



Terms of Reference: Business Model & Design of a Hatchery Out-grower Scheme

Background

The Business Innovation Facility (BIF) is a 5-year, UKaid (DFID)-funded enterprise and poverty alleviation program being implemented in Malawi, Myanmar and Nigeria. The program employs a 'Market Systems Approach' - aiming for large scale, sustainable economic impact by focusing on catalysing change in overall markets rather than targeting individual operators within that market. Thus, BIF aims to facilitate commercially sustainable innovations that have the potential to address the root causes that prevent market growth and limit the poor from economic participation as producers, consumers or employees. The main mechanism for facilitating change is through delivery of technical assistance to selected partners (service recipients) who demonstrate an interest in market-changing business innovations.

BIF Nigeria is focusing on five (5) major market value chains, including aquaculture. In 2014, we undertook a detailed market analysis of the aquaculture value chain that revealed a number of constraints currently impeding pro-poor development of the market: poor quality inputs (in relation to fingerlings/juveniles and feed) and poor cultivation practices. Our analysis also led us to a number of market players who have been able to overcome these challenges, in partnership with smallholder farmers. BIF believes that progress can be made in the sector by simultaneously improving smallholder returns from farm-raised catfish and creating commercial opportunities for other market participants. To achieve this, BIF has designed four (4) primary interventions. One of them aims to increase the production of quality fingerlings/juveniles (F/JV) through a hatcher-to-hatcher out-grower scheme (which will include the provision of information and/or embedded services through distribution channels to small fish farmers). The aim of the out-grower scheme is to spur the development of partnerships between larger hatchers, and small hatchers who largely operate in the informal sector with a view to improving the quality and supply of F/JV available to smallholder fish farmers.

Objective

To develop a business model/ framework (based on clear evidence established) for effective and mutually beneficial long-term partnership arrangements between small hatchers, larger hatchers, and small-scale catfish fish-farmers, which can be employed to establish and scale-up hatcher-to-hatcher out-grower schemes based on such partnerships.

BIF will then aim to pilot and fully implement this business model with selected large/medium lead hatchery firms.

Scope of Work

BIF is looking to hire an individual or team of consultants who will be responsible for developing a business model/framework for an out-grower scheme for fingerling/juvenile production. Through this scheme BIF partners (i.e. the large hatchers) will provide embedded services to



small hatchers to improve quality of production through the provision of tailored training on good agricultural practices (GAP), traceability, and branding, while securing larger and more consistent supply of F/JV. The model will also include the potential opportunity to provide embedded services (agronomy training/good agricultural practices (GAP) relating to cultivation techniques, water testing services, and pond management) through an appropriate distribution network to be determined, with a view to enabling small-scale fish farmers to improve their productivity.

The embedded service component of envisaged model must take account (demonstrated via evidence) of the impact of relevant inputs (feed, quality fingerlings and juveniles and water quality) independently and collectively on the productivity and profitability of small-scale fish farmers. Finally, the model should also include optimal implementation costs: operational, material and human resource, a process for ensuring traceability and branding of quality of F/JV and a sketch roll out plan.

Specific activities will include:

1. Reviewing existing scientific studies and data that quantitatively evaluates productivity losses or gains from key input factors (feed, quality F/JV, water quality and pond management) for smallholder catfish farmers;
2. Identifying and specifying (based on own technical expertise, industry expertise, and the above evidential review) key success factors in fish-farming, including (but not limited to) GAP practices (feed, water, & pond management) and how these factors may impact on the productivity of small-scale fish farmers
3. Identifying and specifying key success factors in hatchery services, including (but not limited to) brood stock, feed types and pond management, and how these factors may impact on the productivity of hatchery service;
4. Reviewing of any aquaculture out-grower schemes (out-grower schemes for fingerling/juvenile production, as well as out-grower schemes to smallholder fish farmers for fish production) deployed in Nigeria, Sub-Saharan Africa and/or other regions, identifying critical success (and failure) factors, and adapting same in the development of the BIF business model.
5. Developing an inclusive and sustainable business model and scalable plan that incorporates the following:
 - a. Design of a quality assurance & quality control system via traceability standards and branding for the production of F/JV production by small-hatcheries
 - b. Designing marketing/distribution strategies for large/small hatchers inclusive of embedded services (training and GAP practices) targeted at end users, i.e. small fish farmers
 - c. An inputs aggregation strategy for small hatchers that can be scaled-up to accommodate projected growth in the numbers of small hatchers participating in out-grower scheme
 - d. A F/JV pricing strategy
 - e. Cost-effective options for how we can ensure large and small hatchers fulfil their obligations under the agreed hatcher-to-hatcher out-grower. These would be



alternatives to using litigation (which can be very costly) and may include socially recognised dispute settlement and sanction mechanisms.

- f. Typical cost implications for the implementation of the business model and its variables, as well as expected revenues (i.e. financial model).

Deliverables

Deliverables for this assignment will include:

1. A work plan for the duration of the assignment;
2. A summary of findings from existing research studies, own industry expertise, or expertise of other international experts in the industry that demonstrate the impact of the various inputs on small-holder fish farmers' yield and productivity and quantitatively evaluates productivity losses or gains from those key input factors;
3. A business model for an out-grower scheme that includes:
 - i. A financial and operational plan.
 - ii. A quality assurance & quality control system (related to traceability and branding process)
 - iii. Marketing and distribution strategies with embedded services to small-scale fish farmers
4. A summarised presentation of the model and high-level plan(s).

Consultant(s) Experience and Expertise¹

- A minimum of a Master's degree in Business Management/Administration; or Agribusiness, Agricultural Economics or a related discipline;
- Experience in hatchery management, aquaculturists, fish biologists, and or fish health scientists
- Excellent understanding of the aquaculture value chain in Nigeria, its cost structures, and its stakeholders;
- Evidence of capacity in successful development of business and financial models, and implementation planning;
- Knowledge of the broader agro-business sector, with a minimum of 5 years' experience in the agricultural sector and experience in enterprise development and management, agribusiness, market research and analysis, or a related field. Experience of SME business development is a desirable attribute;
- Demonstrated experience in establishing out-grower schemes is critical.
- Demonstrated writing, analytical, presentation and reporting skills.

It is worth noting that many of the target beneficiaries of our pilot scheme (i.e. smallholder catfish farmers) will be native Yoruba speakers. It is important that responses address how this language requirement will be met.

¹ Additional international experience in any of the areas of expertise is desirable



Timelines

The consultancy will last for approximately 2 months, with completion and the report delivered before August 31st 2015.

The following schedule outlines the activity schedule and delivery dates. The proposed plan is subject to discussions with the consultant(s). BIF understands that some flexibility might be required during the delivery of the assignment, and any changes to the budget and timelines will have to be agreed with the BIF programme manager. The consultants must be available to commence work in early July 2015.

- Deliverable 1 should be completed by the middle of July 2015
- Deliverable 2 completed by the end of July 2015
- Deliverable 3 completed by mid-August 2015
- Deliverable 4 completed by end-August 2015

Proposals invited

We welcome expressions of interest from individual consultants or teams that can successfully demonstrate how they meet the criteria set out for this assignment with an indication of effort, fees and costs to be covered.

Submission

All interested candidates should send an Expression of Interest and detailed, relevant CVs to info@cbinigeria.com by **Thursday 2nd July 2015**. Please clearly indicate in the subject line of the email: *'Consultancy on developing a Business Model & Design of a Hatcher Out-grower Scheme'*.

Expressions of Interest will be assessed primarily on the qualifying criteria, and following a shortlisting exercise, on value for money.