

Scope of Work

The WTM Project Manager will be responsible for the successful management and implementation of the Water-to-Market Activities as described in the Project Description above. While not responsible for the implementation of the Water User Associations Institutional Strengthening component described above in D.1, the WTM Project Manager will coordinate with the Irrigation PIU and support that activity whenever possible. Tasks and activities to be completed by the Consultant include:

1. Introduction of New On-Farm Water Management Technologies

The Consultant will design and implement an integrated program of demonstrations and training to achieve the outputs and outcomes of improved on-farm water management. This will include the development of training curricula and materials and a detailed framework for the content, establishment and use of demonstrations, including a gender analysis.

a. Demonstration

The Consultant will establish demonstration farms to introduce advanced and location-appropriate on-farm irrigation technologies in the rural communities selected to receive training. Of the 220 demonstration farms initially planned for the Activity as a whole, approximately 120 will feature improved on-farm water management practices and technology. These demonstration farms will serve as a base to train farmers in improved farming practices, including options for third party certification of good agricultural practices, in the operation and maintenance of new technologies. Their proximity to beneficiary farms will also aid in the familiarization that precedes adoption of change in the risk-averse rural community. Jointly with MCA-Armenia, the Consultant will determine the appropriate methodology and timing to establish demonstration farms. They will very likely need to be established prior to selection of beneficiaries and concurrently with public outreach prior to final selection of beneficiary farmers. The total number of demonstration farms is subject to change as a result of the outcome of the community and farmer selection process as discussed in Item #3 above.

b. Training

The Consultant will train 60,000 farmers, selected as per agreed methodology, primarily working with organizations with intimate local knowledge and trainers attached to groups of farmers. This program will provide classroom training, community workshops and field visits in irrigation practices and technologies. Integrally tied to the demonstration program, this training will address both husbandry practices and the use of new equipment and technologies to make efficient use of water for specific crops and conditions. Refer to Attachment 2 for yearly targets.

2. Transition to Higher Value Agriculture

The Consultant will design and implement an integrated program of demonstrations and training to achieve the outputs and outcomes of the transition to higher value agriculture. This will include the development of training curricula and materials and a detailed framework for the content, establishment and use of demonstrations, incorporating lessons learned from the gender-and-age analysis and the EMP.

a. Demonstration

Especially in the case of small farms, the farming enterprise is an integrated operation with limited labor, capital and land, and many of its activities are interdependent with respect to timing, intercropping, fodder production, and natural fertilizer availability. At least 100 sites will feature higher value agriculture activities. The elements of the higher value initiative will include, inter alia, the use of improved inputs and practices to standardize and increase the quality of current cash crops such as fruits and vegetables, the addition of short-term crops such as pulses, beans or melons following the harvest of winter wheat, and the expansion of orchard crops and the introduction of livestock and poultry enterprises to supply high-grade processors.

b. Training

Working through organizations with intimate local knowledge, with trainers attached to farm groups, the Consultant will provide classroom training, community workshops and field visits in high value agriculture for 30,000 farmers, selected using methodology agreed jointly with MCA-Armenia and MCC consultants. Training will include options for obtaining third party certification of good agricultural practices. Integrally tied to the demonstration program, this training will address both husbandry practices and the use of improved inputs, new equipment and technologies to increase the commercial value of farm production. An important part of the training and technical support for higher value agriculture will be different means of organizing production for greater economy, including land leasing, cooperatives, and farm groups. Refer to Attachment 2 for yearly targets.

3. Post-Harvest, Processing and Marketing

The Consultant will design and implement packages of training, demonstration and technical assistance for producers and enterprises engaged in the post-harvest value chain of specific products or product groups. One focus of such packages will be food safety considerations such as Hazard Analysis and Critical Control Point (HACCP) and International Standards Organization (ISO) certification that may be either required for market entry or offer a potential market advantage. Specific engagements will vary according to the needs and market opportunities of the particular product or group, but the scope of services could range along the full length of the value chain.

a. Improvement of Marketing Information

The Consultant will conduct studies on behalf of the suppliers and post-harvest enterprises of specific product groups in response to interest and apparent opportunity, such studies to range from analysis of competitive position to the development of product marketing plans; and

The Consultant will develop a comprehensive, efficient information base for agricultural products in domestic, regional and international markets. This market information base will consist of a real time, electronic library linking available sources, together with a reference library (electronic and hard copy) of key market access information such as packaging, health and quality standards, supply and disappearance patterns and the contact points for key intermediaries. In identifying the structure, site and technical support for this component,

emphasis will be placed on building upon the results of earlier work in this area by several donor-supported projects. An important part of the design of this service will be the development of means such as a subscription-based website and other service fees whereby future funding can be assured.

b. Assistance to Post-Harvest, Processing and Marketing Enterprises

The Consultant will provide technical assistance and demonstrations to improve the operations of SMEs, cooperatives and other forms of agribusiness that participate in the movement of the agriculture production from farm producers in the Program area to the consumer. In a manner consistent with the EMP, activities will be aimed at the introduction of new strategies and technologies for storage, sorting and packaging, transportation and processing of agricultural products, the development of trade linkages and training and support for the introduction of international quality standards. Improved supply relationships between post-harvest enterprises and their farm suppliers will be another important aspect of this sub-activity. About 300 SMEs, cooperatives and producers associations and their approximate 15,000 farm suppliers will benefit from these services. Some of these activities will require detailed knowledge of particular products, markets or trade relationships.

4. Access to Credit

The Consultant will support the increase of affordable, longer-term credit to WTM beneficiaries through a three-pronged initiative to: (I) support the Rural Finance Facility (RFF) to launch and oversee the WTM Credit Program; (II) develop the capacity of credit providers (selected credit organizations and/or banks) to lend efficiently in the agriculture sector; and (III) develop the capacity of WTM beneficiaries to access and use credit effectively.

a. WTM Credit Program

The RFF is newly launched and in the early stages of the learning curve in managing rural credit programs. It has managed the World Bank/IFAD credit programs (which are similar in nature to this program) for approximately one year. The final determination of the RFF's competency to take the full lead in all aspects of the Credit Facility is to be determined. The WTM Project Manager, in its advisory capacity, will support MCA-Armenia and the RFF in launching and overseeing the \$8,500,000 WTM Credit Program by performing the following tasks:

- Ø **Work with the RFF and MCA-Armenia to establish Lending Guidelines (which will include a policies and procedures manual) acceptable to MCA-Armenia and MCC.** MCA-Armenia has prepared proposed Lending Guidelines which include such procedures. The Consultant will work with MCA-Armenia and the RFF to adapt these Lending Guidelines as appropriate (including ensuring that they contain environmental (to include gender) sustainability criteria and procedures satisfactory to MCA-Armenia and MCC and compliant with the Government's environmental laws and regulations);
- Ø **Provide technical assistance and consulting.** The Consultant will provide technical support for both RFF staff and any financial institutions interested to participate to implement the credit program.

The Consultant will not be involved in procurement/selection of credit providers and/or credit decisions (the Consultant will assist MCA-Armenia with establishing guidelines and standards for credit provider participation and selection of credit providers will be the responsibility of MCA-Armenia to included in the Lending Guidelines and therefore subject to MCC no-objection);

- Ø **Support to the RFF.** The Consultant will provide support to the RFF to establish appropriate auditing guidelines for the individual loans made by participating financial institutions, subject to conflict of interest considerations stemming from the Consultant's role in designing the lending guidelines.
- Ø **Audit.** The Consultant will advise the RFF, MCA-Armenia and participating credit providers on the important role of audit requirements. The Consultant will also provide advice on the audit procedures for loans made by participating credit providers.
- Ø **Public awareness for the Credit Program.** The Consultant will incorporate public awareness materials on the credit program into all of the WTM training activities. The Consultant will also require the participating credit providers to cover a substantial share of the effort to publicize the program and its benefits as a condition for credit program participation.

b. Capacity Building for Credit Providers

The Consultant will build capacity in participating credit providers. Participating banks have limited experience in rural lending and participating credit organizations have limited experience in term lending. The Consultant will build an understanding of opportunities and risks in rural and agricultural lending and will support the ability of credit providers to underwrite credit in this sector successfully. The Consultant will work closely with other donor funded financial sector strengthening initiatives – the specific focus of this initiative is on rural and agricultural finance as a specialized area of lending, and not on general banking sector strengthening per se. The overarching objective is to increase the flow of longer-term finance to the sector by showing credit providers how rural and agricultural lending can be done both prudently and profitably. Specifically, the WTM Project Manager is expected to:

- Ø Support interested financial institutions to apply for participation;
- Ø Support selected financial institutions in the development of credit applications;
- Ø Support the Credit Providers to adopt good underwrite credit guidelines for the targeted sector.
- Ø Support the Credit Providers through providing training in rural and agricultural lending.

c. Capacity Building for WTM Beneficiaries

The Consultant will also provide assistance to WTM beneficiaries to: (I) improve their ability to access finance; and (II) increase their awareness and understanding of credit for the purpose of

making them better credit consumers. The intent is to facilitate the intermediation process and reduce transaction cost and risk for credit providers by developing better informed and better prepared borrowers. The Consultant is expected to execute this task on a 'wholesale' rather than 'retail' basis as it will not be feasible to provide individual support of every potential WTM borrower. Specifically, the WTM Project Manager is expected to:

- Ø Support potential borrowers to complete credit applications (to include financial projections and all other aspects of the credit package), for the purpose of facilitating the intermediation process, by building capacity within and linking them with private sector service providers. It is understood that given the prospective number of potential borrowers, the Consultant will work on a wholesale basis (working with business service providers in the impacted areas);
- Ø Support 'financial literacy' among potential borrowers to make them more knowledgeable consumers of credit.

Attachment 2: Output and Outcome Targets for the Water-to-Market Activity

Compact Year	Water Mgmt Training (Output)	High Value Added Training (Output)	Post-harvest Training (Output)	Loans Provided (USD) (Outcome)	Farmers Using New Technology (Outcome)	Hectares Converted To HVA (Outcome)
	Numbers of farmers trained in on-farm water management	Numbers of farmers trained in transition to higher value-added products	Number of enterprises/farmer groups assistance in post-harvest	Loans provided under the project to increase access to credit to improve agricultural activities	Farmers applying any changes in practices or equipment as a result of training to either reduce the volume of irrigation water needed for their farm or increase the yield on the area they irrigate	Increase in hectares covered by HVA crops (“i.e., vegetables, potatoes, fruits, grapes”) due to entire MCC investment
Y1	2,000	-	-	-	-	-
Y2	13,000	1,000	60	3.5 mi	3,000	35
Y3	19,000	6,000	90	3.5 mi	9,550	1,110
Y4	19,000	11,000	90	1.5 mi	12,950	4,090
Y5	7,000	12,000	60	-	12,850	2,610
TOTAL	60,000	30,000	300/15,000	8.5 mi	38,350	7,845