Terms of Reference (TOR):
Farmer Segmentation Tool
March 28, 2019

1. Background

Worldwide over 500 million smallholders, representing seventy percent of the rural poor in developing economies, rely on agriculture as a main source of income. The vast majority of them are living in Africa. Smallholder agriculture is an important generator of rural jobs and incomes and plays a vital role in providing food security in Africa and beyond. Yet, millions of smallholder farmers struggle to live above the poverty line and lack opportunities to invest in their livelihoods. To improve their incomes from farming, they will need to increase their productivity and profitability. That requires investments in their agricultural and business skills, access to inputs, markets, and finance. But most farmers do not have sufficient access to these services, as neither private nor public stakeholders are in the position to deliver those to them.

This is caused by private sector players' lack of proven business models to efficiently and effectively organize profitable last-mile delivery of training, agro-inputs, and financial services to smallholder farmers. It is also caused by an absence of facilitating public ecosystems (infrastructure, legislation, extensionists etc.) to support market-led smallholder engagement strategies. Orchestrating cost-effective, profitable and inclusive business models for smallholder engagement will help to create a market-led system to improve smallholder farmers' productivity, profitability, and livelihoods.

Different types of "service providers," such as organizations, supply chain players, financial service providers, and mobile network operators are offering services to farmers. Over the last four years, the Sustainable Trade Initiative (IDH) has successfully developed a sophisticated, data-driven and well-tested methodology to analyze smallholder engagement strategies across value chains, sectors and geographies. To date, more than 50 different organizations, including large brands, traders, local processors, farmer organizations and social enterprises are using the insights from SDM analyses to understand the performance of their smallholder engagement strategies over time and test potential innovations and improvements.

In such smallholder business models, there is growing awareness that services provided to farmers must be designed and packaged in a way that is most appropriate and fitting to these farmers in order to reduce costs of service delivery and improve uptake of services by farmers, thus also improving the impact at farmer level. Tailoring of services to farmers by applying segmentation and selection methodologies (targeting specific groups of farmers with specific services) is increasingly seen as a strategy for improving service delivery, but a lack of guidance for service providers on how to segment farmers for service delivery in a way that is cheap, easy, and effective remains a challenge.

Developing such a tool will be an important catalyst for service providers to improve the effectiveness and efficiency of service delivery while ensuring that farmers are getting the services they need most. As such, IDH is looking for the assistance of an individual or firm to perform the necessary data collection, tool development, and piloting of the tool with two or three key IDH service provider partners.

This TOR will include the objectives, deliverables, approach, scope, sources of information currently available and expected, timeline, selection criteria, and procedure for contracting this work.

2. Objective

The overall objective of this assignment is to support service providers with a practical tool to better tailoring their services to farmers more efficiently, effectively, and sustainably in order to lower costs (for both farmers and service providers) and improve farmer productivity and profitability. The specific objectives are:

- To create an overview of current farmer segmentation practices, methodologies, and tools and the potential gaps;
- To create a segmentation tool (including user guide) that can be easily and cheaply used by service providers;
- To create an actionable and easily readable knowledge product that captures the key lessons learnt on existing farmer segmentation practices and the new tool

3. Deliverables

The individual or firm contracted for this assignment will be expected to produce the following deliverables:

Document	Description	Form	Approx. Length
Environmental scan	Capturing the state of current farmer segmentation research and availability of a tool or tools with similar objectives	Document	4-6 pages
Segmentation tool	Utilizes approximately 20 variables to guide service providers on segmenting farmers in a cheap, easy, broadly applicable manner	Excel-based or Software/ application-based tool	n/a
Case reports (2)	Individual reports on 2 use cases	Powerpoint	8-10 slides each
Summary report	Detailing the research findings	Document	4-6 pages
User guide	To be used by service providers in initial- and follow-up use of the tool	Document or Powerpoint	4-6 pages or 15 slides max

4. Approach & Scope of Study

IDH envisions that the work will be completed using the following 5-stepped approach for the development of the tool:

- Step 1: Desk research is conducted to identify the most significant variables to segment farmers based on their willingness to accept and be successful in a service delivery models where services – such as GAP training, agri - inputs, and financing – are offered.

- Step 2: Selected variables are tested on the already existing data collected in Phase 1 research for primary validity. Additionally, the variables will be tested with service providers in 1-2 supply chains to validate the variables.

- Step 3: The segmentation tool is prepared, and the preliminary tool is presented to the IDH team.

- Step 4: The tool is tested with 1-2 additional service providers to validate the tool and results.
- Step 5: The user guidelines is prepared on how to use the tool and includes a set of recommendations for each segment as well as guidelines to service providers on how to sharpen and/or customize segments further.

IDH will approach 2-3 selected service providers partners to participate in this study. When IDH has an agreement with the selected partners, the consultant will be introduced and will start the segmentation exercise.

The individual or firm contracted for this assignment will be expected to:

- Work collaboratively with the Utrecht-based IDH Smallholder Inclusion (SI) team to gain a comprehensive understanding of the expectations of the assignment;
- Attend or lead multiple in-person working sessions (for example with the whole SI team or with individual team members, or with IDH commodity program teams);
- Work independently, conducting literature and desk research, utilizing both the working sessions and existing documentation provided by IDH to create the aforementioned deliverables;
- Contact (directly or facilitated by a member of the SI team) service provider partners to conduct the Segmentation research (both remotely and in-country), seek additional information (as appropriate and required) to corroborate findings, and gain approval of any draft text and illustrations where individual partner data is explicitly highlighted;
- Produce deliverables that are:
    - capturing the key learnings or insights in a dynamic and visually strong way
    - written in clear, accessible English
    - formatted into IDH templates and formats
    - referenced explicitly where necessary
    - submitted in final draft ready for proof-reading and minor editing by IDH internal editor within an agreed upon timeline.

5. Sources of Information
The individual or firm contracted for this assignment will be expected to collect and utilize some or all of the following sources of information:

- Outputs from working sessions with IDH SI staff and additional relevant colleagues, teams
- Qualitative and quantitative data collected in collaboration with the selected service provider partner
- Relevant IDH or partner publications
- Relevant open access data and resources

6. Assignment Timelines
A draft indication of the assignment timeline and corresponding activities for the completion of this project is below. The actual dates of the working sessions and deadlines will be decided upon with the individual or firm contracted for this assignment, who will be requested to share a planning document (including budget) with IDH for assessment and approval.

Step	Duration	Associated Activity and Working Sessions	Timeline
1	3 weeks	*Desk research to identify significant variables* Working session 1 (Utrecht, NL) – May 13, 2019	May 13 – June 2, 2019
2	6 weeks	*Selected variables are tested on phase 1 data with 1-2 service providers* Working session 2 (Utrecht, NL) – June 3, 2019	June 3 – July 14, 2019
3	4 weeks	*Tool is prepared* Working session 3 (Utrecht, NL) – July 15, 2019	July 15 – August 11, 2019
4	6 weeks	*Tool is tested with 1-2 additional service providers to validate results* Working session 4 (Utrecht, NL) – August 28, 2019	August 12 – September 25, 2019
5	4 weeks	*User guide is prepared for tool and segmentation recommendations*	September 26 – October 28, 2019
	1 week	Creation and presentation of draft package to IDH – including summary report	November 4, 2019
	1 week	Presentation of final package to IDH	November 11, 2019

7. Selection Criteria

Individual or firm applicants are expected to submit a complete proposal for this assignment meeting the following requirements:

- description of the organization
- explicit examples of the experience, knowledge, skills, and characteristics required for this assignment (see table below)
- approach you will take to this assignment
- one CV per consultant and at least two references per consultant
- proposed budget (including hourly or daily rate and number of working days)
- proposed detailed planning timeline
- eight pages maximum (not including consultant CVs)

Requirements	
Content Experience and Knowledge	- Expertise in financing, smallholder farming, agri-food supply chains, and multinational corporate agribusiness - Expertise and network in farmer segmentation - Business consultant deeply familiar with the relevant commodity sectors, countries, and thematic topics - Global knowledge network rooted locally - Ability to analyze, structure and communicate findings in an executive manner - Track record of similar studies and previous working experience
Skills	- Well-developed data analytical and tool-building skills - Well-developed communication skills to contact different type of stakeholders - Visualization skills

	• Writing skills for concrete, clear and structured reporting
Characteristics	• Punctual • Result-oriented • Critical on quality of information • Dedicated adherence to deadlines • Sensitivite to treat confidential information

8. Selection Procedure and Timeline

The procedure and timeline for selecting the winning individual or firm to be contracted for this assignment will be as follows:

Consultant Selection	
Activity	**Timeline**
Terms of Reference published	March 28, 2019
Deadline for proposal submission	April 10, 2019
Review and assessment of applications by IDH Assessment Committee	April 15-17, 2019
Notification to applicants of shortlisting	April 18, 2019
Discussions with shortlisted applicants (in person at IDH Utrecht office or remotely)	April 29, 2019
Selection of consultancy and notification to applicants	May 1, 2019
Inception meeting (Utrecht, NL)	May 13, 2019

Only proposals received by 23.59 CET on Friday, April 12, 2019 will be considered

9. Contact Information

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