



Government of Botswana



European Union

PRIVATE SECTOR DEVELOPMENT PROGRAMME BOTSWANA

A Government of Botswana initiative supported by the European Union and the Centre for the Development of Enterprise

Terms of Reference

Value Chain Analysis in emerging sectors: 1-Meat (piggery, goats, and poultry), 2- Dairy, and 3-Leather

December 2013



INTRODUCTION

The Private Sector Development Programme (PSDP) is Botswana Government initiative developed in partnership with the Ministry of Trade and Industry (MTI), the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and the Centre for Development of Enterprise (CDE). The overall objective of the programme is to contribute to economic growth, employment creation and diversification resulting in the reduction of poverty. The programme is funded by the European Union (EU) and the CDE through a Contribution Agreement signed in February 2013.

The PSDP has a strong link with the Economic Diversification Drive (EDD) Strategy as well as with the Private Sector Development Strategy (PSDS) which both aim:

- (i) to diversify the economic and export base of the country into sectors that will continue to grow long after diamonds have run out, and
- (ii) to provide a systematic and coherent framework to promote the development and growth of the private sector.

The Programme focuses on a limited number of sectors for capacity building actions in order of priority as follows; (i) Manufacturing including Agro-industries, (ii) Tourism, (iii) Construction and Public works and; (iv) Information, and Communication Technology (ICT).

The first Component of PSDP involves mapping of value chain processes in priority sectors as above and identifying capacity building interventions that local companies may benefit to take advantage of business opportunities, thus improving their competitiveness. It will further promote business linkages between small, micro and medium enterprises (SMMEs); and between SMMEs and large local or foreign companies. It will also promote cross-border business linkages in line with the country's regional integration efforts.

In order to assist in the definition of Action plans for value chain and sector development in the framework of PSDP, a broad consultation took place in September 2013 with key stakeholders and practitioners, and a consultative workshop was organised to agree upon the list of sectors and products to be further developed through value chain approach. The participants to the consultative workshop acknowledged the comprehensive private sector development initiatives and work done on sectors/value chains development by national institutions including the Ministry of Agriculture (MoA), the Botswana College of Agriculture (BCA) and the Local Enterprise Authority (LEA) such as beef, smallstock (sheep and goats), piggery, dairy, horticulture, and leather. The above value chain analysis reports present a thorough situational analysis, though lacking detailed Action plans which would help identify the concrete steps to be undertaken, particularly as regards capacity building in the priority sectors identified by PSDP.

After consultation with key PSDP stakeholders and sector experts, CDE/PSDP has decided to conduct further research through two separate value chain analyses as follows: (i) structured value chains composed of beef; horticulture; and tourism; (ii) emerging value chains composed of: 1- meat (piggery, goats and poultry), 2-dairy and 3-leather. It is important to note that the emerging value chains have been organised around two (2) groups based of Government priorities and sector policies: *group 1*: leather and dairy (sectoral strategies approved by government and existing value chain studies); *group 2*: piggery, goats, and poultry (characterized by lack of sector strategy and weak chain structure. However value chain studies have been undertaken in these areas).

Finally, CDE/PSDP will undertake an exploratory study to determine the prerequisite conditions for the development of honey and marula value chains.

1 BACKGROUND INFORMATION

1.1 BENEFICIARIES

The beneficiaries of the services to be provided by the Service Provider are primarily the MTI and BOCCIM. The MTI and BOCCIM with the support of the CDE have joined their efforts to develop the PSDP aiming to strengthen the capacity of SMMEs, Community Based Organisations (CBOs) including value chains development in a selected number of economic sectors under the framework of the PSDS adopted in 2008 by the Government of Botswana.

1.2 CONTRACTING AUTHORITY

The Contracting Authority is the CDE Regional Office for Southern Africa based in Gaborone, Botswana acting as the Executing Agency of the PSDP.

1.3 OVERVIEW OF THE PRIVATE SECTOR DEVELOPMENT PROGRAMME

The PSDS was designed by BOCCIM to provide a systematic and coherent framework to promote the development and growth of the private sector. It identified the gains achieved thus far, the bottlenecks and interventions that will contribute towards establishing an enabling environment that will spur entrepreneurial development; attract foreign and domestic private investment while at the same time, create business opportunities. The strategy responds to the aspiration of Vision 2016 and the theme of the National Development Plan (NDP) 10, 2009-2016.

Vision 2016 aspires to achieve its targets through sustainable growth and a diversified economy with mining, agriculture, industry, manufacturing, services and tourism playing a leading role. The theme of NDP 10 is “Creating the conditions for accelerated private sector growth in order to reach Vision 2016 targets”. The government expects the private sector to lead the process for diversification of the economy, emphasising the central role of the private sector in driving future economic development and growth. The government, at the same time, recognised that the private sector needs strengthening for it to play this important role. It is in this context that an appropriate private sector organisation such as BOCCIM has been tasked to become the secretariat for PSDS. It was also recommended that BOCCIM be restructured to be the apex body representing the entire private sector in the country.

The PSDP is meant to address some key areas of the PSDS. The PSDP which will run for duration of 3 years has a budget of €2.3 million and aims to stimulate and sustain growth through diversification of the economy while building the capacities of institutions and human resources that support the private sector. Other funding partners promoting specifically Women Entrepreneurship provide additional complementary support. The EU is the contracting authority for the PSDP, the MTI is the supervising agency, CDE is the executing agency, and BOCCIM is responsible for internal monitoring and evaluation (M&E) of the programme.

Key private sector development partners which played a vital role during formulation of the PSDP and that are involved in the programme are BOCCM, Botswana Investment and Trade centre (BITC), LEA, Citizen Entrepreneurial Development Agency (CEDA), Botswana Exporters and Manufacturers Association (BEMA), Botswana Bureau of Standards (BOBS), Botswana National Productivity Centre (BNPC), Hospitality and Tourism Association of Botswana (HATAB), Botswana Tourism Organisation (BTO) and Botswana Innovation Hub (BIH).

The PSDP has the following objectives:

- **Overall Objective:** To promote economic growth, support employment creation and diversification resulting in the reduction of poverty in Botswana.
- **Specific Objectives:**
 - ✓ To improve the business environment in Botswana and stimulate economic diversification in the private sector
 - ✓ Develop and increase the role of the SMMEs in the economy

The areas of intervention that are targeted under PSDP are the following:

- ✓ **Intervention Area 1:** Capacity and competitiveness of SMMEs and CBOs including value chains is strengthened;
- ✓ **Intervention Area 2:** Service delivery of targeted Intermediary Organisations (IOs) and Business Development Service Providers (BDSPs) is enhanced;
- ✓ **Intervention Area 3:** Business environment for enterprises is improved. (Reduction of red tape and pilot on improved access to financing by SMMEs).

The services to be delivered by the service provider are linked to the above first two Intervention Areas.

1.4 VALUE CHAIN ANALYSIS UNDER THE FRAMEWORK OF PSDP

The principal aim of the Value Chain Analysis exercise is to generate sufficient information to identify the main opportunities and bottlenecks in the export value chains of the selected sectors, and to assess whether or not the intervention is likely to contribute significantly to increased exports to Europe and SADC regions by SMEs in these sectors, and if so, to prepare Plan of actions for a comprehensive capacity building intervention in the framework of the PSDP.

1.4.1 Definition of Value Chain

The term “Value chain” refers to coordinated relationships between actors who are involved directly and indirectly in a productive activity, from the primary stage production and inputs supply to the end consumers. Therefore, a value chain involves alliances between producers, processors, distributors, traders, and regulatory and support institutions, whose common starting point is the understanding that there is a market demand for their products and services.

1.4.2 Rationale for Value Chain Analysis and Development

The Government of Botswana acknowledged through the PSDS that in the short to medium term, the manufacturing including agro industries and tourism sectors will be the basis for job creation and economic growth. Other sectors for potential economic growth are also considered by Botswana Government namely ICT and Construction and Public works. In support of this vision, the CDE-PSDP is undertaking a series of value chain and sector analyses based on past and ongoing studies by national institutions such as LEA, MoA and BCA who did number of studies on Value Chain Analysis.

The value chain analysis is seen in the framework of the PSDP as fundamental to understand the role of key players involved in a given value chain, the challenge they face and the opportunities. Such an approach is essential for assessment of the needs of key actors which intervene in the value chain and for elaboration of the full-fledged capacity building actions taking into account the major constraints identified on the ground.

2 OBJECTIVE, PURPOSE AND EXPECTED RESULTS

2.1 OVERALL OBJECTIVE

In close collaboration with both private and public institutions supporting private sector development in Botswana such as BITC, BOCCIM, LEA, BEMA, and HATAB, the Service Provider will undertake an in-depth analysis of the selected value chains (1- meat (piggery, goats and poultry), 2-dairy and 3-leather) with the view to develop comprehensive **Action Plans** for improving the **competitiveness** of the actors involved in the target value chains. The Service Provider will have take to do a review of existing value chain studies mentioned above.

2.2 PURPOSE

The purposes of this assignment are the following:

- i. Facilitate a participatory approach of Value Chain Analysis with key stakeholders;
- ii. Undertake value chain mapping and analyses for the selected sectors (1- meat (piggery, goats and poultry), 2-dairy and 3-leather) taking into consideration the difference between the groups;
- iii. Assess the proposed sectors to be supported through appropriate value chain analysis methodology;
- iv. Analyse what are the economic costs along each of the selected value chains;
- v. Determine where is the most value added to the value chain;
- vi. Determine who are the most important actors (champions / leaders) within the value chain; *To this end, the Service Provider will undertake visit/interview of ten (10) key players in the value chain;*
- vii. Define what is the institutional and financial framework of the value chain;
- viii. Determine where are the bottlenecks in the value chain;
- ix. Determine where is the market potential for growth;
- x. Assess what is the size of the chain considered;
- xi. Identify the potential for upgrading each of the value chains;
- xii. Determine what possible synergies exist with other sectors/chains;
- xiii. Analyse other issues related to value chain development which are relevant to the Service Provider.

2.3 EXPECTED RESULTS

The expected resulted to be achieved by the Service Provider are as follows:

- i. Key actors in each of the value chains are clearly identified and characterized based on Company Profile Template (To be provided to the selected company)
- ii. Profiles of key players / actors are developed
- iii. Problems (bottlenecks) in accessing current and potential markets identified
- iv. Appropriate solutions to remove the bottlenecks defined
- v. List of capacity building priority actions established
- vi. Detailed Plans of actions for the development of the target chains prepared
- vii. List of institutions responsible for implementing Plans of actions established

viii. Detailed resources needed for the implementation of Plan of actions defined.

3 RISKS AND ASSUMPTIONS

3.1 RISKS

➤ Perceived Risks

The PSDP Logical framework well identified the risks involved in the implementation of this programme and the benefits expected at the completion.

The following are the main risks foreseen for the programme:

- Lack of interest by value chain actors for the study;
- Lack of or limited capacities of public and private actors in almost all aspects of value chain development;
- Weak support by IOs, BDSPs, and Government ministries, etc., for data collection.

➤ Mitigation Measures

The Coordinating Unit will apply mitigation measures as appropriate to lower the identified risks. These will include;

- Periodic consultations with government ministries, parastatals and private sector organisations as part of the sensitization process to create an enabling environment for PSDP implementation;
- Engage national institutions such as MoA, LEA and BCA to collaborate with the Service Provider in value chain analysis exercise based on their experience;
- Facilitate the use of past studies on value chains development;
- Assist the Service Provider in planning their mission to Botswana (setting of meetings with key stakeholders, etc.);
- Timely addressing any issue that could slow down the Service Provider intervention.

3.2 ASSUMPTIONS

The main assumptions in the Logical Framework Matrix are the following:

- No major budget constraints;
- The global economy and Botswana avoid double deep recession;
- Project implementation partners will dedicate required resources including logistics to the programme to ensure timely delivery of the services to beneficiaries.

4 SCOPE OF THE WORK

The Value Chain Analysis for emerging sectors (1- meat (piggery, goats and poultry), 2-dairy and 3-leather)) will be undertaken by the Service Provider under the supervision of CDE-PSDP Coordinating Unit and will report to it.

4.1 ACTIVITIES TO BE CARRIED OUT IN THE FIELD FOR VALUE CHAIN ANALYSIS

The purpose of the study is to undertake a detailed market mapping and value chain analysis of the selected sectors (1- meat (piggery, goats and poultry), 2-dairy and 3-leather) by identifying:

- 1) Undertake a desk research and advice on persons or institutions that could provide basic statistics on the potential of each value chain: annual production trends of goods and services, volumes of trade at rural and urban markets as well as at export level, end market quality requirements (exports, regional and national markets), possible market trends in the selected value chains, major trends affecting the products of each chain , the production costs of goods and services and the economic analysis of the each chain/sector, pricing, packaging, quality issues, etc.
- 2) Mapping of key primary chain actors along the value chain (from the primary stage production and inputs supply to the end consumers): identify who they are, possible numbers, their key functions, key operational challenges and possible interventions. Included in the analysis of the primary actors indicate the changes in prices along the value chain together with the margins and other economic aspects like market share of meat and its products transactions along the value chain. Also evaluate the social aspects, such as participation and governance along the chain as well as the key chain blocker(s) and enabler(s).
- 3) Mapping secondary actors / supporters of the chains and their role and services. Identify the challenges experienced in offering/accessing their services. Identify any gaps currently existing in service provision and who can best provide such services
- 4) Examine the regulatory and policy framework that affect both the meat sector, and secondary markets, outlining the key provisions, level of implementation and the challenges involved in their implementations. The Service Provider will recommend strategies that will strengthen advocacy activities and maximize engagement with policy making processes at national level.
- 5) Analyze the overall business environment under which the meat sector is operating and link this to the national level.
- 6) Analyze the gender and power dynamics along the value chains and advice on areas for improvement.

4.2 PERFORMANCE OBJECTIVES / DELIVERABLES

Based on the detailed analysis of the above, the Service Provider will provide:

- 1) A detailed analysis of the overall market opportunities for the various products within the overall meat sector that can potentially be exploited: locations, quantities, quality and other product requirements. The Service Provider will examine if the adoption of certification processes in the sectors considered would be an opportunity to explore. Of particular interest to the Programme are the possible inter-linkages between the selected sectors and other business services e.g. those interventions involving women and youth in these sectors. Where possible, the Service Provider will provide data that can be used to make decisions on future capacity building actions benefiting key champions to support investment opportunities in emerging values chains.

- 2) Delineate and examine the different market channels of for meat products, outlining opportunities for exploitation, additional investments, challenges and possible interventions. A market segmentation is expected with a possible examination and decision based on previous work done in the selected sectors (1- meat (piggery, goats and poultry), 2-dairy and 3-leather).
- 3) An analysis of the basic business support services needed to strengthen the market system in support of the small/medium producers in leather, dairy, goats, piggery and poultry sectors. Identification of possible service gaps existing that needs to be filled.
- 4) An analysis of the competitors of Botswana leather and meat value chain, identify the basis for the competition and outline the perception of consumers on local products related to; 1- meat (piggery, goats and poultry), 2-dairy and 3-leather sectors.
- 5) Advice on the possibility/modalities of branding Botswana leather and meat products.
- 6) Make a series of recommendations on areas of improvement of; 1- meat (piggery, goats and poultry), 2-dairy and 3-leather value chains.
- 7) Make concrete recommendation for a functional business model to strengthen the selected value chains.

4.3 MEASURE OF SUCCESS/PERFORMANCE INDICATORS

The following are some indicators to measure the performance of the technical assistance:

- Provision of strategic support and guidance to PSDP Coordination Unit;
- Timely implementation of the study activities;
- Accurate, timely and quality work plan and reports;
- Efficient utilisation of national manpower and financial resources;
- Functional network of private and public institution in Botswana;
- Market survey materials developed and used
- Local experts involved trained on the job to perform value chain analysis for selected sectors
- Ineligible expenditures minimized.

4.4 OUTPUTS

The **Value Chain Analyses** will result in a prioritised Plans of Action to develop the local, regional and international market of the selected sectors (1- meat (piggery, goats and poultry), 2-dairy and 3-leather) in order to maximize their overall contribution to Botswana socio-economic development.

It will enable the private and public sectors in Botswana to identify in the selected sectors:

- ✓ Main competitiveness constraints and propose response objectives and activities;
- ✓ Opportunities to enhance export performance;
- ✓ Establishment of private-public platforms/networks in the selected sectors
- ✓ Priority cross-sector trade support services to ensure a supportive business operating environment.

Based on the VCA, the Expert team will provide guidance and support to Public and private stakeholders in the design of a detailed 3-year Plan of Action and Implementation Framework (Roadmap), and will provides Botswana's TSIs with the required facilitation and expertise to guide the country throughout the implementation of PSDP Result Area 1 and Result Area 2 capacity building intervention.

The following are the main outputs of the value chain analysis study:

- 1) Detailed value chain analysis reports for the selected sectors (1- meat (piggery, goats and poultry), 2- dairy and 3-leather);
- 2) Detailed mapping of the national trade support network (i.e. of all those public and private sector institutions that have an incidence on competitiveness and export development) and of the mandate and scope of work of all institutions concerned;
- 3) Detailed Plans of Action, Resource Assessment and Implementation Management Matrix for each sector including but not limited the following;
 - ✓ Characterization of the actors in each of the value chains
 - ✓ Problems in accessing current and potential regional and international markets
 - ✓ Appropriate solutions to remove the bottlenecks
 - ✓ List of capacity building priority actions
 - ✓ Detailed list of actions, expected results and timeline for the development of the target sectors
 - ✓ List of institutions responsible for implementing action plans
 - ✓ Detailed resources needed for the implementation of the Plans of Action.

5 REQUIREMENTS

5.1 TECHNICAL PROPOSAL

The Service Provider will prepare a Technical Proposal to be submitted to the CDE-PSDP. The Proposal must include a section that is intended to demonstrate the understanding of and suitability for the assignment. This section must be written to address the following specific:

- 1) Understanding of the TOR and the tasks to be accomplished, including any specific comments on the TOR (4 pages maximum)
- 2) Highlight the methodology/approach through which the assignment will be executed (maximum 6 pages).
- 3) Suitability of the Key Experts proposed and details of backstopping to be provided for the duration of the assignment.

5.2 PERSONNEL

The Service Provider team will be composed but not limited of the following experts:

- A Team Leader with minimum an advanced degree in Economics, Finance, Management, Trade, Investment, International Relations, or any related discipline
- International experts specialized in value chain analysis with minimum a master degree in economics or trade, and
- National experts specialized respectively in leather, dairy, goats, piggery and poultry or private sector development with minimum a master degree in business and administration of economics.

When possible, the Service Provider will work closely with LEA and BCA which developed value chain approach as well as with national institutions identified as key stakeholders of the Programme.

5.3 LOGISTICS AND DURATION

5.3.1 Logistical Support

When possible, CDE/PSDP will provide the Office space and will make practical arrangements (missions) for the Service Provider for the implementation of this assignment. PSDP Coordinating unit and the programme implementing partners (MTI and BOCCIM) will be collaborating in the Value Chain Analysis studies. Three (3) coordination meetings are foreseen during the assignment.

The following documents will be provided to the selected Service Provider:

- a) Value chain analysis reports of MoA, LEA and BCA
- b) Private Sector Development Strategy
- c) Annex 1 of the Contribution Agreement (Description of the Action “Support the implementation of the Private Sector Development Strategy and the Economic Diversification Drive”)
- d) The “Economic Diversification Drive” Strategy
- e) Other relevant information deemed necessary to support the Technical Assistance programme.

5.3.2 Duration

The Service Provider intervention on value chain studies is expected to be completed in five (5) months including the inception phase.

5.4 MONITORING AND EVALUATION

A Monitoring and Evaluation Committee (M&E Committee) composed of CDE, MTI, BOCCIM and PSDP will oversee the implementation of this assignment.

Three (3) meetings are foreseen to assess the assignment against the performance objectives outlined above to take place concurrently with the Service Provider missions to Botswana.

6 REPORTING

The following are reporting requirements for this assignment to PSDP.

- ***Deliverable no. 1: Inception report***

Based on initial desk work, the Service Provider will present an Inception Report (deliverable no. 1), **by 30 April 2014**, containing, for each selected sector

- ✓ Summary of the desk review of studies done by national institutions and Government
- ✓ Information gaps in the Value chain analysis
- ✓ Brief overview of (qualitative) market trends, opportunities and main requirements for Botswana exporters
- ✓ Volumes and quantitative trends in European demand and Botswana exports to Europe and the SADC region regarding each of the selected products
- ✓ A revised Work plan for value chain analysis, and proposed approach to fill the information gaps.

The Inception report will be submitted to and discussed with the CDE-PSDP Coordinating Unit.

- ***Deliverable no. 2: Value chain analysis reports***

The second report to be prepared by the Service Provider for submission to the CDE-PSDP Coordinating Unit will contain the findings of further desk research and the outcomes of the Workshop 1 and Workshop 2. See section 7 on field work methodology above. In the reports (one per product), further desk work as well as field work through national workshops on sector value chain mapping and analyses are done to complete the analyses, validate findings with stakeholders and prepare the reports.

The draft Value Chain Analysis reports are expected to be submitted and presented to PSDP Coordinating Unit by **1 July 2014**, after which it will be finalized. The final *Value chain analysis reports* (deliverable no. 2) are expected to be submitted by **31 July 2014**.

- ***Deliverable no. 3: Action Plan***

The last report to be delivered by the Service Provider related to VCA concerns the Plans of actions and implementation management framework (Roadmaps) that will serve as the basis for capacity building actions of PSDP. Based on the findings of Workshop 2 (see Section 7), the Service Provider will prepare and present the *Plans of action* (deliverable no. 3), by **31 August 2014**, containing the following:

- ✓ Strategic Plan of Action/implementation management framework (Roadmap) for the selected sectors
- ✓ Action Plan/implementation management framework
- ✓ Systems and structures required to support the successful management and implementation of the Roadmaps over 3-year period.

Note: The Team Leader is expected to participate in coordination meetings at the request of the CDE-PSDP Coordination Unit. This will be done during field missions.

7 BUDGET FOR THE INTERVENTION

7.1 FEE RATES AND OTHER COSTS

This is a Global Price contract for this assignment. Maximum amount available is Euro **210,000** covering Fees, direct costs, and reimbursable costs.