

**The Regional Environmental Centre for the Caucasus**

**TERMS OF REFERENCE**

**Consultancty Services for Development of Business Models for Pasturlands under Different Land Tenure Systems in Dmanisi, Gurjaani and Kazbegi Municipalities, Recommendations for Livestock Value Chains Strengthening and bankable project**

*Ref. no.* **027RECC/G/FAO- [BL 5650-01]- 02-2023**

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| **Contract Title:**  | **Consultancy Services for Development of Business Models for Pasturelands under Different Land Tenure Systems in Dmanisi, Gurjaani and Kazbegi Municipalities, Recommendations for livestock value chains strengthening in three target municipalities and bankable project**  |
| **Contract Type:** | **Service Contract - Global Price Based** (*Subcontract Service Agreement*) |
| **Budget Line:**  | **5650-01 [*Contracts – Pasturelands Business models]*** |
| **Contracting Organization:** | The Regional Environmental Centre for the Caucasus (RECC) |
| **Division/Department:** | RECC Projects’ Implementation Unit  |
| **Programme/Project Number:** | **“Achieving Land Degradation Neutrality Targets of Georgia through Restoration and Sustainable Management of Degraded Pasturelands”** (*GEF Project ID: 10151 / FAO Entity Number: 654524 / FAO Project Symbol: GCP/GEO/006/GFF*) |
| **Duty Station:** | Tbilisi and Gurjaani, Dmanisi and Kazbegi Municipalities  |
| **Budget:** | The budget is - 40 000 USD |
| **Expected Start Date of Assignment:** | November, 2023  | **Duration:** | **8 months** (up to July, 2024) |
| **Reports to:** | Sophiko AkhobadzeAna Rukhadze | RECC Executive DirectorRECC Project Technical Advisor in Agricultural Development  |

**1. Description OF objectives of the SERVICE**

**1.1. Background**

The Regional Environmental Centre for the Caucasus (RECC) as operational partner is involved in implementation of the Global Environmental Facility **(**GEF) financed project Achieving Land Degradation Neutrality Targets of Georgia through Restoration and Sustainable Management of Degraded Pasturelands – GEF Project ID: 10151” (“the Project”) [[1]](#footnote-1). GEF Implementing Agency for the Project is the Food and Agriculture Organization of the United Nations (FAO).

With the above regard, in May, 2020 the RECC and FAO signed Operational Partners Agreement (OPA) for implementation of the Grant Project “Achieving Land Degradation Neutrality Targets of Georgia through Restoration and Sustainable Management of Degraded Pasturelands”. This Agreement governs the implementation by the RECC of the relevant parts of the Project as defined in the results matrix, work plan and budget in Annex 3 of the OPA. It describes the relationship between the RECC and FAO and their responsibilities.

Under the Project and within the context of Land Degradation Neutrality (LDN), Georgia aims to maintain and increase the amount of healthy and productive land resources in line with the national sustainable development goals. Georgia has released five voluntary LDN targets. The project is directly linked to the implementation of two of these targets: Target 1: Integrate LDN principles into national policies, strategies and planning documents; and Target 4: Degraded land will be rehabilitated.

Project consists of four subsequent components: (1) Policy and Regulatory/Institutional, (2) Demonstration, (3) Capacity Building and (4) Knowledge Management.

***Component 2 (Demonstration of sustainable pastureland management practices and scaling up successful approaches)*** interventions involve a variety of appropriate approaches to avoid, reduce, and reserve land degradation. The three target municipalities (Kazbegi, Dmanisi and Gurjaani) represent national priorities according to the sub-national assessments of hot spots (identified through LDN Target Setting Programme - TSP).

Inventory and assessment of pastures was carried out in three target municipalities, on the basis of which **strategic pasture management plans at the municipal level** comprising urgent measures on implement SLM/LDN approaches and practices are being developed in three target municipalities. The strategic planning will contributes to achieving a sustainable long-term fit of the various farm business models linked to the plans, taking into consideration the physical, social and financial environments under which the businesses are operating. Strategic planning at the municipal level includes different approaches and techniques for the diverse land tenure systems and economic realities that exists within the target municipalities.

On the other hand, in order to carry out field demonstration activities, the project developed **operational-type Pastures Restoration plans** for the pilot areas of village pastures to introduce sustainable grazing related measures. The implementation of these approaches will serve both to restore degraded areas, improve ecosystem services and to prevent or avoid further land degradation. The lessons learned and costs of the application and use of these techniques will be a vital component of the Municipal Pasturelands Management Plans.

The results of the socio-economic assessment carried out during the PPG, reveiled sustainable access to finance for livestock/pastoral resource development is one of the main obstacles for pastureland management. Therefore, **development of pasture-based business models** is envisaged by the project that will encourage investments in pasturelands management to impelemt SLM and achieve LDN in target municipalities for small scale farmers.

The majority of farmers and pastoralists in Georgia lack access to lending resources due to restrictive and often unclear land tenure and lack of access to affordable credit. Therefore the project is promoting economic models and case-studies, as well as collaboration with micro-financing organizations to improve access to credits for farmers and pastoralists who wish to adapt components of the project developed business models.

The experiences of this project will be replicated across Georgia through activities of national and international partners, and shared with other countries in the region and at UNCCD.

**1.2. General Objective of the Service**

The objectives of the consultancy service are:

1. **Development of pasture-based business models for pasturelands under different land tenure systems in Dmanisi, Gurjaani and Kazbegi Municipalities to encourage investment in pastureland management to implement SLM and achieve LDN in target municipalities for small scale farmers;**
2. **To provide recommendations for support and foster livestock value chains strengthening in three target municipalities;**
3. **To develop at least one bankable project.**

**3 pasture-based business models for pasturelands under different land tenure systems in 3 target municipalities mainstreaming LDN principles based on the cost-benefit analysis** shall be **developed that will estimate costs scenarios under the Pasture Management Plans and compare them with surrounding areas to demontsrate in clear economic terms the benefits that SLM provides when closely linked with financial planning**. The models shall also explore administrative, marketing, value-adding and logistical issues that must be overcome to achieve financial sustainability.

**The business models should be based on sustainable options to avoid suggesting options that are not sustainable (but only economic). To ensure this, the proposed options should be aligned with the concepts of LDN and lead to prevenet, reduce and reverse land degradation.**

**The buisness models shall consider all kinds of costs and all kinds of benefits (environmental. social and economic, also including carbon sequestration and other benefits).**

Global research has demonstrated that the return on investments in improved rangeland and pastureland management can be significant, leading to clear social, economic and environmental benefits. However, making this case becomes difficult when applied at **micro, farm or community-based levels**. Therefore, these business models will provide a roadmap with clear financial grounding and analysis to encourage investments in improved pastureland management and achieving LDN through SLM practices. This will target to increase 1) internal national support through public and private sector entities (at least 3 different types of enterprise) and 2) external donor funds supporting smallholder farmers to scale up best practices and adoption of self-reliant approaches for LDN transformative project.

The business models also shall provide recommendations and measures for support of **livestock values chains strengthening** to increase the value coming from the land restored based on existing livestock value chain studies in Georgia.

The majority of farmers and pastoralists in Georgia lack access to lending resources due to restrictive and often unclear land tenure and lack of access to affordable credit. Therefore the project is promoting economic models and case-studies, as well as collaboration with micro-financing organizations to improve access to credits for farmers and pastoralists who wish to adapt components of the project developed business models. In regard of this at least one **bankable project** shall be developed in the target municipalities for commercial banks of Georgia, taking into consideration the latest developments with the GCF (GCF rejected Georgia’s project idea for restoration of pastures) and the LDN fund (suspended operation).

The assignment is to be implemented with overall guidance and supervision of the RECC Executive Director (Project Policy and Institutional Advisor *– RECC Project Core Team Supervisor/Manager*), the Project Technical Advisor in Agricultural Development (*RECC Project Core Team Coordinator*) and under the technical guidance of the FAO Project Coordinator (PC) in close consultation with the government designated National Project Director (NPD) representing the Ministry of Environmental Protection and Agriculture of Georgia (MEPA) and in cooperation with the International Consultant on Pastureland Management Policy.

**2. Scope of the SERVICE**

Consultant Entity is expected to implement tasks within this assignment in coordination with the Ministry of Environmental Protection and Agriculture and RECC project implementation team.

The consultant entity shall work closely with livestock owners to elaborate bankable projects for commercial banks of Georgia.

Under this Scope of Work, the Consulting Entity shall perform the following tasks:

***a. Develop draft of scope and outline for business models for pasturelands under different land tenure systems in 3 target municipalities, and bankable project***

Outline and content description shall be comprised of detailed description of subject matters to be covered by the business models and bankable project.

**3 pasture-based business models shall be developed for pilot pastures in Dmanisi, Gurjaani and Kazbegi municipalities**, that will estimate costs scenarios under the pastures management plans and compare them with surrounding areas to demontsrate in clear economic terms the benefits that SLM provides when closely linked with financial planning.

The mentioned pilot pastures are used traditionally by the farmers of the target villages and present an example of **common property resource management (common pastures)**, formalization of which is recommended by the **National Pasturelands Management Policy Document** developed within the project. Operational-type management plans are developed for this pilot pastures that includes techniques and practices to be introduced on the pilot pastures, including application of controlled grazing system, fencing of the pastures, measures to provide water for livestock on pastures, to control erosion and weeds, breeding programs, other supporting measures.

Latest (December, 2022) version of **National Pasturelands Management Policy Document (NPMPD) Concept** is accessible from the REC Caucasus website:

***National Pastureland Sustainable Management Policy Concept – Full Version (in Georgian Language)***

[*https://rec-caucasus.org/wp-content/uploads/2023/03/Pasturelands-Policy-GEO\_2022-13-12-2.pdf*](https://rec-caucasus.org/wp-content/uploads/2023/03/Pasturelands-Policy-GEO_2022-13-12-2.pdf)

***National Pastureland Management Policy Document (Concept) – Full Version (in English Language)***

[*https://rec-caucasus.org/wp-content/uploads/2023/03/Pasturelands-Policy-Concept-December-2022-ENG.pdf*](https://rec-caucasus.org/wp-content/uploads/2023/03/Pasturelands-Policy-Concept-December-2022-ENG.pdf)

Operational-type pastures management plans for pilot pastures and costs estimations related to the implementation of measures under management plans will be provided by RECC.

Business models should consider three different land tenure systems under which pastures could be available in Georgia and which imply three different taxation regimes:

1. Common pastures – A form of long-term free use of pastures proposed by the NPMPD and corresponding legislation, which is expected to be exempted from both lease fee/use right fee and land property tax;
2. State or municipally owned leased pastures subject to lease-fees and property tax;
3. Privately owned pastures subject toproperty tax.

For illustration purposes see also the following matrix:

|  |  |  |  |
| --- | --- | --- | --- |
| Business models # | Pilot Pastures with SLM Plans and Practices | Possible Land Tenure Types for Common Pastures | To be compared with Common Pastures in Surrounding areas without SLM Plans and Practices |
| **Pastures under long term and free of charge use** | **Leased Pastures** | **Private Pastures** |
| 1 | Ganakhleba Pilot Pasture Site | Common Pastures(No taxes) | Leased Pastures(lease-fee+property tax) | Private Pastures(property tax) | Pastures under informal use (no taxes) |
| 2 | Naniani Pilot Pasture Site | Common Pastures(No taxes) | Leased Pastures(lease-fee+property tax) | Private Pastures(property tax) | Pastures under informal use (no taxes) |
| 3 | Sno Pilot Pasture Site | Common Pastures(No taxes) | Leased Pastures(lease-fee+property tax) | Private Pastures(property tax) | Pastures under informal use (no taxes) |
|  |  | **No taxes** | **lease-fee + property tax** | **property tax** |  |
|  |  | Corresponding Taxation Regimes |  |

If found necessary,for elaboration of draft outline, the **Consultant Entity** will produce questionary which will be distributed by the RECC Project Team among stakeholders (*MEPA, relevant entities of the MEPA, other line ministries, local authorities, farmers associations, NGOs/CSOs, private sector representatives, experts etc.*) to collect necessary information.

***b. Validate draft and elaborate final version of scope and outline for business models for pasturelands under different land tenure systems in 3 target municipalities mainstreaming LDN principles based on the cost-benefit analysis***

Draft scope and outline for business models for pasturelands under different land tenure systems will be validated at validation working meeting of stakeholders and experts

The **Consultant Entity** will make keynote presentation at the one-day validation working meeting and produce stakeholder feedback summary report.

Validation working meeting of stakeholders and experts will be organized by the RECC Project Team.

Based on stakeholder feedback, the **Consultant Entity** will elaborate final version of the scope and outline for business models for pasturelands under different land tenure systems.

***c. Elaborate draft of 3business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for support and foster livestock value chains strengthening in three target municipalities and to develop at least one bankable project***

The **Consultant Entity** in accordance with final version of scope and outline for business models for pasturelands under different land tenure systems will develop draft of three pasture-based business models for pasturelands under different land tenure systems in 3 target municipalities mainsteraming LDN principles based on the cost-benefit analysis, that will estimate costs scenarios under the Pasture Management Plans and compare them with surrounding areas to demontsrate in clear economic terms the benefits that SLM provides when closely linked with financial planning. The models shall also explore administrative, marketing, value-adding and logistical issues that must be overcome to achieve financial sustainability.

Impact of sustainable intensification in livestock production on livestock production will be assessed (presuming that increasing the share of concentrates in the livestock diets as well as a wider use of crop leftovers, food processing by-products and silage would reduce dependence on the pastures).

The business models also shall provide recommendations and measures for support of **livestock values chains strengthening** based on existing livestock value chain studies in Georgia.

The consultant will develop one bankable project for target municipalities to improve access to credits for farmers and pastoralists who wish to adapt component of the business models developed by the project.

Bankable project (business plan) shall be developed for:

* agregated conditions of Dmanisi, Gurjaani and Kazbegi municipalities to improve access to credits for pasture users who wish to implement SLM measures on pasturelands;
* average pasture size of 100 ha predominantly with milk production specialisation;
* three different modes of pasture use/tenure and coresponding taxation regimes to be calculated for input-output data.

For illustration purposes see also the table below:

|  |  |
| --- | --- |
| Bankable project (Business Plan) for agregated conditions of Dmanisi, Gurjaani and Kazbegi municipalities to improve access to credits for pasture users who wish to implement SLM measures on pasturelands  | Three different modes to be calculated for input-output data in the Bankable Project (Businnes Plan) |
| **Common Pastures under long term and free of charge use**  | **Leased Pastures** | **Private Pastures** |
| Average pasture size of 100 ha predominantly with milk production specialisation  | Expenditures do not include any taxes or fees for pasture use | Expenditures include lease-fee and property tax | Expenditures include property tax |

***d. Validate draft of three business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for support and foster livestock value chains strengthening in three target municipalities and bankable project***

Draft of three pasture-based business models for pasturelands under different land tenure systems in 3 target municipalities, as well as recommendations for support and foster livestock value chains strengthening in three target municipalities and bankable project will be validated at one-day national validation workshop of key stakeholders (*MEPA, relevant entities of the MEPA, other line ministries, local authorities, farmers associations, NGOs/CSOs, private sector representatives etc.*) and experts.

The **Consultant Entity** will make keynote presentation at the one-day validation working meeting and produce stakeholder feedback summary report.

National Validation workshop will be organized by the RECC Project Team.

***e. Develop final version of three business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for support and foster livestock value chains strengthening in three target municipalities and bankable project***

Based on outputs from national validation workshop and feedback from key stakeholders, **Consultant Entity** will develop:

* Final version of **3 business models** for pasturelands under different land tenure systems in 3 target municipalities mainsteraming LDN principles;
* Final version **Recommendations for support** and foster **livestock value chains strengthening** in three target municipalities;
* Final version **Bankable project** in the target municipalities.

**4. DELIVERABLES AND REPORTING SCHEDULE**

The estimate duration of the assignmnet is 8 months. The services will be commenced in Septembre, 2023.

The Consulting Entity will submit reports to the following deliverables indicated in Table 1.

**All deliverables should be submitted in Georgian languages. Final versions of business models, recommendations for livestock value chains strengthening and bankable project should be submitted in Georgian and English Languages.**

*Table 1. Reporting Obligations*

|  |  |  |
| --- | --- | --- |
| **Report Index** | **Name of Deliverable/Means of Verification** | **Time of Submission** |
| R1 | **(i)** Draft scope and outline for business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for livestock value chains strengthening and bankable project;**(ii)** Stakeholder feedback summary report (based on validation working meeting outcomes and pre/post-meeting feedback information)**(iii)** Final version of scope and outline for business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for livestock value chains strengthening and bankable project; | December, 2023 |
| R2 | **(iv-a)** Draft of 3 pasture-based business models for pilot pasture in Dmanisi, Gurjaani and Kazbegi municipalities (one for each municipality), which will estimate costs scenarios under the existing pastures management plans for pilot pastures and compare them with surrounding areas to demontsrate in clear economic terms the benefits that SLM provides when closely linked with financial planning.Benefits provided by SLM shall be differentiated in each pasture-based business model for the following three land tenure types:  (a) pastures under common property resource management; (b) leased pastures (c) privately owned pastures, where: - pastures under common property resource management not imply any of the existing taxes and/or fees;- leased pastures imply rent fees paid to state or a municipality;- privately owned pastures imply payment of property tax. **(iv-b)** Draft of recommendations for livestock value chains strengthening based on existing livestock value chain studies in Georgia.**(iv-c)** Draft of one bankable project. | April,, 2024 |
| R3 | **(v)** Stakeholder feedback summary report (based on national validation workshop outcomes and pre/post-workshop feedback information) | May,, 2024 |
| R4 | **(vi)** Final version of three business models for pasturelands under different land tenure systems in 3 target municipalities, recommendations for livestock value chains strengthening and bankable project | June, 2024 |

All deliverables are subject for review and approval by the RECC.

# 5. Payment Schedule

The Consulting Entity shall submit to the RECC the reports in the form and within the time periods specified in Table 1 (Reporting Obligations) as per Terms of Reference, acceptable to the RECC. The payment mode for the service will be applied based on delivered reports and acts of acceptance (*Service Delivery Acceptance Acts*) signed by both sides (RECC andConsulting Entity) and submitted by the Consulting Entity of original invoices to the RECC.

RECC will only make milestone payment based on achievement of specific deliverables as specified in time schedule for submission of deliverables as per Table 1 (Reporting Obligations).

The schedule of payments is specified below:

*Table 2. Schedule of Payments*

|  |  |
| --- | --- |
| **Report Index for Deliverables**  | **Amount of Transfer** **in % of total contract ceiling for the Services****(*total Value of the Service*)** |
| **R1** | **20%** |
| **R2** | **50%** |
| **R3, R4** | **30%** |
| ***Total*** | **100%** |

**6. CONSULTING ENTITY’S QUA.LIFICATIONS AND EXPERIENCE**

**Eligibilty for Participation**. Subcontracting for this assignement is allowed for commercial services of for-profit entities (*registered in Georgia according to the law of Georgia ``On Entrepreneurs``*).

* The consulting entity shall have at least 3 years’ experience in performing of economic analyses and development of economic models in fields of agriculture, natural resources and land management.
* The consulting entity must specify the qualifications and experience of each specialist to be assigned to the performing of tasks in accordance of ToR;
* The consulting entity will be able to demonstrate - through the curriculum vitae of its team its experience with the professional preparation of business models, value chains analyses and bankable projects in different sub-sectors of the agriculture/natural resource sector.
* The consulting entity’s proposal must include an understanding of the Terms of Reference (TOR) and a description of the proposed approach to the development of business models, value chain analyses and bankable project accordance with the TOR.
* The Leading Expert should be an experienced national consultant with at a minimum of a master degree in a relevant area and at least 5 years’ experience in economic modelling and multi-criteria analyses of agriculture (preferable livestock) production systems in Georgia.
* At least one member of the team should have experience with the analysis of gender issues.

**7. CONTACTS, COMMUNICATION AND SUPERVISION**

The Consulting Entity will be under the direct supervision of the RECC Project Core Team based in Tbilisi Head Office for the duration of the service. The Consulting Entity will maintain official communication with the RECC Project Core Team.

**8. AWARD CRITERIA**

Evaluation will be made in accordance with the quality/price based selection method per REC Caucasus procedures and rules. The best value for money will be established by weighing technical quality against price on an 80/20 basis.

When evaluating technical offer of a candidate, a score out of a maximum 100 points could be recievied by the offer in accordance with the technical evaluation grid (setting out the technical criteria, sub-criteria and weightings) laid down in this Terms of Reference (*see below*).

Only offer that achieved a score of 75 or more shall be declared 'technically accepted'.

The quality of a technical offer will be evaluated in accordance with the award criteria and the associated weighting as detailed in the following evaluation grid of this Terms of Reference:

**Evaluation Grid**

|  |
| --- |
| *Ref. no. 027RECC/G/FAO- [BL 5650-01]- 02-2023****Consultancy Services Development of Business Models for Pasturelands under Different Land Tenure Systems in Dmanisi, Gurjaani and Kazbegi Municipalities, Recommendations for livestock value chains strengthening in three target municipalities and bankable project*** |
| **EVALUATION GRID** | **Maximum** |
| **Organisation and Methodology** |
| ***( Max 20 points )*** |
| Rationale | 5 |
| Strategy | 10 |
| Timetable of activities | 5 |
| **Total score for Organisation and methodology** | **20** |
| **Consulting Entity**  |
| ***Professional experience*** |
| *at least 3 years experience in performing of economic analyses (feasibility studies, cost-benefits analyses, etc) in field of agriculture* | **20** |
| **Experts** |
| ***( Max 60 points )*** |
| **Leading Expert in Agriculture Economics** |
| ***Qualifications*** *Adequacy of educational background and specialization for tasks (master degree in economy, agriculture or relevant fields)* | 10 |
| ***Professional experience****at least 5 years proven experience in economic modelling and multi-criteria analyses of agriculture (preferable livestock) production systems in Georgia* | 30 |
| **Expert in cost benefit analyses** |
| ***Qualifications*** *Adequacy of educational background and specialization for tasks (master degree in economy, environmentla policy / natural and exact sciences or relevant fields)* | 5 |
| ***professional experience****At least 5 years proven experience cost benefits analyses, preferibile with view of costs and all kinds of benefits (environmental. social and economic, also including carbon sequestration and other benefits)* | 15 |
| **Total score for Consulting Entity and Experts** | **80** |
| **Overall total score** | **100** |

1. Project “Achieving Land Degradation Neutrality Targets of Georgia through Restoration and Sustainable Management of Degraded Pasturelands (2020-2023)”.

(*GEF Project ID. : 10151, Focal Area: Land Degradation, GEF Period: GEF-7, Approved for Implementation: Feb-2020*). [*https://www.thegef.org/project/achieving-land-degradation-neutrality-targets-georgia-through-restoration-and-sustainable*](https://www.thegef.org/project/achieving-land-degradation-neutrality-targets-georgia-through-restoration-and-sustainable) [↑](#footnote-ref-1)