

Terms of Reference (ToR)

Market Study of Dairy Business in Morang District

1. Introduction

Rural Women Development Center (RWDC) is a non-governmental and non-profit making organization registered in District Administration Office, Morang. It is affiliated to social welfare council in 1993. Rural Women Development Center has the vision to support the rural women to become socio-economically capable through income generation, education, health and environment related interventions. The main objective of the organization is to improve the economic condition of the marginalized and poor women by increasing their income and making them self-reliant.

With the financial and technical support of Good Neighbors International Nepal, RWDC has been implementing Employment Generation and Value Chain Development (EGVCD) Project -Phase II in Morang. The project focuses strengthening dairy business of the Dugda Uthpadak Cooperative Ltd, Letang.

2. Background information of the cooperative

The Dugda Uthpadak Cooperative Ltd. is located in Letang Municipality-3. It was established on 25th Kartik 2050 B.S. (10th Nov 1993) and officially registered on District Cooperative Office, Biratnagar with the objective of delivering its services to dairy farmers of its command area on production and marketing of milk and milk products. In the past, the cooperative used to collect milk from 50 farmers and sale to DDC. But now cooperative has 1905 members with 7 collection centers with 1 milk analyzer in each center and 3 selling depos. The cooperative has 2 chilling vat and transportation tank capacity of 3000 liters and 2000 liters respectively. Cooperative has been collecting milk from local farmers of Letang municipality. Currently, it is collecting 3000 liters per day. Among collected 3000 liters milk, 1500 liters is sold to Kamadhenu Dugda Bikash Company located in Tarahara, 500 liters to Gorus Dairy, Biratchowk, 500 liters to Shivam Dairy, Biratnagar. Cooperative itself sells 250 liters raw milk per day in local market. The

remaining milk is used to produce different products like Khuwa (5kg/day), Panner (5kg/day), Ghee (5kg/day), Curd (100liter/day) and Mahi (250 liter/day). The selling price of milk through cooperative is Rs. 52 per liter. Whereas, it is providing minimum of Rs. 45 to maximum of Rs. 76 per liter to farmers depending upon the SNF & Fat

Currently the cooperative wants to extend its milk business and planning to establish processing center in Letang. However, a detail study on dairy market is needed to identify the business intervention of the cooperative. Therefore, the study aims to analyze demand and supply of milk in local level and support to envisage the best possible interventions on milk business.

3. Objectives of the Market Study

The main objective of this assignment is to assess demand and supply situation of milk and milk products in Morang District and identify the suitable business interventions for the cooperative.

The specific objectives are as follows:

- Analyze current demand and supply systems/situation of milk & milk-products of Morang district and its contribution to milk market of Province No 1,
- To identify the best possible strategies for upgrading the milk business for the area i.e. opportunity cost of selling raw milk vs establishing milk processing center and product diversification etc.,
- Basic level of cost benefit analysis of establishing milk processing center,
- To identify the major market actors involved in different level of dairy value chain,
- Analyze Government Policy [Federal, Provincial government and local government] and strategies on dairy sector promotion,
- To Identify and examine problems and opportunities of the suggested business intervention and recommend measures to overcome constraints

4. Scope of work, market study aspects and Methodology

This study aims to identify the current status, constraints and opportunities in of the dairy sector and recommend interventions for further expansion of the milk business. The study will analyze in detail about demand and supply of milk in local level and will support to recommend the best possible interventions on milk business. Similarly, the study will also analyze the comparative advantage of selling milk through packaging or raw milk directly. Besides, this the study should also focus on possibility of establishing milk processing plant and recommends its capacity. Also market trends and possible market will also be assessed by the study.

The methodology for the study will be as follows:

- a. Preparatory phase:** The preparatory phase includes; i) Review of policies and business plan of Cooperative, ii) Inception meeting amongst Team leader and GNI Nepal and RWDC; and iii) design and finalization of questionnaires, field work plan and methodology, iv) Meeting with GNI Nepal and RWDC to finalize the study framework and tool.
- b. Field work:** The study team/ consultant should visit and observe project sites, carry out questionnaire survey, analyze the business plan of cooperative and do interaction with different actors. The consultant should also analyze the secondary data as per need, observe the potential market centers, interact with the market actors and observe production areas of the competitors. The interaction will be done with;
 - Cooperative team
 - Major milk actors like milk processing centers, dairies etc.
 - District level stakeholders
- c. Analysis and write-up:** The consultant should compile and consolidate relevant primary and secondary information/data (qualitative and quantitative) required drawing findings and furnish recommendation. The consultant should draft a report highlighting key findings and set of recommendations. A draft report will be shared

to GNI Nepal and RWDC for comments and feedbacks. The team consultant should provide the final report with clear recommendation on what sort of intervention should be done in milk business in the area.

- d. Timeline for the study:** The study should be started as soon as possible and need to be completed by **30 June 2019**. The assignment consists of 15 working days. A tentative schedule for the assessment is as follows:

Task	Time Allocation
Document Review (Cooperatives policies, business plan, Project Document and progress reports)	2 day
Develop Methodology and Tools in consultation with GNI Nepal and RWDC	1 day
Conduct study in Morang districts (Field visit in project municipality), meeting with stakeholders and cooperative, interaction with market actors, visit to market centers) and in other district if required.	4 days
Study team consultation	1 day
Draft Study Report	4 days
Preliminary presentation de-briefing with GNI Nepal and feedback collection	1 day
Finalize and submission of the report	2 days
Total	15 days

e. Deliverables

The following deliverables will be expected:

- Market study methodology and tools finalized in consultation with GNI Nepal and RWDC.
- Presentation of preliminary findings and recommendations at 1/2 day meeting with GNI Nepal and RWDC.
- Draft study report based on the findings of the comprehensive market study as mentioned earlier.
- Final market study report with best recommendation incorporating inputs from GNI Nepal and RWDC.

The Final Report should include:

- a) All the answers of the research questions as stated in the objectives as per this ToR, and
- b) An adequate quantitative and qualitative substantiation of the findings

f. Copyright

Copyright for the documents will remain with GNI Nepal and RWDC, and includes the right to distribute the material or parts of it to GNI Nepal partners in Nepal and abroad.

g. Eligibility and qualification of the consultant

An individual consultant and registered firm is eligible for the bid submission.

- The consultant must have master degree in agricultural Economics, Agro Business, Business Management, Economics, and/or relevant sector with adequate understanding and experiences on dairy value chain and marketing of milk.
- S/he must possess excellent statistical and quantitative data analysis skills;
- S/he must be well versed in trade-related data, import/export transactions, and should have knowledge of the policies, rules, and regulations pertaining to dairy sector of Nepal.

h. Focal person

The Project officer of RWDC will be the focal person for the evaluation and learning documentation. GNI Nepal will provide advisory support.

i. Budget

The total budget for this work is NPR. **175000/- (In words; One Lakh Seventy Five Thousand Only)**. The budget includes consultancy services fee, applicable government tax, transportation, food and accommodation and other expense occurred during the assignment. No other cost will be borne by RWDC to the consultant. RWDC could not bear any access and unforeseen budget against agreement between both parties.

j. Submissions

The consultants should submit below documents to verify required expertise for the study:

- Curriculum vitae highlighting relevant qualifications, work experience and knowledge of working in similar field.
- A summary (including outcomes) of similar assignments undertaken previously
- A concept note of the approach, methodology and work plan
- An itemized proposed budget specifying daily rate (fee) and other expenses involved in completing your proposed work plan.

k. Other considerations

GNI Nepal as well as RWDC provides assistance and advice to the consultant RWDC provides the consultant with all necessary background materials concerning the project and the project site, including the project plan and baseline data and information. RWDC is responsible for decision making concerning all practical issues of the assignment during field study.

l. Procedures for submission of the EOI:

Interested and eligible consultant/firm(s) are requested to send Expression of Interest (EOI) to rwdcletang@gmail.com with a CC to eoig@gninepal.org with "EOI for Market Study of Dairy Business" in the subject line by 17:00 hours, 28 May 2019.

RWDC reserves the right to make the final decision regarding selection of service provider.