Ministry of Rural Development
Department of Rural Livelihoods

Terms of Reference

Hiring Technical Support Agency for empanelment of NGOs for implementation of SEVP component in select blocks across the country.

Introduction

1. The Ministry of Rural Development (MORD), Government of India (GOI) has been implementing National Rural Livelihoods Mission (NRLM) since June, 2011, after restructuring Swarnjayanti Gram Swarozgari Yojana (SGSY). The central objective of the Mission is to eliminate rural poverty through innovative implementation strategies involving mobilization and organization of the rural poor and building their financial and economic inclusion. The NRLM is implemented on a cost sharing basis between the Center and the States.

Implementation Structure

2. At the national level, the Mission is implemented by a National Mission Management Unit (NMMU) comprising several thematic groups and professional experts, under the MORD. As part of transition to NRLM, the state governments are required to establish an autonomous and empowered State Rural Livelihoods Mission (SRLM) at the state level. As part of rolling-out SRLM, the states are required to set-up dedicated Mission Implementation Units at the State (SMMU), District (DMMU) and Sub-Districts Units like Block (BMMU) or Project Facilitation Team at Cluster Level. As NRLM is designed to promote certain new strategies requiring intensive application of financial, social capital and human resources, a phased expansion approach has been adopted. The phased implementation implies following a two track approach i.e. Intensive and non-intensive strategies of NRLM. While NRLP is absolutely an intensive strategy, under NRLM there is a freedom for the state to follow either intensive or non-intensive strategies. Eventually, the Mission will be implemented in over six lakh villages, 2.5 lakh gram panchayats, 6,000 blocks and 600 districts across 29 States and 6 Union Territories, covering over 70 million poor households.

Start-up Village Entrepreneurship Programme (SVEP)

3. During the Budget session of 2014-15, Honorable Finance Minister introduced “Start-up Village Entrepreneurship Programme" for encouraging rural youth to take up local entrepreneurship programs. "The Start-up Village Entrepreneurship Programme (SVEP) is being implemented as a sub-scheme under National Rural Livelihood Mission (NRLM), Ministry of Rural Development. Key objective of SVEP is to promote start-up enterprises in rural areas. Please see guidelines on the website http://aajeevika.gov.in/content/start-village-entrepreneurship-program-svep-guidelines.

4. State Rural Livelihoods Missions (SRLMs) are entrusted the task of implementing, providing technical and financial resources and monitoring of SVEP programme at the State Level by strengthening existing mission structures and supported by a Field Implementation Agency (FIA).
Strategy, Objectives and Components of SEVP

5. The Start-up Village Entrepreneurship Programme (SVEP) is being implemented as a sub-scheme under National Rural Livelihood Mission (NRLM), Ministry of Rural Development, (MoRD) to promote start-up enterprises in rural areas.

6. Till Nov 2015, the MoRD has sanctioned proposals from 14 states covering 40 blocks. The target of the scheme is to train and support 1.82 lakhs entrepreneurs covering 125 blocks across the country over a period of four years.

The SVEP proposes to address following three major problems of rural start-ups

7. Under SVEP, the rural entrepreneurs will get technical support in the following three broad areas so that the enterprises (both existing and newly promoted) in the rural will become profitable.

   a) A missing knowledge eco-system - the potential entrepreneurs do not have the skills of choosing which enterprise to start and how to do a feasibility analysis of the proposed enterprise. Common mistakes like starting an enterprise in a “me-too” manner or on the basis of “herd mentality” - copying any enterprise that is moderately successful occur frequently. There is also lack of specific business domain skills and many a times they lack business numeracy skills as well.

   This gap shall be met by creating adequate trained social capital to guide and provide necessary support services to rural entrepreneurs (both new and existing entrepreneurs). MoRD seeks to create a cadre of Community Resource Persons - enterprise promotion (CRP-EPs) in all the blocks where SEVP intervention is being implemented. Local youth with numeracy skills shall be selected and trained to become CRP-EP’s. These CRP-EP’s shall help trigger potential entrepreneurs to start their enterprises and shall help them in doing a business feasibility analysis before starting up.

   b) A missing incubation eco-system - Post starting the enterprise, the entrepreneurs do not have a mechanism of an advisor from whom they can seek help, specifically for business planning, risk assessment, working capital requirements, accounting, monitoring, costing and pricing, understanding seasonal demand etc. Also, there is no mechanism for peer to peer learning from similar entrepreneurs. Most enterprises fail due to not having this support eco-system in the critical first 6 months of operations.

   This gap shall be met by the CRP-EPs, who’ll handhold the entrepreneurs from start-up to at least six months post start-up. The CRP-EPs shall be supported by a software which shall help the CRP-EP make a usable P&L for the enterprise based on basic business data being fed into the same, shall create regional benchmarks for business performance parameters and use the same for giving performance feedback to the entrepreneurs.
c) **A missing financial eco-system** - The poor do not have access to bank finance and the existing mechanism of finance from moneylenders or MFIs or SHGs is not suited for businesses. Enterprises need working capital finance and startup finance, with some moratorium and flexible repayment schedules. The existing loans from MFIs or even the SHG’s are of a fixed tenure with monthly EMIs which do not lend itself to enterprises with seasonal demand and supply cycles.

SVEP plans to address this gap by providing a loan to the entrepreneur for start-up, from a dedicated community investment fund, vested with a block level community based organization (CBO). Post start-up, the enterprise’s business performance and loan repayment history to the CBO shall be captured in the software and can be provided to the banks while applying for a loan for scaling up the enterprise.

8. In order to provide proactive support to both existing and new enterprises promoted under SVEP, the Mission seeks to create a large poll of trained social capital and train the Community Resource Persons - Enterprise Promotion (CRP-EPs).

9. The FIA will undertake the responsibility of identification, training and do a baseline and market potential study for the block, based on the outcome of the market potential study, estimate the number of rural enterprises that can be viably supported in the block and based on this estimated number of enterprises make a Detailed Project Report for the implementation of the SVEP in the block and then implement the program covering all the three key aspects of support enumerated above.

### Support to Rural Entrepreneurs as Envisaged by NRLM

10. Market linkages are a key cornerstone for the success of any enterprise, more so of the enterprises set up in rural areas. SVEP envisages to set up 1.82 lakh entrepreneurs over 125 blocks in the country in the next 4 years, at an average of 2400 enterprises per block. SVEP also follows a saturation approach, hence these entrepreneurs and their enterprises shall be concentrated in the block/state.

11. The enterprises promoted under SVEP are expected to keep a track of their basic business numbers - turnover, costs, profits etc. in a software provided by the NRLM, and the accounting facilitated by a cadre of CRP-EP’s developed under the SVEP.

12. NRLM envisages the software to be able to collate the various types of enterprises supported under the SVEP, in a block, in a state and also use their gross turnovers and categories of business to estimate their demand for their raw material.

13. This aggregated demand should allow the entrepreneurs facilitated by industry specific mentors to negotiate better terms for supplies from suppliers, by getting economies of scale. Eg. If there are 5000 grocery shops totaling a sale of Rs. 60 crore per month, would they be able to negotiate better terms of trade from FMCG companies.

14. Similar level of aggregation can happen with the output from these enterprises. Eg if there are a 300 weavers in a cluster and they can each weave 100 meters a month, then as a loose group they can pitch for orders of up to 30,000 meters a month and they can all be provided yarn from a single supplier, so that problems of color variations do not occur. This combined purchase, apart from improving quality, should also help the weavers source yarn at a cheaper price, due to bulk buying.
15. A similar aggregation can happen for both raw material to be sourced by a group of enterprises in any enterprise, like pickle manufacturing, weaving, dyeing etc. and also for the sale of their output.

16. Similarly there is scope of using ICT to link the enterprises to both buyers and sellers - both b2b and b2c type of relationships.

17. NRLM considers market linkages a key element in the success of the enterprises promoted under SVEP and hence setting up the processes, facilitating linkages with patient market based organizations who are willing to allow the rural enterprises some time to scale up to their requirements, guiding the entrepreneurs and their mentors are all activities that has to be undertaken by the external agency in close interaction with the implementation team and the community institutions and CRP-EPs.

18. NRLM, thus, proposes to commission creation of market linkages by a competent and experienced third party agency which has experience in and has been promoted by a for profit entity which has proven experience in creating market linkages and in negotiating with buyers and sellers.

Scope of Consultancy

19. At present SVEP component is being implemented in 40 blocks covering 14 states. It is expected that over a period of 4 years, SEVP component will be scaled up and implemented in 125 blocks across the county.

20. In order to scale up SVEP implementation, it is expect to engage the services of experienced NGOs who are promoting/working with rural enterprises. As per the estimates, around 500 such implementation partners are required.

21. As screening and empanelment of 500 experienced NGOs requires intensive effort, MORD propose to hire the services of a reputed educational/ research institute for providing technical support to MORD in the empanelment process and undertake following key tasks.

   a. To support the NRLM in developing parameters for identifying and empanelment of nonprofit organizations as implementation partners to the SRLM's for the SVEP;

   b. Invite expression of interest from the potential partners and provide state wise shortlist of finally empaneled agencies with whom NRLM/SRLM may consider entering into a partnership for implementation of SEVP component.

22. The services of the agency will be contracted as per the procurement guidelines of the NRLM. The contracted agency will undertake the assignment under the supervision of the Mission Director, NRLM or officers nominated by him.

Support as Envisaged by NRLM

We want the agency/national level educational or research agency, like IRMA, IIM's etc. to identify parameters for the shortlisting of NGO’s and other partner organizations for working with the SRLMs as Field Implementing Agencies (FIAs) for implementing the SVEP in the blocks of the states.

These parameters would have to be approved by NRLM and may have to be customized based on the states and the availability of implementation partners for the state.
Once the parameters are approved by NRLM, then the agency has to shortlist potential implanting agencies based on these parameters and share a list of shortlisted partner organizations, state wise, as per the table given below and submit to the NRLM for final scrutiny and empanelment.

The agency is expected to do both a desk and field appraisal of the organizations shortlisted and recommended to NRLM for consideration of empanelment based on the parameters agreed.

Some of the parameters as identified by NRLM are:

A. **Suggestive Minimum Essential qualification required in the potential Field Implementiom Agency (FIA)** (the agency can add to this list, but cannot reduce from the list):

1. FIA should be registered, non-political and secular in nature.
2. FIA should not be black listed by any government department.
3. The FIA should have at least 2 years of relevant experience of implementing enterprise-promotion related livelihood activities, with the poor, especially in the state for which it is being proposed. The FIA should also have experience in promoting enterprises in the non-farm sector. Experience of working with community participation, in the rural areas, where the FIAs propose to work, under SVEP, would be an advantage.
4. The FIA should have minimum annual turnover of Rs.20 lakhs in the past two years [as evidenced in the past two years audited financial statements].
5. The FIA should have worked with at least 500 enterprises / or members of producer groups.
6. The FIA should have transparency in financial matters, material handling, benefit sharing and fulfillment of legal compliances and should have processes and people in place to ensure the same.
7. The FIA should have adequate infrastructure and human resources with respect to the proposed project and should be willing to provide the undertaking for continuing working in the area for the project duration.

B. Preferred qualities in the FIA:

1. FIA should have domain knowledge of and experience in community mobilization, SHG and Microfinance, Livelihoods Enhancement, market linkages etc.
2. Should have experience in forward and backward linkages in NTFP, artisanal products and other rural produce.
3. The FIA should preferably have worked with the state government in any other project and successfully completed the same in the last 3 years.

C. **Suggestive List of documents that applicant FIA need to submit along with application:**
1. Application
2. Copy of the registration certificate
3. Copy of the certificate from the IT department recognizing the FIA as a not for profit organization
4. Copy of the audit statement of FIA for last two years
5. Copy of the annual report of FIA for last two years
6. Affidavit that FIA is not currently black listed by any government department or agency
7. Complete information about its work -
   a. Basic information: Name of the organization, its full postal address, email ids and landline and mobile telephone numbers.
   b. Profile of Project Proposer - names of the head of the organization and project-coordinator, their background, academic qualifications, experience, previous responsibilities held, duration in present organization and nature of duties handled.
   c. If the organization is a part of or sister concern of a larger entity, details may be given for the same.
   d. Details of specialization of the organization, its primary activities, projects handled and duration of exposure to the subject. The total project size handled so far may be given.
   e. Similar work handled in the past along with its size should be clearly mentioned.
   f. Evaluation/Completion /Impact assessment reports of their past projects - completed in the last 2 years.
   g. Any Rewards or recognition received in the last 2 years.

The process followed by the agency for selecting the FIA (including details of desk and field appraisal conducted by the state), may please be submitted with the shortlist.

Outcomes expected from the support agency:

a) Parameters for shortlisting and selection of potential Field implementation partners, state-wise, giving reasons for changes in parameters across states.

b) A list of shortlisted organisations, state-wise for empanelment, by NRLM as implementation partners for the SVEP. (the same organisation may be empaneled across more than 1 states, if they meet the parameters for more than 1 state)

c) A list of large organisations, with good and relevant experience in rural enterprise promotion, including a few in the area of technology and solution finding, to be on the national advisory board for SVEP.

List of states and estimated number of organisations to be empaneled per state.
<table>
<thead>
<tr>
<th>State Name</th>
<th>No of blocks</th>
<th>Average Area/block</th>
<th>Average population /block</th>
<th>Average villages /block</th>
<th>Min number of organisations to empanel</th>
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<tr>
<td>ANDHRA PRADESH</td>
<td>1,125</td>
<td>245</td>
<td>75,183</td>
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<td>TRIPURA</td>
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<td>MANIPUR</td>
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<td>75,152</td>
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<tr>
<td>MEGHALAYA</td>
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<td>92,715</td>
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<td>Mizoram</td>
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<td>49,873</td>
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<td>GOA</td>
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<td>ANDAMAN &amp; NICOBAR ISLANDS</td>
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<td>Grand Total</td>
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<td>569</td>
<td>217,623</td>
<td>107</td>
<td>242</td>
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</table>

**Proposed Team**

23. The consultant is required to deploy following key professionals for undertaking the assignment. The CVs of the key professionals will be evaluated at the request for proposal stage.
1. One team leader: An experienced academician with at least 15 years of experience teaching and experience in dealing with NGOs and strong understanding on business process of NGOs and donor requirements, programme and financial management practices adopted by NGOs. Should have better understanding on the legal framework governing NGOs sector.

2. Co-Team Leader- Systems: Should have experience in systems of programme Management, governance, financial management etc., S/he should also have knowledge on reporting requirements, monitoring and evaluation and desk and filed appraisal of NGOs and their capacity to implement complex programmers more importantly to assess financial prudence and fiduciary mechanism in place to deal with public funds.

3. Team member: Should be a post graduate with 7 years of experience in NGO management, appraisal/ pre-funding due diligence exercise. Should have experience legal framework applicable for NGOs operating in India.

**Deliverables**

24. The agency whose services are finally contracted are expected to deliver the following outputs as per the timelines to be indicated by the MORD.

1. In consultation with MORD, prepare parameters and framework for shortlisting and selection of potential implementation partners
2. Invite responses from potential NGOs for empanelment;
3. Undertake desk and field appraisal of potential NGOs;
4. Provide list of state wise potential NGOs for consideration of MORD for empanelment with rating and strengths and weakness of each NGO that is listed for consideration.

In all the stages, the technical support agency is required to work closely with MORD and work as per the requirements of the Mission.

**Period of Consultancy**

25. The total period of consultancy will be 12 months but on completion of term, the contract would be extended subject to satisfactory performance. The MoRD would lay down criteria for the purpose of assessing the performance of the agency. Value addition made by the market linkage creating agency to the overall improvement in the quality of implementation of the Mission and the new valuable insights provided by the agency would be considered among other factors, for extension of the contract.

**Review Committee to Monitor Consultant’s Work**

26. The Mission Director, NRLM is the competent authority to undertake monitoring and review of the work of market linkage creating agencies. He may constitute a review/steering committee to monitor the progress of the agencies from time to time and provide necessary advice. The review/steering committee may also seek
comments and inputs on the consultant’s work from the MORD, SRLMs, and other experts as appropriate.

27. Payments to the agency will be made upon submission and acceptance of the reports and such other deliverables by the MORD and as per the terms and conditions to be laid down for this purpose in the contract agreement to be executed between the selected consultant and the MoRD.

Ownership

28. All information collected by the market linkage creation agency will be used only for the purpose of supporting SVEP. No part of the information shall be used for any other purpose without the prior explicit consent of the MORD and the states. All material and data collected shall be the property of the MORD.