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Fostering Agricultural Markets Activity II (FARMA II)

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RFP No. AID-168-C-16-00001/Sub-002-2016
Request for Proposals

Consolidation of the Immortelle Cultivation and Essential Oils Production

Date of Issue: **August 23, 2016**

Closing Date for Proposal: **September 23, 2016**

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Conflict of Interest Statement

The offerors should not have an existing or potential conflict of interest in making the offers to USAID/Sweden FARMA II.

Submission Details

Submission Deadlines and Details

All submissions for responding to this request must be submitted (via email to grants@farmabih.ba and in hard copy to one of the USAID/Sweden FARMA II offices) no later than:

September 23, 2016, at 04:00 pm ET

Questions and Clarifications

All questions or clarifications must be submitted in writing (via email to the contact person(s) below), no later than

September 14, 2016, at 04:00 pm ET

No questions will be answered by phone. If any questions are submitted, a written response will be circulated to all offerors.

Contact Person: Meriha Manojlovic
Contact person title: DCOP/Grants Manager
Email: grants@farmabih.ba

On **September 15, 2016, at 11:00 am**, USAID/Sweden FARMA II will organize an information session to discuss the Scope of Work and to provide instructions for submitting proposals to interested bidders. The session will take place at USAID/Sweden FARMA II offices in Sarajevo, Fra Anđela Zvizdovića 1, Tower B, 18th floor. All organizations interested in submitting proposals are encouraged to participate. Please confirm your presence at the Information Session latest by **September 12, 2016** at grants@farmabih.ba.

Validity of the proposal: Proposal will be valid for 30 days from the closing date of submission.

Document standards:

- Must be in Microsoft Word format
- Price or Budget must be in Excel with formulae showing

Introduction and Executive Summary

In January 2016, USAID and the Government of Sweden have launched a five-year project called Fostering Agricultural Markets Activity II (FARMA II) in Bosnia & Herzegovina (BiH).

The purpose of the USAID/Sweden FARMA II Project is to create agricultural and agribusiness economic opportunities for BiH farmers and entrepreneurs. USAID/Sweden FARMA II will achieve this by assisting agricultural producer organizations to adopt European Union (EU) and international agricultural and food standards and new production techniques, produce new high value products and expand their access to foreign and domestic markets. The USAID/Sweden FARMA II team will support the BiH government to implement new and revised laws and regulations that comply with EU and international requirements.

Project Background

The largest threat for Medicinal and Aromatic Plants (MAPs) population is overharvesting and habitat deprivation. This is the reason biodiversity conservation measures must be taken - one of the most important being promotion of MAPs cultivation instead of collection from the nature as the only source of supply for constantly growing market. Growing demand caused that a number of plant species have already become scarce in their natural habitat. Although cultivated plants often do not have the characteristics of wild ones, some species are cultivated in relatively high quantities with the aim to satisfy growing demand. The difference in characteristics could be avoided by using seeds from nature instead of planting cultivars with different characteristics.

One of plants that has almost been exterminated from the nature is Immortelle (also called Everlasting or Curry plant, *lat. Helichrysum Italicum*), indigenous plant for Herzegovina. In order to preserve the plant in the nature and to meet market demand, some activities on the promotion of cultivation of immortelle have already been taken. The seeds from nature were taken and transplants were produced. Due to controlled production, cultivated plants show even better characteristics than the ones collected from nature. Due to the huge market demand, the price for fresh plant material tripled, triggering mass cultivation in Herzegovina region. Although initial costs of planting are relatively high depending on the type of the soil, the interest for cultivation is significant, as the investment pays off relatively fast. It is not known what area is planted with immortelle, how many producers are involved, what are the capacities for production of transplants, essential oils, harvesting etc. There is no standard in the production (transplants, raw plant material, essential oils), some producers have started using herbicides and pesticides to protect plants causing damage to others, jeopardizing the image of immortelle essential oil from Herzegovina.

Overall conclusion that the production of immortelle is not controlled or organized and it creates chaotic situation in the field. As immortelle is used in cosmetics and pharmaceutical industry as well as in aromatherapy it is of utmost importance to avoid using chemicals to treat weeds or potential plant diseases. Using of chemicals could endanger the whole production, causing more harm than benefit to both groups: farmers and processors.

Detailed Scope of Work

Immortelle has several varieties of which at least two are present in Herzegovina: *Helichrysum arenarium* and *Helichrysum italicum.var italicum*. Only *Helichrysum italicum.var italicum* is

commercial due to its essential oil composition; the other variety has no value at all. There were cases that some farmers buying transplants and planting of a non – commercial variety, have suffered significant income losses due to their ignorance. Therefore, some steps should be taken to put the production and processing in order, to educate farmers and processors with the aim to standardize production of transplants, raw plant material and essential oils. The set of activities that should be taken, could potentially lead to introducing official quality standard for unique Immortelle essential oil from Herzegovina. Controlled production provides greater control over the quality and quantity of plant material, at the same time preserving the plant in its natural habitat.

Immortelle essential oil is mostly exported with only small quantities left in the country for the production of final products. Producers of final products are not competitive with imported products hence they need to improve their production processes, which will help reduce the costs of production and improve product quality.

In line with the increasing demand for natural products at the local market, in particular immortelle, there is an increasing number of POs involved in production of immortelle based natural products, wishing to place their products at local market to compete with imported once. Supporting these producers will potentially reduce negative balance between imported and locally produced natural products. There is also the potential to export some final products.

Purpose of the activity

The main purpose of this activity is twofold: (1) to consolidate the industry by promoting the best practices in the production of immortelle transplants, land preparation, planting, tendering, harvesting, and essential oils production; and (2) to strengthen the capacity of selected business development service provider to become the reference center for immortelle production in BiH. The ultimate objectives of this activity are:

- Increased production of immortelle essential oil according to best practices;
- Improved processing technologies and increased production of final value added products that will lead to increased competitiveness of the MAP sector at the international and domestic markets;
- Increased employment and income generation for rural population from Herzegovina.

This activity will contribute to the USAID/Sweden FARMA II indicators related to creation of new jobs, sales and export increase but also to the application of the new management practices and technologies.

The Goals of the Activity

1. Promote best practices to consolidate immortelle production in order to achieve production standards, thus ensuring better quality, sufficient quantity and better positioning in the international market;
2. Map current production of transplants, plant material and essential oil, as well as capacities for harvesting and distillation so that any potential USAID/Sweden FARMA II assistance could cover identified gaps;
3. Establish informal Advisory Board of Immortelle Producers / processors in order to facilitate communication between farmers / producers and processors which is of outmost importance for standardized production, better positioning in the international market and to better advocate producers' needs;
4. Reduce pressure on plants collected from the wild;
5. Promote good practices in the production of transplants, fresh plant material and essential oil;
6. Promote cooperation and develop business linkages between fresh plant material producers and essential oils producers;
7. Promote immortelle cultivation and distillation as a great potential for income generation and employment to those that have not started with the production yet in order to provide sufficient quantity of raw material;
8. Promote value adding by encouraging production of final products based on immortelle;
9. Promote fresh plant material production, essential oil production and value adding among women, as a great tool for their economic empowerment;
10. Promote value adding of distillation by-products such as hydrolate, plant material after distillation (composting or pellets production);

Beneficiaries:

Direct beneficiaries will be producers and processors of immortelle. Indirect beneficiary will be the BDSP that will, by implementing the program, develop their services enabling them to become the reference center for immortelle production.

It is expected that at least 500 immortelle fresh plant material producers and at least 10 essential oils producers from the whole region of Herzegovina will benefit from the program.

The Activities are set as listed below:

- Assess each municipality in Herzegovina on cultivation area under immortelle, production technology, transplants production, distillation and harvesting capacities;
- Identify key players from all groups (transplants producers, distillers, raw material producers) and establish an informal Advisory Board of Immortelle Producers; agriculture institutes, faculties as well as municipalities will also participate in the Board;
- Facilitate cooperation with other donors working in the same area;
- Facilitate cooperation between local government and producer organizations;
- Incorporate gender equality principles and inclusion of women in all activities;
- Promote environmentally sound best production and processing practices.

- Organize at least 10 trainings in 10 different locations on transplants production, cultivation and essential oils production;
- Prepare brochures on the transplants production, cultivation and distillation; include production cost calculation;
- Work with producers to promote organic or ecological production of raw material; identify at least 10 producers that are willing to implement the standards and to certify the product; give them technical assistance to prepare for certification;
- Organize at least 10 trainings in 10 different locations on farm record keeping for immortelle producers;
- Organize at least one networking event a year (i.e. before the start of the season) involving transplants, raw material and essential oils producers;
- Set up a web page for immortelle producers; ensure timely information dissemination; enable promotion of immortelle producers; serve as mini market information service for the product; promote the essential oil from Herzegovina;
- Assist at least 5 producers to apply for potential funding from different donors (including USAID/Sweden FARMA II);
- Promote value adding in the production; i.e. natural cosmetics production, compost production using plant waste after distillation or pellets production using plant waste after distillation; production of hydrolates as the by-product of distillation;
- Once a year organize promotional event “Days of Immortelle” to promote the results within which small trade fair will be organized, promoting immortelle based natural products;
- At least 20 new producers of immortelle will be identified and assisted on production technologies which will become sustainable and self-employed;
- Encourage women towards business oriented behavior and market oriented production;
- Promote economic sustainability (income generation) and viability of this production focusing on women;
- Create a critical number of women who are commercially oriented cultivators/processors of immortelle (fresh plant material / essential oil / final products);
- Provide additional source of raw material for the local MAP processing industry, not focusing only on Herzegovina (i.e. encourage investments in immortelle production from POs outside of Herzegovina).

General activities

In addition to the activities listed above, the implementer of the activity will be required to conduct the following activities:

- Wherever needed, engage highly qualified expert/s with practical experience in immortelle production / organic production/ farm record keeping / value adding to provide assistance to POs;
- Make sure that all agro-technical measures such as sowing, planting, nurturing, plant protecting, harvesting, distilling and selling of MAPs are completed on time and in accordance with good agriculture practices;
- Make sure that all project goals are met and completed as planned;
- Provide printed training material following USAID/Sweden FARMA II branding;
- Ensure USAID/Sweden FARMA II visibility in all activities;
- Closely coordinate with USAID/Sweden FARMA II project on all activities;
- Submit monthly programmatic reports to USAID/Sweden FARMA II;
- Submit the final report at the end of the activity implementation.

This program will be implemented over the period of three years, where some of the activities will be done in parallel while some will be done separately. All of the activities will contribute the overall goals for MAP subsector such as: consolidation of the immortelle production leading to standardized production and development of the brand name for immortelle from Herzegovina as well as creating a strong business development service provider that will continue working on immortelle production beyond USAID/Sweden FARMA II LOP.

Business Development Service Provider that will be selected to implement these activities will strengthen its capacities, through the set of activities, and will be able to transfer know-how to the beneficiaries once USAID/Sweden FARMA II project has finished. The ultimate goal for BDSP(s) implementing these activities is to become the reference center for Immortelle Production in Herzegovina region. Implementer of this project will continue providing these services beyond life of the USAID/Sweden FARMA II project. These services will be, at minimum, gender-sensitive.

Deliverables:

Deliverables:

- Define person(s) responsible for the Project implementation (include CV in the proposal);
- Detailed report on the situation on the ground prepared and submitted;
- Key players identified; informal Advisory Board of Immortelle Producers established;
- Brochures on the production and processing developed; calculation cost included;
- At least 10 producers obtained organic certification;
- Area under immortelle increased for at least 10 ha;
- At least 20 new farmers involved in immortelle cultivation and self-employed;
- At least 3 POs successfully applying for funds;
- Assisted POs will increase in sales for at least 10%;
- At least 8 full time jobs will be created;
- At least 50 seasonal / part time jobs created;
- At least 40 % of all beneficiaries / jobs created are women;

- Monthly programmatic reports including the description of all activities implemented. The report will include written confirmation that practical / classroom training sessions / events were held including topics, locations, dates and lists of participants (with attendees' signatures). Training Evaluation sheets will be submitted to USAID/Sweden FARMA II with other required documents.
- Photos and lists of participants are added to monthly reports;
- Annual report, detailing all activities, improvements and potential problems in the implementation and recommendation is provided;
- Final Report including calculation sample of the best result achieved to show economic viability.

All the documents should be prepared in English. The documents which will refer to the assessments of the situation and the provided recommendations for complying with the respective standards for the POs should be prepared in BHS languages as well.

Environmental considerations

Assistance provided under this SOW must comply with USAID environmental requirements in accordance with CFR 216, and specifically the Initial Environmental Examination (IEE, DCN: 2016-BOS-008). Specifically, any technical assistance (TA) must comply with the following:

- USAID/Sweden FARMA II Programmatic Environmental Assessment (PEA, DCN: 2010-BOS-010), Section 7.3.1. (b), where all TA must promote Good Agricultural Practices (GAP's), including but not limited to: increased reliance on organic fertilizers, manure and mulch to maintain soil health; more efficient irrigation methods (drip irrigation); and maximum reliance on natural, renewable and non-farm inputs. This document was prepared specifically to address the required environmental action under the IEE.
- All pest management advices must comply with USAID/Sweden FARMA's II approved Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP, DCN: 2016-BOS-009). Only pesticides approved in the PERSUAP may be used and recommended during training events, including any written material prepared by the implementer. It is USAID policy that all pest management advices must follow the principles of Integrated Pest Management (IPM). The approved pesticide list, in addition to the full PERSUAP, will be provided to the selected implementer prior to the signing of the contract and shall be fully complied with.

In addition, USAID/Sweden FARMA II encourages applicants to consider and address in the application necessary measures that proposes mitigation against environment and climate related risks.

Gender Equality Consideration:

Special attention must be paid to gender equality issues and the inclusion of women and young farmers in this activity. USAID/Sweden FARMA II places an emphasis on providing support to women participants and farmers in this training program to the largest extent possible, especially within the MAP sector. USAID/Sweden FARMA II Gender Advisor will provide advice and

assist sub-contractor to integrate gender equality principles in their work. Women's participation and benefits from sub-contractor's activities will be tracked separately and evaluated. Narrative reports on project implementation and the final technical report should contain specific information on how sub-contractor(s)' activities influence gender equality. Women participation will be incorporated in the proposal evaluation criteria.

Offeror Qualifications and Experience

Eligibility Requirements:

USAID/Sweden FARMA II Fixed Price Subcontracts may be awarded to local not-for-profit, for-profit, and non-governmental organizations (NGO), educational institution, business service development provider, providing they are legally registered and recognized under the laws of BiH.

Required Qualifications:

To be eligible for funding, the Applicant must:

- A. Have a minimum of 5 year experience in relevant business activities;
- B. Submit copies of financial records for at least three last year of operations;
- C. Submitt reference list that includes the names of Producer Organizations assisted in the past to implement similar activities;
- D. Submit budget (financial proposal) for the proposed activity. The budget will also be reviewed for accuracy and congruity with the activities proposed in the technical application.
- E. Submit key personnel for each proposed field separately.
- F. Printed materials such are: publications, brochures and similar will be included in the Proposal as applicable.
- G. Have the ability to engage experts (if needed) with proven experience in immortelle and F&V production, farm record keeping, organic production, marketing, branding;
- H. Have the ability and experience to organize and work with farmers / POs of all ethnic groups, including women all over Herzegovina

Contents and Structure of Proposal

The structure of proposal should follow the structure as described below:

- Technical Approach
- Detailed Implementation Plan
- List of Key Personnel
- List of current and past clients (not more than 3 years old)
- Names and contact information of at least 3 references
- Declaration of financial stability and conflict of interest (financial records)
- Detailed price structure (detailed budget)
- Attach samples of prior work (relevant when writing skills are highly important);

- Attach registration documents;

Assumptions & Constraints

This will be a fixed price subcontract with payments made against specific deliverables. The budget may show necessary and allowable costs expected to occur during a course of the activity and be linked to the execution of the deliverables such as organization' and trainers fees, trainer(s) per diem, travel expenses (if any), logging, training materials and other direct costs.

Terms and Conditions

- A. The award of a subcontract to procure the services related to this Request for Proposal (RFP) is subject to the availability of funds.
- B. The FARMA II project reserves the right to reject any and all proposals. No obligations either expressed or implied exist on the part of USAID/Sweden FARMA II or USAID / Government of Sweden to make an award for the work or for the cost incurred in the preparation of proposal in response to this RFP.
- C. The Proposal shall be submitted in accordance with the instructions set forth herein. Applicant shall submit its Proposal in two (2) hard copies and an electronic copy (CD) in a sealed envelope marked as follows:

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The Proposal shall be submitted by mail or personally to any **ONE** of the following addresses:

USAID/Sweden FARMA II <u>71000 Sarajevo, Fra Anđela Zvizdovića 1B/18</u>	USAID/Sweden FARMA II <u>78000 Banja Luka, Prvog Krajiškog korpusa bb</u>
USAID/Sweden FARMA II <u>75000 Tuzla, Maršala Tita 34A/III</u>	USAID/Sweden FARMA II <u>88000 Mostar, Kneza M. Viševića Humskog 11</u>

- D. Applicants may submit Proposals for the work described in the Scope of Work. An Applicant may join with a partner organization(s) to perform the Work. However, the Proposal must be submitted in the name of one company only, and in the event the Proposal is accepted, USAID/Sweden FARMA II will subcontract with that company only.
- E. Ownership of Proposals: All Proposals received in response to the RFP will be the property of the USAID/Sweden FARMA II project and will not be returned.
- F. USAID/Sweden FARMA II expects that work will start in October 2016 and be completed no later than October 2019.

Type of Resulting Contract

This will be fixed price subcontract with payments against specific deliverables.

Selection Criteria

A. The Applicant shall assume that there is only one opportunity to submit a Proposal in response to this RFP. Therefore, careful attention is required in order to insure that all of the technical documentation and other information necessary to support the Proposal are included therein.

The level of responsiveness to the details of this proposal as well as the overall quality and clarity of the proposal will be considered by USAID/Sweden FARMA II as an indicator of the work quality that the Applicant is likely to provide during project implementation assuming award.

B. The evaluation will result in a determination that the Applicant's Proposal is acceptable or unacceptable. When the Proposal is determined to be unacceptable, no further consideration will be given to the offer.

C. Proposals will be evaluated according to following criteria:

- Clarity and logical coherence
- Understanding of Scope of Work
- How implementation and results of the proposed activities will support USAID/Sweden FARMA II objectives
- Documented past performance consistent with type and scope of proposed activities
- Competency of proposed staff
- Feasibility of proposed activities considering proposed budget

Example of Criteria Evaluation Form

	Criteria	Score (From 1 to 5)	Weight	Total
1	Technical Proposal (understanding of Scope of Work, how implementation and expected results of the proposed activities support USAID/Sweden FARMA II objectives)	5.00	25%	1.25
2	Proposed Staff (experience implementing similar activities, competency of proposed staff)	5.00	30%	1.50
3	Cost (cost proposal is realistic, and includes necessary cost for implementation of SOW)	3.00	25%	0.75
4	Women participation in the activity (includes clear explanation of how women will benefit from the activity)	5.00	20%	1.00
	Score			4.50

Key Dates

RFP No. AID-168-C-16-00001/Sub-002-2016: Consolidation of the Immortelle Cultivation and Essential Oils Production

Description	Dates / times	Note
RFP Issue	August 23, 2016	
Deadline for RSVP Info Session	September 12, 2016	via grants@farmabih.ba
Deadline for questions	September 14, 2016 at 4:00 PM	via grants@farmabih.ba
Info session	September 15, 2016 at 11:00 AM	Fra Anđela Zvizdovića 1, Sarajevo – FARMA II office at UNITIC Business Center, Tower B, 18th floor
Closing Date for Proposal	September 23, 2016 by 4:00 PM	via grants@farmabih.ba AND via mail to one of the USAID/Sweden FARMA II offices
Expected implementation	Oct 2016 – Oct 2019	

Disclaimer

Issuance of this RFP does not constitute an award commitment on the part of USAID/Sweden FARMA II, USAID or the Government of Sweden, nor does it commit USAID/Sweden FARMA II, USAID or the Government of Sweden to pay cost incurred in the submission of proposals.

Nothing in this document shall be construed as an offer by USAID/Sweden FARMA II, USAID or the Government of Sweden and no terms, discussions or proposals shall be binding on either party prior to execution of a definitive agreement. USAID/Sweden FARMA II reserves the right to accept or reject any offer in part or full or to cancel the procurement without any obligation to any offeror.