

**Request for Quotes
USAID CSS RfQ 2019-02**

Subject: Provision of services aimed at enhancing Industry Consolidation and Competitiveness by increasing number of enterprises able to provide support to farmers while responding to high-market demand for certain products

Contracting Entity: Cardno Emerging Markets USA Ltd., Washington DC, Belgrade Representative Office

RfQ Issuance Date: February 5, 2019;

Quotes Submission date: February 26, 2019

Cardno Emerging Markets USA, Ltd. (Cardno), the Contractor, acting on behalf of the U.S. Agency for International Development (USAID) as implementer of the Competitive Economy Project, is soliciting Quotes from qualified, legally registered U.S., EU or Serbian, non-profit or for-profit companies and organizations, and non-governmental organizations (NGOs) interested in providing the consultancy services as described in Section I. Background and Scope of Work. The successful Offeror will be responsible for ensuring achievement of specified tasks/deliverables.

I. BACKGROUND AND SCOPE OF WORK (SoW)

About the Project

USAID Competitive Economy Project (Project) is a four-year activity with overall goal to establish systemic approaches to strengthening Serbia's food-processing sector in order to generate export-led growth, and greater integration with European and global markets. This will be achieved by strengthening selected value chains (VC) with a focus on aggregate sales, particularly exports. The Project will identify gaps in the current competitiveness system and address them by creating platforms for exchange and knowledge sharing between system actors based on clear, market driven principles, making capacity building an integrated process.

While initially focusing on the fruits and vegetables sector, the Project is expected to result in a model that can eventually be applied more broadly across the industry.

SoW Background

Serbian agricultural and food sectors are considered high performers of Serbian economy, but they are still lacking the ability to maximize profit value in international markets. This is due to obstacles, such as access to and understanding of markets, access to finance, workforce

development and operations/product specific problems, and general weakness of organized collaborative relationships in the food production and processing sector.

The rural population in Serbia accounts for 40.6 per cent of those people and agriculture accounts for 21 per cent of Serbia's employment, generating €29.6 billion of the country's gross domestic product. Among Serbia's 630,000 agricultural holdings, 99.5 per cent are family farms, and 17 per cent of those are held by women. The average farm size is 5.4 hectares, which is 2.7 less than the European Union average. Farms of between 2 and 10 hectares make up the largest share of the country's farms while holdings of less than 1-hectare account for 29.2 per cent¹.

These small production entities, especially in central and southern part of the country, lack some crucial elements to be more competitive and profitable:

- access to international markets, where they could sell their products at higher prices and purchase cheaper inputs and better technology²;
- sufficient access to local markets; they often face unfair competition from subsidized imports.
- inputs and outputs are controlled by multinational companies; controlling both the inputs and the marketing of commodities jeopardizes farmers existence.
- trade regulations, adjusting to the rules that govern international trade, food safety standards have affected the small farmers very much.

With the large number of micro and small enterprises in food processing sector, similar set of obstacles is preventing Serbian food sector to be more competitive.

As a logical step forward to improve competitiveness in this sector, Projects and its partners are looking for successful hub-spoke and cooperative business models.

Objective of the Request for Quotes

The objective of this procurement is to explore existing and innovative agricultural cooperative and hub and spoke models in Serbia and EU countries, aiming to create opportunities for larger group of farmers/producers to be able to access high-standard domestic and international markets and efficiently utilize inputs, know-how and technologies. Due to specific historical and social circumstances, Serbian farmers are often reluctant to enter in such models.

On the other hand, most of the EU countries, such as Italy, Spain or Austria, efficiently use some of these models to consolidate its agricultural/food sector and successfully compete on EU and other international markets. Ultimately, activity has the objective to select most suitable cooperative and hub and spoke examples for different production areas in Serbian food

¹ Source: <http://www.fao.org/family-farming/countries/srb/en/>

² Generally Serbian farmers and small enterprises are poorly integrated through export consolidators (agents, export companies, consortium or brokers that provides a complex set of services to agro-food SMEs).

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industry (e.g. labor-intensive vegetable or berry fruit production) and develop well-defined business models that will promote long-term and fair relationships between all stakeholders in the value-chains: primary producers, aggregators and retailers/distributors.

The purpose of this subcontract is the provision of services to investigate existing and possible agribusiness cooperative and hub and spoke models, aiming to increase Serbian fruit and vegetable industry consolidation and competitiveness. Based on positive experiences, service provider should develop and transfer the models to the industry. These models should be transferable also to other branches of agribusiness / food industry in Serbia.

Through this intervention (I2-9): “Support to cooperatives in better management practices and market approach (partnerships with lead firms and coops)”, Project is aiming to achieve:

Introduce improved/new services offered to Serbian firms (T2-1);

Better visibility of Serbian products in domestic and international markets (T2-5);

Increase number of firms feeding into anchor firm VC (T2-6);

Increase in number of cooperatives and/or lead-firms with improved management practices (T2-8);

Eventually these outputs should strengthen business support system coordination across Serbian food industry (Sub-Purpose 2).

II. SoW TASKS

The main aim of the tasks is to enhance Industry Consolidation and Competitiveness by increasing number of enterprises able to provide support to farmers while responding to high-market demand for certain products

The selected Consultant/Consulting Team will be engaged to:

1. Provide final detailed work plan with the schedule;
2. Research Existing and Possible Agribusiness Cooperative and Hub-Spoke Business Models;
3. Develop business models appropriate for Serbia and micro and small enterprises;

The above enlisted tasks Consultant shall conduct through a focused analysis and provide:

- a) An overview of successful business and cooperative models in the EU - enabling larger groups of farmers and SMEs to efficiently utilize production assets, inputs and technology; consolidate production and create significant quantities of high-value products and; efficiently compete on domestic and international markets. Analyze different existing models such as: manufacturing/marketing cooperatives; machinery pools; saving and credit ag. coops and unions; hub and spoke models etc.; preferably provide one example for each model and put these different models into the context Serbian farming, economic and social circumstances;

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- b) Feedback from the leading EU produce (F&V) distributors to understand the demand, potential for Serbian producers and entrepreneurs and to define models for cooperation;
 - c) A brief overview of existing successful hub-spoke and cooperative business models in Serbia: to cover different branches of food industry, focusing on fruits and vegetable sector, particularly to follow good examples in the fields of vegetable and fresh berry production; positive and negative experiences and influence on today's farming and cooperative models in the country.
 - d) Analysis and selection of best-fitting cooperative/hub-spoke business: through detailed comparison and by putting these different models into the context Serbian farming practices and economic and social circumstances, focusing on possibilities to develop fair and long-term relationships between all the stakeholders (e.g. long-term offtake agreements with international buyers/distributors);
- 3) Develop concrete business model(s) aiming consolidation of larger number of farmers and SMEs in food (fruit and vegetable) industry: targeting networks able to generate from 250,000 Eur to 2 million and more Euro annual turnover; the models should integrate all the aspects of successful cooperative production and marketing:
- a) Inputs and technology
 - b) Financial modeling, business/product insurance, risk assessment & management,
 - c) Production practices and advisory services,
 - d) Harvesting – storage – post-harvest and logistics,
 - e) Assets and machinery,
 - f) Marketing and sales.

Discussed models should have clear business structure – defining necessary land, equipment, number of households, their profile and suitable locations. The models should be practical, easy to use, and functional. Developed documents should be suitable as an education material for graduate students, prospective investors or existing enterprises.

Sample models should be developed for:

1. Soft/berry fruits (blueberries, raspberries, blackberries)
2. Root-vegetable crops (onion, carrot, potato)
3. Vegetables, perishables: gherkins, peppers, tomatoes or frozen vegetables processors
4. Deciduous fruits / stone fruits: (e.g. apples, plums with packing/logistics, ULO facilities)

III. PERIOD OF PERFORMANCE

Tentative period of performance of the contracted services is from **March 4, 2019, until May 15, 2019**

IV. DELIVERABLES

The following Deliverables are required:

1. **Final Work Plan and Schedule. – by March 10, 2019.**
2. **Analysis of existing cooperative and hub-spoke business models** in Serbia; and overview of successful business and cooperative models in the EU. **Report on selection the best-fitting cooperative/hub-spoke business models through comparative analysis; by April 30, 2019.**
3. **Business model(s)** aiming networking of larger number of farmers and SMEs in food (fruit and vegetable) industry. **Corresponding materials for trainings; Final report- by May 15, 2019**

All reporting documents will be prepared in MS Word and/or MS PowerPoint, MS Excel in English and Serbian languages as appropriate.

V. INSTRUCTIONS TO OFFERORS

Submission of Quotes

Quotes/Offer must be received no later than **15:00h Tuesday February 26, 2019.**

Late Quotes/Offer will be considered at the discretion of Cardno.

All offers must be emailed to konkursi@konkurentno.rs

Please reference the RfQ # (USAID CSS RfQ 2019-02) in the subject line of the email.

Questions and Clarifications

All questions and/or clarifications regarding this RfQ must be **submitted in writing to konkursi@konkurentno.rs no later than 17:00h on Tuesday, February 18, 2019.**

All correspondence and/or inquiries regarding this solicitation must reference the RfQ number. Questions and requests for clarification, and the responses thereto, that Cardno believes may be of interest to other offerors, will be circulated to all RfQ recipients who have indicated an interest in bidding.

Requirements for eligible Offerors

Eligible legally registered U.S. or Serbian, entities (entrepreneurs, non-profit or for-profit companies and organizations, and non-governmental organizations (NGOs), with the following Consultant (s) requirements:

- Demonstrated knowledge and at least 7 (seven) years of professional experience in delivery of financial management and business operations consulting services;
- Proven working experience in developing models of cooperation between farmers (large number of farmers) their cooperatives and industry lead companies;
- Analytical, processing and reporting skills and knowledge.
- Strong networking, communication and facilitation experience.
- Fluent written and oral knowledge of English language.

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Required Documents

The following documents are required in any Quote/Offer submission:

- Offeror's Identification and supporting document(s)
- Offeror's Brief description of professional capacities and experience ;
- Offeror's Price Quote

Format of Quote/Offers submission, along with the required documents' requirements is herewith attached under Section VII

Quotations

The Offerors should submit firm fixed Price Quotes broken down per deliverables. Prices must be quoted on a lump sum, all-inclusive basis. No profit, fees, taxes, or additional costs can be added after award. All cost information must be expressed in US Dollars. Payments shall be executed in Serbian Dinars at the exchange rate of Cardno corporate bank in Serbia at the date of payment approval. Cardno is VAT-exempt, per the bilateral agreement between the United States and the Republic of Serbia, therefore no VAT costs are eligible.

Validity Period

Offers must remain valid for not less than thirty (30) calendar days after the offer deadline.

Negotiations

Best offer quotations are requested. It is anticipated that awards will be made solely based on these original quotations. However, Cardno reserves the right to conduct negotiations and/or request clarifications prior to awarding a Contract (Service Agreement).

Award

Cardno/the Project anticipates awarding one contract/Service Agreement under this Request for Quotes, with the value up to **24,000.00 in USD (US Dollars)**, payable in RSD (Serbian dinars), in funding to be allocated over up to 4 months period. The price of the contract/Service Agreement to be awarded will be an all-inclusive fixed price. All payments will be a fixed-sum, payable upon completion and acceptance of deliverables. Deliverables, payment amounts, and dates will be defined in detail during negotiations.

This solicitation is subject to Cardno's standard terms and conditions. Any resultant award will be governed by these terms and conditions. Please note that Cardno standard payment terms are 10 days after receipt and acceptance of any commodities/deliverables.

Evaluation and Selection Criteria

Cardno/the Project will select the Quote that offers the best value based upon the following evaluation criteria:

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1. Professional Qualifications (30)

The Offeror should describe their overall capability to undertake work in this area. A description of proposed Consultancy qualifications and relevant experience to carry out the Scope of Work should be included, along with the CV detailing Offeror's qualifications and capability

2. Past Performance and Experience (50)

Offeror's experience and past performance in undertaking similar activities should be detailed here, including references and certifications (if relevant). If desired, bidders may share website links to relevant examples for consideration.

3. Price Quote (20 points)

The Offeror will ensure consistency of the costs with the proposed effort for implementing specified tasks in line with the requirements set forth in this RfQ.

The selection of the Offeror for award will be made by the Cardno/the Project Evaluation Committee based on the evaluation criteria above. The award is to be made based on the best overall (i.e., best value) proposal that is determined to be the most beneficial to USAID's Competitive Economy Project with appropriate consideration given to the three evaluation factors: Qualifications, Experience and Price. The non-price factors, when combined, are significantly more important than the Price factor.

VII FORMAT OF QUOTE/OFFER

I. Offeror's Identification

| | |
|---|------------------------------------|
| Full Name of the Offeror | |
| Solicitation Ref. No. | USAID CSS RfQ 2019-02 |
| Address of the Offeror | |
| Registration number | |
| Tax/VAT number | |
| Account number and the bank name | |
| Title and name of the person authorized to sign a contract/Service Agreement | |
| Telephone/fax and mobile phone | |
| E-mail | |
| Supporting documents: | _____ Proof of Registration |

Stamp / Signature of the authorized person

Date: _____

**II. Offeror's Brief description of professional capacities, past performance and experience
Ref: USAID CSS RfQ 2019-02**

Maximum length: one- page.

Offeror should describe their qualification, overall professional capacities, experience and past performance relevant to the Scope of Work/Tasks of the subject RfQ.

Obligatory/Required Attachment: CV

Optional Attachments: Other attachments Offeror deems appropriate (e.g. certificates; awards, website links to relevant examples, etc.)

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III. Price Quote USAID CSS RfQ 2019-02

| Deliverable | Tentative Due Date | Delivery instructions | Price or payment percentage USD |
|---|-------------------------------|--|--|
| 1. Final Work Plan and Schedule. | March 10, 2019 | MS Word document, in English and Serbian | |
| 2. Analysis of existing cooperative and hub-spoke business models in Serbia; and overview of successful business and cooperative models in the EU; Report on selection the best-fitting cooperative/hub-spoke business models through comparative analysis. | April 30, 2019 | MS Word document, in Serbian; corresponding summary MS PowerPoint presentation | |
| 3. Business model(s) aiming networking of larger number of farmers and SMEs in food (fruit and vegetable) industry; Corresponding materials for trainings; Final report | May 15, 2019 | Business model in MS Word and/or MS PowerPoint in Serbian; supported with financial/economic analysis of the model(s) (MS Excel) Final report in MS Word in English | |
| TOTAL QUOTE USD | | | |

Stamp / Signature of the authorized person

Date: _____