

TERMS OF REFERENCE

PROGRAM TITLE: MARKET & ENTERPRISE DEVELOPMENT (MED) – BUSINESS DEVELOPMENT SERVICE PROGRAM COVERAGE AND ELIGIBILITY CRITERIA FOR THE UPLAND VILLAGES

BACKGROUND/RATIONALE :

- The Upland Development Programme (UDP) to step up implementation of the market & enterprise development component of the program embarked on 'contracting of service' approach in assessing and providing the critical services needed to strengthen the Upland Barangay Association and hasten the development of both UBA and members' managed enterprises.
- Part of the objectives of the programme is to combine economic development or gainful activities to sustain the needs of residents dwelling in the watershed areas and discourage destruction of the forest and the entire environment.
- At present UDP covers 120 Barangays in the 30 municipalities of the Provinces of South Cotabato, Sarangani, Compostela Valley and Davao del Sur.
- The programme will end by January 2006, and there is a need to prioritize the UDP interventions for CY 2005 in enterprise development considering that there is not enough time and resources to manage or to cover the 120 Barangays.
- There is a need to finalize the list of priority areas for the BDS and to establish the areas of coverage for the BDS in terms of the kinds & extent of services that can be provided.
- To maintain acceptable objectivity level in the selection of priority Barangays for BDS services selection criteria and definition of the coverage of BDS should be established.

OBJECTIVES

1. To establish set of criteria for a more objective screening process in identifying priority areas for the BDS.
2. Finalize the list of Barangays for BDS interventions by the year 2005 in consultation with the PPOs.
3. Ensure optimization of impacts in enterprise development (at least 1 enterprise sustained per municipality) given the limited time, as the programme will terminate by January 2006.
4. Define the kinds of services that can be included under the BDS contract of service scheme.

SCOPE OF SERVICES THAT CAN BE EXTENDED THROUGH THE BDS CONTRACTING APPROACH

Under the BDS 'contract of service' approach the following kinds of services for the UDP Barangays can be considered.

- **BDS PHASE 1 - ORGANIZATIONAL DIAGNOSIS & ENTERPRISE VIABILITY ASSESSMENT** - This will cover assessment of the UBA and the enterprise directly managed by the UBA. The organizational diagnosis will be in terms of directions, level of competence, administrative procedure, organizational structure, functions and decision making process, financial management & operations management including projects implemented and sustained. The enterprise viability assessment will cover existing enterprise directly managed by the UBA in relation with other enterprises managed by the members or the families in the community. The assessment may also recommend other potential enterprises that can be engaged by the UBA in the future considering its impacts or benefits for the entire community.

Attached to this is Annex A, the recommended report outline to guide the BDS providers and should be followed as much as possible to ensure that the needs of the contract are properly satisfied. The findings & recommendations should be translated to the predominant dialect spoken among the members of the UBA for greater comprehension and assurance that their cooperation will be achieved.

In case the study does not recommend the conduct of Phase 2, it should include in its recommendations the necessary interventions that UDP should implement to prepare the community for the programme's eventual exit. The studies should be in 3 copies; 1 for the UBA (**vernacular translations may be facilitated by UDP**) for the findings & recommendations when requested by the UBA; 1 for the PPO & 1 for the PMO. PPO should facilitate provision of copy to respective LGUs.

- **BDS PHASE 2 - BUSINESS PLANNING & COACHING SERVICES** - Phase 2 may be conducted after completing Phase 1. Basically this phase will facilitate the transfer of business planning skills to the UBA. The provider is required to do the preparation of the business plan hand in hand with the UBA officers and members to allow deeper appreciation of the planning process and be able to modify the plan at a later date as the enterprise situation changes. The provider is also required to coach extensively the UBA in the process of implementing the business plan. Coaching services should include but not limited to organizational development, administrative procedures, market negotiation & closing, pricing, simple accounting and internal audit procedures, resource mobilization & fund sourcing or capital formation, and production and operations management.

Attached, as Annex B is the recommended outline for the business plan to guide the BDS provider and facilitate compliance to the requirements for the services. The operations manual should contain the basic policies, procedures and process flows and documentary requirements in the four

areas of management such as organizational & administrative, financial, marketing & production. The provider is expected to submit four final copies for both of the business plan and the operations manual in loose-leaf binder; 1 for the UBA (**with selected parts translated to vernacular by PPO**) when requested by the UBA, 1 for the PPO & 1 for the PMO. PPO should facilitate provision of copy to respective LGUs.

- **OTHER BACK-UP SUPPORT SERVICES** – A provider can be also contracted for the following services when situation warrants and upon recommendation of the PPO and as approved by the Co-Directors of the UDP.
 - Technology Transfer – The UBA may request for technology transfer assistance through the PPO. This may include exchange of successful technologies among UBAs producing the same product. Technology exchange can be facilitated through actual field or techno demo, skills trainings or coaching. Successful farmer-practitioners of the technology can serve as the trainer though the services of an agricultural technologist can be also contracted. **This can be coordinated as among the priorities of SAD.**
 - Fund Sourcing Services – This BDS includes identification of potential sources of inexpensive funding, preparation of project proposals or business plans, packaging of the required documents for submission to funding institution and follow up activities for the approval and eventual release of the funding request.
 - Product Development – A certain UBA may need to develop variants or alternatives for existing products in terms of new product concepts, new designs, packaging, etc to expand existing market. Services of product or researchers or technologist can be engaged focused on the development of new products that have market potentials.
 - Organizational Development Trainings – Depending on the needs of the UBA, specific trainings to strengthen the organization and increase capabilities to sustain UDP assisted projects especially for non-BDS priority areas. **This may be considered a priority of CIDE Component.**
 - Market Identification, Negotiation and Closing of Deals – This can be in the form of a training plus actualization of learning through guided practicum on market ID, negotiation and closing of deals. The provider is required to identify potential market & coach the UBA while under practicum.
 - Simplified Bookkeeping and Accounting System – The BDS can be in two kinds of trainings – one for cooperatives as they have distinct requirements for bookkeeping and accounting system as mandated by the Cooperatives Development Authority (CDA) and the other kind of training is for non cooperative forms of

associations. The services may include, among others, installation of simple recording & auditing systems, cash management systems, accounting systems and financial status reporting.

- Other Business Development Services – This will depend on the specific services requested by the UBA and endorsed by the PPO for consideration of the PMO. Requests should indicate the expected quantifiable or verifiable impacts of the service/s to the UBA in terms of enterprise or organizational development.

VILLAGE ENTERPRISE ELIGIBLE FOR BDS SUPPORT

1. For BDS Phase 1 – the following are the criteria for village enterprise to be eligible for BDS Phase 1 support.

- 1.1 For First Priority Areas - with existing enterprise

- The UBA has been a recipient of several assistances from the UDP that range from trainings, exposure trips or study missions, infrastructure projects, diversified farm system, agroforestry programs, water system and other support projects.
- The UBA has not stopped participating in the different activities conducted by the UDP with the LGUs until CY 2004.
- There is an existing enterprise like ‘bagsakan’ center, trading business, micro-finance, group crop production especially those covered by marketing contracts and other enterprises directly managed by the UBA.
- There are specific crops predominantly produced by the UBA members and other farmers in the communities and has potential for commercialization.
- The UBA is willing to accept the business development services and undertake to fully cooperate in the conduct of activities.

- 1.2 Second Priority Areas – with potential enterprise to be managed by the UBA or by a group of producers

- The UBA has been a recipient of several assistances from the UDP that range from trainings, exposure trips or study missions, infrastructure projects, diversified farm system, agroforestry programs, water system and other support projects.
- The UBA has not stopped participating in the different activities conducted by the UDP with the LGUs until CY 2004.
- The UBA is not directly managing any enterprise at present but have identified and have jointly planned to engage in a specific enterprise.

- There are specific crops predominantly produced by the UBA members and other farmers in the communities.
 - The UBA is willing to accept the business development services and undertake to fully cooperate in the conduct of activities.
2. For BDS Phase 2 – only those village enterprise recommended by the BDS provider for Phase 1 to proceed to Phase 2 and as recommended by the PPO and approved by the UDP Co-directors will be eligible for BDS Phase 2.
 3. For Other Back-Up Support Services – those areas where the UDP is in its conclusive stages will be eligible for this assistance subject to the evaluation and approval of requests by the PMO.

REQUIRED BDS PROVIDERS & CONTRACTING SCHEME

1. For BDS Phases 1 & 2 - consultancy firm qualified to bid as providers for BDS Phases 1 & 2 are the following:
 - With business license to operate a consultancy firm and preferably with office or base in areas close to the upland villages.
 - With at least 2 years track record or experience in consultancy business or associates have at least 2 years of relevant consultancy works.
 - Consultants are willing to immerse in the Barangays especially during coaching stage.

CONTRACTING SCHEME

- Providers may signify or submit proposals (please see **Annex C** for the standard format) in more than 1 project provided the bids can be backed up with qualified and capable consultants or associates.
 - Proposals should be initially reviewed and endorsed by the PPO to the PMO for final review, approval or disapproval.
 - The services of the provider will be employed by the programme through a 'Service Contract' that will be entered into between the service provider and the UDP stipulating the services and the outputs required in a considerable period of time and the payment terms.
2. For Other Back-Up Support Services – providers could be a consultancy outfit or an individual consultant.
 - For consultancy firm same qualifications enumerated above for Phases 1 & 2 will be followed while the following qualification criteria will be observed for individual contractor or consultant:
 - The consultant should hold a master's degree on business administration, public administration, development management or

other degrees proven relevant or in line with the kind of services offered.

- Consultant should have at least 5 years of consultancy or similar work experience on organizational & enterprise development.

CONTRACTING SCHEME

- Individual consultant or consultancy firm will be required to submit their proposal for the services offered. Proposals for conduct of trainings should include the training syllabus while a technology transfer syllabus will be required for technology transfer services. The module and manual is required for submission from winning bidders at the onset of engagement and will serve as the basis of monitoring.
- All proposals should be submitted to the PPO for initial review and endorsement to the PMO. The PMO will handle the final review and will either approve or disapprove the proposal.
- The services of the provider will be employed by the programme through a 'Service Contract' (Annex D) that will be entered into between the service provider and the UDP stipulating the services and the outputs required in a considerable period of time and the payment terms.

REPORTORIAL & MONITORING REQUIREMENTS

1. For BDS Phase 1 – Submission of 3 final copies of the Organizational & Enterprise Development Assessment Reports in A4 size bond paper and spiral bound is required. As monitoring requirement the provider is required to submit to the UDP at the onset of the engagement a copy of its activity plan for the entire duration of the contract.
2. For BDS Phase 2 – Three copies of the Business Plan & Operations Manual on 'loose leaf' binding will be required from the provider. As monitoring requirement the provider is required to submit to the UDP at the onset of the engagement a copy of its activity plan for the entire duration of the contract.
3. For Other Back-Up Support Services – Documentation Report with the outputs of the services provided as attachments is required for submission to the UDP in A4 size bond paper and in spiral bound is required. A representative of the PPO or the PMO will visit anytime during the engagement or training period to monitor the ongoing activities.

ANNEX A
SUGGESTED REPORT FORMAT

EXECUTIVE SUMMARY

- I. INTRODUCTION/BACKGROUND
- II. LIMITATIONS OF THE ORGANIZATIONAL DIAGNOSIS AND ENTERPRISE VIABILITY ASSESSMENT
- III. METHODS AND TOOLS USED
- IV. LAND USE, ECONOMIC ENVIRONMENT & DEMOGRAPHIC PROFILE OF THE BARANGAY

DEMOGRAPHY

- Population Size
- Population Distribution (sitio/purok)
- Sex Distribution

LAND USE

- Forest
- Agro-Forest
- Residential Concentration
- Institutional Facilities & Centers
- Utilities

ECONOMIC ENVIRONMENT

- Income and Income Sources (agri, trade, industry, etc.)
- Income and Expenditure Patterns

- V. PROFILE OF THE ORGANIZATION/UBA

HISTORY OF THE ORGANIZATION

COMPOSITION AND MEMBERSHIP

MEMBERS PROFILE – DISTRIBUTION & DEMOGRAPHIC DATA

PROJECTS IMPLEMENTED (include cooperating organizations, beneficiaries, budget, period covered, etc.)

EXISTING ENTERPRISE/s (directly managed by the UBA or UCOs like 'bagsakan' center, trading, dicing, etc.)

- Type of Enterprise/s
- Investments/Capital
- Savings

ORGANIZATIONAL STRUCTURE AND COMPOSITION
TRAININGS AND SEMINARS ATTENDED
DEVELOPMENT PARTNERS (other than UDP, i.e. Brgy LGU for FTMR maintenance define arrangements)

VI. RECOMMENDATIONS

OVERALL RECOMMENDATIONS – base on the situation analysis

UBA

The Type of Enterprise or Business

Barangay as a Priority Area for UDP

SPECIFIC RECOMMENDATIONS – to respond to specific needs

For the Organization or UBA

For the Enterprise (directly managed by UBA)

VII. SITUATION ANALYSIS

A. ORGANIZATION/UBA

Vision, Mission & Objectives

Determine extent of ownership by the members

Relevance to the interest of the members & the communities

Level of understanding and acceptance

Organizational/Administrative

Organizational Structure & Functions

Hierarchy of Decisions, Decision Making Process

Officers Profile – Management & Leadership Capabilities

Members Profile – Capabilities, Enterprise, Income & Income Sources

Meetings & Assemblies, Extent of Members Participation

Human Resource Competence & Capability Building

Policies & Procedures

Records Management

Supplies & Inventory Management & Administrative Costs

Financial Management

Financial Plans & Budget

Disbursement & Procurement Procedure

Audit

Accessibility to Financial Facilities/Fund Generation

Financial Conditions, Assets, Liabilities

Revenue versus Costs, Income Sources, Cost Centers

Reporting

Operations

Plans & Program

Project Management Competence of Officials & Members

Support Structures & Mechanisms, Available Linkages

Activities/Projects Implemented-Benefits

Supports & Assurances Received for Implementation of Projects

Policies & Procedures for Project Implementation & Sustainability (if there's any)

- B. ENTERPRISE DEVELOPMENT (Should be done in two levels especially when the enterprise directly managed by the UBA is a 'bagsakan' center or a trading business. Using the same assessment points below review performance of enterprise directly managed by the UBA or UCOs and business or production enterprises predominant in the area or Barangay)
FOR ENTERPRISE DIRECTLY MANAGED BY THE UBA OR UCOs

Basis for selection of enterprise

Acceptability of the Enterprise/Social Preparation

Number of families or members that were benefited in the enterprise

PRODUCTION REVIEW (for enterprise not directly managed by the UBA the assessment may focus on the top 4 crops in terms of existing & potential production area, no. of households, farmers net income, land suitability & agro climatic conditions, technology support system)

Total Land area devoted for the production of specific crops

Total land area potential for the production of specific crops

Viability of the Locations of Production Areas

Agro-climatic Situation

Suitability to the Crops

Accessibility, Production Infrastructure Support

Technology, Farm & Ecological Practices

Availability of Farm Technicians, Trainings, Demo Farms, etc.

Supports Received from Institutions like UDP, LGU, etc.

Production Inputs, Tools, Implements, Equipment

Production Volume per Crop per Hectare Versus Benchmarks

Production Costs Per Hectare Per Crop Versus Benchmarks

Handling, Storage, Processing of Products

MARKETING REVIEW (for UBA managed and top 4 crops predominant in the area)

Product Description, Utilization

Product Quality, Packaging, Volume, Availability

Product Pricing, techniques & Approaches, Sales Performance

Existing Buyers & Product Requirements

Potential Buyers & Market Requirements for the Product

Market Potential for Other Product Variants

Market Infra Supports, Storage, Consolidators

Commodity Flow (Channels of distribution, mode & cost of transport, prices)

Competitors, Competitive Advantage

Assistance Received from UDP, UBA, LGU & Other Institutions
Marketing Costs

FINANCIAL REVIEW (for UBA managed and top 4 crops predominant in the area)

Availability & Sources of Capital
Accessibility to Financing Institutions
Revenue versus Costs
Identify Cost Centers
Income of Farmers per Crop per Hectare
Cost Benefit Analysis

BUSINESS OR ENTERPRISE MANAGEMENT REVIEW

Entrepreneurial Competence of Farmers
 Education & Trainings
 Existing Values & Beliefs
 Adaptability, flexibility, Ability to Practice New Learnings
Production, Marketing & Financial Management Ability of the
Entrepreneurs
 Research and Information Services
 Records Keeping, Business Documentation

ANNEX B
OUTLINE FOR BUSINESS PLAN

I. INTRODUCTION

- A. Business Description
- B. Brief Management Profile

II. SUMMARY OF FINDINGS (PHASE I)

III. STRATEGIC DIRECTIONS

- Bottomlines in terms of products, market & revenues

IV. ORGANIZATIONAL AND ADMINISTRATIVE PLAN

- A. Structural Support
- B. Definition of Functions & Job Descriptions
- C. Staffing & Manpower Complement
 - Selection Criteria
 - Performance Measures & Review
 - Human Resource Development
- D. Supplies and Property Management
- E. Organizational and Administrative Procedures and Policies

V. MARKETING PLAN

- A. Product Description and Quality
- B. Pricing and Sales Generation Strategies
- C. Channels of Distribution in terms of Suppliers and Market Outlets
- D. Promotions and Market Linkages
- E. Marketing Policies and Procedures

VI. PRODUCTION PLAN

- A. Relationship with UCOs on DFS or producers for the production of priority crops
- B. Technology Linkages
- C. Financing Linkages
- D. Lay-out & Process Flow
- E. Facilities and Utilities
- F. Inventory Management
- G. Operating Policies and Procedures

VII. FINANCIAL PLAN

- A. Cash & collection Management
- B. Credit/Accounts Receivables Management
- C. Financial Recording & Reporting
- D. Audit & Inventory Systems
- E. Financial Policies and Procedures

VIII. ACTION PLAN (1 year)

Includes the doables in 6 months including the pacing of coaching.