be undertaken in the early months of 2006. A follow-on phase to be carried out in 2008 will be contracted at a later date.

The PROFIT programme is being implemented by the Cooperative League of USA (CLUSA), in cooperation with International Development Enterprises (IDE) and the Emerging Markets Group (EMG). The programme began in June 2005 and will run for five years. Its goals are to:

- Improve the competitiveness of selected industries in which large numbers of MSEs participate and might benefit.
- Foster the sustainability of competitiveness to enable firms and industries to respond to market demands, both in the short and long run.
- Increase the breadth and depth of benefits at the industry, MSE, and household levels.

In doing so, PROFIT aims to apply the following intervention principles:

- **GOAL:** Assure the competitiveness of the whole industry over time while assuring that growing numbers of MSEs participate and benefit.
- **METHODOLOGY:** Foster a greater role for the private sector and a more strategic role for governments, donors, and project implementers – who should act as market facilitators, rather than players.
- **FACILITATION:** The project will:
 - Foster increased industry and firm capacity to learn, innovate, and change to compete effectively.
 - Sequence intervention options that look first for “light touch” and progressing to the last option of PROFIT funds used to buy down excessive risks.
 - Adhere to a carefully planned exit strategy, so that impacts are sustainable.

PROFIT is a good example of the new generation of private sector development projects being undertaken by USAID and other donors and is being implemented in an important African setting. The planned impact assessment of PROFIT's effectiveness in achieving its goals at the value chain, MSE, and household levels will generate information that can be used by USAID/Zambia, other African aid missions, USAID generally, and other donors to gauge the effectiveness of this approach and help to inform decisions about the design of future projects. In addition, the design of the impact assessment will be integrated with the project's performance monitoring system to ensure quick feedback of some findings to project management and may enable them to modify their approaches to improve project performance.

The impact assessment will employ a longitudinal, quasi-experimental design based on a mixed method approach. A sample of project clients and a comparable group of non-clients will be surveyed twice, with a two-year interval between surveys. Data from these surveys will be supplemented by qualitative information collected before, during, and after the two surveys. Impacts will be measured at the value chain, MSE, and household levels. The impact assessment will be conducted by Development Alternatives, Inc. (DAI), a US-based consulting firm, in cooperation with a local research partner to be selected through this solicitation. The lead researchers are Dr. Donald Snodgrass, Principal Development Specialist at DAI, and Dr. Gary Woller, DAI consultant. The work will be carried out in close consultation and cooperation with PROFIT project staff.

PROFIT has identified several areas of definite or possible intervention and may add other others in the future as a result of market scanning. Two of these sectors have been selected for inclusion in the impact assessment: cotton and beef. The third area of project activity to be included in the impact assessment involves an effort to build up the input supply network at the retail level for smallholders in a variety of sectors. Cotton growing and beef raising were selected because they involve large numbers of smallholders (200-300 thousand in each case) and because causal models for PROFIT's interventions in these value chains are relatively well defined at this stage. Input supply at the retail level, the third area to be covered in the impact assessment, was selected because it is a novel activity that will add variety to the body of findings from impact assessments of private sector development projects.

Cotton has good export potential and existing market linkages that can be further strengthened. The sector has a good lead firm (Dunavant), which contracts with farmers and provides embedded services. PROFIT will work with Dunavant, the Conservation Farming Unit, and the Farmers' Union to train farmers in better cultivation methods, to improve service delivery, and to strengthen access to market information.

Beef production has weaker market linkages, is severely hampered by disease, and needs substantial upgrading. Most small farmers use cattle more as a store of value than as a commercial product. PROFIT's activities will emphasize the strengthening of veterinary services, improved distribution of veterinary drugs, and greater market transparency.

Retail input supply: PROFIT will work with input dealers to facilitate expansion and improvement of the input distribution network at the retail level. It will promote alternative models such as the appointment of independent marketing agents/distributors and franchising arrangements and facilitate training of retailers to help build their capacity to conduct profitable business.

The attached causal models for these three areas of intervention spell out the hypothesized links between project activities (primarily facilitation), project outputs (services rendered), outcomes, and impacts. The impact assessment will test these hypothesized links by measuring whether the intended impacts on sub-sector growth and competitiveness, firm-level growth and productivity, and income increases and poverty alleviation at the household level are being achieved.

The quantitative part of the baseline survey will involve a sample of approximately 1,200 firms and their related households. The survey will cover selected participants in the three areas of project activity discussed above, along with comparable groups of non-participants in each case. Each of these six cells will include approximately survey 200 respondents in the baseline round. These respondents will form a panel to be reinterviewed, to the extent possible, two years later.

The three areas of project activity selected for inclusion in the impact assessment will all take place in specific geographic locations. Cotton growing, livestock rearing, and retail input supply are all widespread activities in Zambia, so the many areas in which PROFIT is not working provide an abundance of potential control groups. PROFIT cotton interventions will take place in Central and Southern Provinces initially, and later in Eastern Province. Mumbwa District in Central Province has been identified as the best site for the participant sample and Kaoma District (also Central) as a good match for the comparison group. Beef interventions will also be in Central and Southern Provinces initially and later in Western Province. Monze District in Southern Province would be a good participant site, while Choma District in the same province would be a good control site. Retail service interventions will take place in Central and Northwest Provinces. Comparisons could be made by pairing Mkushi (Central) with Chongwe in Lusaka Province. Alternatively the project will decide whether to intervene in Choma or Monze District in Central Province; once the decision is made, the district selected could be used as the participant groups and the other as the comparison group.

In picking districts for inclusion in the survey, attention was paid to the potential cost of field operations, as well as to the need to avoid having to work in too many languages. We believe that the selections proposed above will require the use of three languages: English, Bemba, and Tonga. Questionnaires will be written in English, translated into Bemba and Tonga, and then back-translated to ensure accuracy.

The qualitative portion of the impact assessment will consist of interviews and focus group discussions involving participants in the project and others involved in the relevant value chains in various ways (i.e., lead firms, retailers, wholesalers, and input suppliers). The interviews and FGDs are expected to involve approximately 50 respondents.

2. ANTICIPATED TASKS

1. Assist in the development of the baseline survey and sampling frame.
2. Recruit and train enumerators
3. Pilot test survey
4. Implement survey, including quality control of data collection, data entry, and data cleaning.
5. Implement qualitative research methods (focus group discussions and key informant interviews).
6. Prepare and submit to DAI:
 - a. Complete set of data in SPSS format.
 - b. Report on conduct of the sample survey
 - c. Notes summarizing each focus group discussion and interview.
 - d. Overall analysis of results of qualitative research.
 - e. Complete set of descriptive statistics in specified format.

Details of the anticipated tasks are described below.

3. SCOPE OF WORK

Potential contractors are invited to describe their capacity to do this kind of work and specify how they would carry out each of these tasks. This scope of work details the activities and tasks of a contractor to implement the survey and participate in the qualitative aspects of the baseline survey.

TASK 1 – Assist in the development of the baseline survey and sampling frame.

- Advise on the methodology and logistics of the baseline survey in collaboration with DAI and PROFIT staff. Provide input on the survey’s cultural appropriateness, technical viability, and administrative feasibility.
- Help DAI develop an appropriate survey instrument, based on the research plan (forthcoming).
- Translate the questionnaire into relevant local languages. Back-translate to English to ensure accuracy.
- Help DAI develop the sampling frame and process for selecting respondents.

TASK 2 - Recruit and train enumerators.

- Recruit enumerators to administer the survey.
- Train survey enumerators and managers.

TASK 3 - Pilot test survey

- Conduct pilot survey before launch and revise questionnaire as necessary.
- Report results of pilot test survey to DAI.
- Finalize survey instrument and administration process.

TASK 4 - Implement survey, including quality control of data collection, data entry, and data cleaning.

- Implement process of respondent selection.
- Conduct interviews
- Closely supervise interviewing and completed questionnaires to ensure a high level of accuracy. Reinterview respondents if necessary to fill in gaps or clear up inconsistencies.
- Preserve contact information on respondents so they can be interviewed again in second round of study.
- Thoroughly clean data. Tabulate database and convert to SPSS format.

TASK 5 - Implement qualitative research methods (focus group discussions and key informant interviews).

- Advise DAI on guidelines for FGDs and interviews.
- In consultation with DAI and PROFIT, select respondents for qualitative research. Decide on use of FGD or individual interview in each case.

- Recruit respondents.
- In cooperation with DAI, conduct FGDs and interviews.

TASK 6 - Prepare and submit to DAI:

- Complete cleaned survey data set in SPSS format.
- Report on conduct of the sample survey.
- Plan for qualitative research.
- Notes summarizing each focus group discussion and interview.
- Overall analysis of results of qualitative research.
- Complete set of descriptive statistics in a format to be specified by DAI.

A proposal to carry out these tasks should include the following elements:

- Information on firm's previous experience in conducting comparable sample surveys and qualitative research.
- Biographical information on firm's staff and consultants to be used in study.
- Suggestions on how to design the type of survey just described and draw appropriate participant and comparison samples.
- Estimates of personnel time needed to complete the work, with logistical and financial justification.
- Detailed information on the process used to recruit interviewers, enumerators, and supervisors.
- Description of enumerator and supervisor training, with existing manuals and other training materials if available.
- Description of quality control processes to be used in enumerator recruitment, training, and data collection. Provide any available internal documents that demonstrate ability to ensure accurate data collection and enumerator excellence.
- Description of data cleaning protocols.
- Examples of comparable quantitative and qualitative data analyses prepared for other studies.

NOTE: While we seek cooperation in both the quantitative and the qualitative aspects of the research, firms with limited experience in qualitative research are not necessarily disqualified and are in fact invited to submit a proposal if they regard themselves as capable of carrying out good quantitative research.

4. DELIVERABLES AND TIMING

The deliverables under the expected contract are.

Deliverable	Approximate Due Date
Baseline survey questionnaire for pilot testing	March 17, 2006
Report on pilot test survey	March 31, 2006
Final survey questionnaire	April 7, 2006
Plan for qualitative research	April 7, 2006
Report on conduct of the sample survey	May 12, 2006
Notes summarizing each focus group discussion and interview	May 26, 2006
Complete cleaned survey data set in SPSS format	June 9, 2006
Overall analysis of results of qualitative research	June 16, 2006
Complete set of descriptive statistics in a format to be specified by DAI	June 30, 2006

5. LIAISON

The work will be coordinated by Dr. Donald Snodgrass (dsnodgr989@aol.com) and Dr. Gary Woller (wollerg@yahoo.com) of DAI. Inquiries about this scope of work can be directed to either of them. Proposals should be submitted to Mr. Michael Field (Miguel_campo@hotmail.com) of PROFIT at the project office: 6, Tukuluh Road, Longacres, Lusaka (telephone 01-251371; fax 01-255502).

6. PROPOSAL SPECIFICATIONS

Short-listed contractors are invited to bid on the program of work described above by February 17, 2006. Proposals received after this deadline will not be accepted. A contractor for the baseline round will then be selected within two weeks, based on evaluation of the technical and financial proposals outlined below.

Detailed technical and financial proposals must be submitted in the English language. The technical proposal is limited to 20 pages. Proposals can be submitted in hard copy to Mr. Field at the PROFIT project office. The technical and financial proposals should be submitted in separate envelopes. Alternatively or additionally, proposals may be submitted electronically to Dr. Snodgrass and Dr. Woller at the email addresses given above. The application must have a table of contents. Large graphics are discouraged. Attached file format must be Microsoft Word, Excel, or PDF. The text for the technical proposal should be typed on 8 ½" x 11" paper, single-spaced, with one-inch margins, Times New Roman, 12 point font, with each page numbered consecutively. Cover pages, dividers, table of contents, and attachments (i.e., personnel resumes, training plan) are not included in the 20-page limitation, but any attachments should not exceed 15 pages.

The transmittal letter enclosed with the technical proposal should be duly signed by the authorized representative of the contractor.

Upon receipt of this Scope of Work, please inform Dr. Woller by email:

- That you received this document.
- Whether or not you intend to submit a proposal by February 17, 2006.

This letter of invitation and scope of work should not be construed as a contract or commitment of any kind. This request in no way obligates PROFIT or DAI to award a contract, nor does it commit either organization to reimburse any costs incurred in the preparation of a proposal.

If you have any questions regarding this tender, please feel free to contact Dr. Snodgrass or Dr. Woller by email. The deadline for receipt of questions and/or requests for clarification is February 10, 2006.

The **Technical Proposal** should demonstrate knowledge and understanding of the tasks set forth above and the contractor's capability and capacity to perform the assignment. The following information should be provided in the technical proposal:

- Brief review of the history and organizational structure of the contractor.
- In-depth description of the contractor's recent experience with assignments of a similar nature. The experience reported in the proposal should be limited to those services for which the contractor was legally contracted.
- Description of the methodology proposed for performing the tasks outline above, including proposed: methodology, recruitment, and training of enumerators, pilot testing the survey, survey administration and implementation, and quality control in data collection, data entry, data management, and data cleaning.
- List of proposed professionals along with a discussion of the experience, qualifications, and availability of candidates to work on this assignment. Discuss the relevant experience of the contractor's representatives regarding the specific tasks listed above.
- Up-to-date c.v.s of the proposed candidates.
- Estimates of the total number of professionals needed to carry out the assignment.

The following information shall be disclosed as part of the technical proposal:

- Any information about the contractor that presently or with the passage of time could impair the contractor's ability to provide the level of service required.
- Evidence that the contractor is in good standing and in compliance with the governing laws of Zambia.
- Statement to certify that all the information provided in the contractor's bid is, to the best of its knowledge, accurate and complete, and that it is understood that any misleading or false information may result in disqualification of the contractor at the sole discretion of DAI.
- List of all international and domestic clients to include any donor agencies and financial institutions over the past three years.
- Copies of reports prepared and submitted by the contractor that demonstrate its capacity to carry out a longitudinal, quasi-experimental, and mixed-method impact assessment.

The **financial proposal** should be submitted in US dollars and can be submitted in the format normally used by the contractor. However, it must provide sufficient detail to allow cost comparison and evaluation. The contractor must, at the very least, specify the cost of:

- Enumerator training
- Salaries of key staff and enumerators
- Per diem for staff and enumerators
- Other direct costs
- Travel/transportation
- Survey administration, cost associated with data entry, etc.
- Data analysis and report writing

These are minimal specifications. Detailed budgets with clearly defined and descriptive cost notes are highly recommended.

The financial proposal of the selected contractor will be reviewed during contract negotiations to determine the final contract price.

The contract will be drawn up during the negotiation stage.

DAI reserves the right to audit the contractor's accounts and time and cost records relevant to the services during and up to three years after the completion of the services.

The award of the contract is subject to availability of funds from USAID. The contractor will be responsible for all direct and indirect tax liabilities, if any, arising from the performance of the services.

EVALUATION OF PROPOSALS

Technical proposals received will be evaluated and ranked on the basis of the point system specified below. The technical evaluation may also include interviews with the experts named in the proposals. The results of these interviews will be factored into the final technical score of the proposals and the original ranking of the bidders will be adjusted accordingly.

A proposal may be treated as non-responsive if any of the items listed below, which are required for the evaluation, are omitted. Only contractors awarded a minimum of 80 points will be considered for contract negotiations. In case no contractor scores the minimum points, DAI reserves the right either to reject all proposals or to negotiate with the contractor scoring the highest number of technical points.

The following criteria will be used to evaluate proposals:

Criterion	Points
Technical approach: Creative mechanisms or methods proposed for implementing the services	35
Personnel: Qualifications and demonstrated track record of the proposed personnel in carrying out tasks similar to those outlines in the Scope of Work	15
Past performance: Expertise and experience of the contractor related to the nature of the services sought	30
Financial proposal: Cost-effectiveness of proposal	20

The contractor(s) with the highest merit points will be invited for contract negotiations. DAI reserves the right to enter into contract negotiations with multiple contractors.

During the evaluation period (i.e., from the proposal closing date until the signing of the contract), no interventions or representations by contractors submitting proposals or third parties on their behalf are permitted. Should there be any such interventions or representation, this may lead to exclusion of the contractor concerned from the bidding process.

The contract will be awarded following clarifications and contract negotiations. Upon completion of all negotiations, DAI will promptly notify the other contractors who submitted proposals that they were unsuccessful.

The contractor will be expected to commence services on the date specified in the contract.

Information relating to evaluation of proposals and the evaluation committee's recommendations regarding the award of the contract shall not be disclosed to contractors who submitted proposals or to third parties until the winning contractor is notified that it has been awarded the contract.

PROFIT PROJECT CAUSAL CHAIN: COTTON

Activities (facilitation)	Outputs (service delivery)	Outcomes	Impacts
CFU farmer training (conservation farming) \$ TOT (lead farmers) \$ Incentivized farmer extension \$ Demo plots	# of trainers & farmers trained # of demo plots	Rising % of land under CFU Rising yield/acre in served areas Improved quality of cotton Rising % of land receiving proper early preparation	<u>Sub-sector level</u> Increased competitiveness Ability to sustain competitiveness More financial providers
Facilitating commercial delivery of sector-specific fee services (spraying, tillage, weeding) \$ Identify potential suppliers \$ Promotion \$ Linkages	# of commercial service providers # of linkages	Decreased production cost/ha. Improved soil quality Increased secondary cropping More land sprayed Increased revenue for service providers	<u>Firm level</u> Increased sales Increased revenue/ha.
Sector-specific market information & training provided by SMS & radio	# of services available on system # of people using service (dialing cell phone) Hours of radio programs on Farming practices	Better farmer knowledge of market opportunities & cultivation practices Increased use of appropriate tillage service	<u>Household level</u> Rising income Increased sales of secondary crops Declining poverty Increased assets
Reform incentive structures of firms to encourage quality & high yields	System reformed	Increased investment Increases in secondary crop yields Increased diversification of services Decreased cost of inputs More financial providers	

PROFIT PROJECT CAUSAL CHAIN: BEEF

Activities (facilitation)	Outputs (service delivery)	Outcomes	Impacts
<p><u>Vet services</u></p> <p>\$ Organize group payment mechanism for communities</p> <p>\$ Facilitate service delivery structure based on herd plans</p> <p>\$ Facilitate a vet network (professional association?)</p> <p>\$ Business expansion model (work with vet assistants)</p> <p>\$ Company to offer livestock insurance (packages with services)</p>	<p># of private vets providing services</p> <p># of animals receiving health care (especially preventive)</p> <p>#of vets organized into networks</p> <p># of vet assistants</p> <p># of insurance policies established</p>	<p>Decreased mortality & morbidity</p> <p>Increased value/animal</p> <p>Differential pricing by quality</p> <p>Increased # of vet services provided (growth of vet industry)</p> <p>Increased # of smallholders accessing financial sector (decreased risk of loss)</p> <p>Improved margins</p>	<p><u>Sub-sector level</u></p> <p>Output growth by value & volume</p> <p>Growth (in volume & value) of output going through formal structure</p> <p>Growth in smallholder output share</p> <p>Growth of exports</p> <p>Increased smallholder price relative to commercial price</p> <p>Improved ability to withstand shocks</p>
<p><u>Market transparency activities</u></p> <p>\$ Facilitate establishment of blind auctions with scales</p> <p>\$ Facilitate grade & standard pricing at abattoirs</p> <p>\$ Link smallholders to feed lot systems (if the other 2 work)</p> <p>\$ AI, breeding services through vets</p> <p>\$ Facilitate wholesale distribution of vet drugs</p> <p>\$ Possibly savings alternatives for smallholders</p> <p>\$ Possibly linkage of tanneries to abattoirs</p>	<p># of auctions established</p> <p># of scale services available</p> <p>Grades & standards pricing structure established</p> <p># of feed lot outgrower systems established</p> <p># of cattle sold at feed lots</p> <p># of new bulls sold</p> <p># of stud service transactions/AI</p> <p>Sales volume of drugs sold through vets & retail stores</p> <p>Use of savings instruments</p> <p># of vets given business training</p> <p>#of cattle sold through more transparent mechanisms</p>	<p>Improved animal quality</p> <p>Decreased mean age at slaughter (increased stock turnover)</p> <p>Increased awareness of market requirements among vets</p> <p>Shift from cattle as a store of value</p> <p>New vet entrants & vet assistants</p> <p>New entrants into beef industry (more balanced market shares)</p>	<p><u>Firm level</u></p> <p>Increased sales</p> <p>Increased profits</p> <p>Higher productivity</p> <p><u>Household level</u></p> <p>Rising income</p> <p>Declining poverty</p> <p>Increasing assets</p>

PROFIT PROJECT CAUSAL CHAIN: RETAIL INPUT DISTRIBUTION

Activities (facilitation)	Outputs (service delivery)	Outcomes	Impacts
<p><u>Retailers</u></p> <p>Expansion model development using:</p> <ul style="list-style-type: none"> \$ Wholly owned stores \$ Agent network \$ Modified franchises (corner of store) <p>Incentivize marketing of inputs (according to model)</p> <p>Work with agents & retailers on market research</p> <p>Work with larger retailers to ensure right inputs are being distributed and right inventories kept</p> <p>Facilitate transparent contracts between wholesalers and retailers/franchises (clear responsibilities repayments, dispute resolution)</p> <p>Work with Farmers' Union on dispute resolution</p> <p>Work on marketing programs of retailers & agents</p> <p>Facilitate agents' access to training (or may have to provide directly in some places)</p> <p>Later, will promote dealer networking (horizontal linkage); may help dealers access financial services</p> <p>Monitoring</p> <p>Work with seed, chemical, etc. producers & pushing them into the distribution network</p> <p>Facilitate outgrower schemes for Seeds</p>	<ul style="list-style-type: none"> # of retailers signing MOUs # of agents & franchise stores Incentive scheme in place Agreements signed between retailers & agents Marketing/inventory plans completed Market research conducted New dispute resolution mechanism in place # of dealers in networks Linkages to wholesalers/ large producers established # of outgrowers 	<ul style="list-style-type: none"> Increased sales at wholesale & retail levels: \$ Among clients \$ In the sector # of farmers accessing retail services Increase in knowledge Marketing activity launched by retailers # of retail outlets Decreased cost/unit of inventory Increased access to finance from seed companies &/or banks Smooth functioning of dispute resolution process Increased knowledge about business & markets Increased used of inputs on farms Increased production of inputs (seed, chemicals) Reduced cost of inputs Reduced transportation cost for farmers 	<ul style="list-style-type: none"> Increased farm yields & production Increased farmer Income: \$ At the farm level \$ In the region Improved household welfare