



Request for Proposal(RFP)

for

The Consultancy Services for Setting up E-Commerce Platform and Supporting Facilities

for

Private Agriculture Produce Markets in India

October 2017

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OVERVIEW OF THE RFP

Project Background

Agriculture is a key sector of India's economy. It provides employment and livelihood to about 60% of the population, and constitutes about 17% of the gross domestic product (“GDP”). However, the sector still ranks internationally low in efficiency and productivity. Crop yields remain at 30% to 60% of the crop yields achieved in farms in the developed and developing markets, and post-harvest losses are among highest in the world. The sector is characterised by low level of farmers’ income with high seasonality and year to year variability resulting in agrarian distress. As per study¹ by Niti Aayog, a Government of India policy think tank, the agrarian distress is spreading in scale and severity, and over time will impact almost half of the population of the country that is dependent on farming.

The Government of India (“GOI”) has announced an important policy objective of doubling the farmers’ income by 2022 and initiated a series of measures to achieve that objective. Among the most important strategy to achieve this objective is to ensure protection of farm produce and improve price realization by the farmers.

A series of enabling regulations and infrastructure mechanisms have been initiated by the government; the most important of which include notification of model agriculture produce marketing law (“APMC Act”) and backbone electronic national agriculture market (“eNAM”). Furthermore, Warehousing Development and Regulatory Authority (“WDRA”) has been created for the orderly growth of the warehousing business and Regulations of Negotiability of Warehouse Receipts.

The success of these enabling initiatives depends upon investment by private sector in the projects that will enable management and protection of primary arrivals, financing and efficient price discovery of farmers’ produce. The project proponents intend to setup an E-commerce platform for Private Agriculture Produce Markets (“PAPM”) taking advantage of latest technology advancements and improvements in the regulatory environment in India (the “Platform”), together with supporting warehousing and logistic facilities. The initial focus of the Platform is expected to be on food grains and other dry agriculture commodities.

Project Proponents

Between 2011 and 2014, InfraCo Asia Development Pte. Ltd. (“InfraCo Asia”), through its subsidiary Agmark Pte Ltd (“Agmark”) and via its then manager, Nexif (InfraCo) Management Pte. Ltd. (“Nexif”), progressed the development of two private sector agriculture market places in the Indian state of Rajasthan located at Kota and Bikaner respectively (each a “Project” and together the “Projects”). The Projects

¹ Raising Agricultural Productivity and Making Farming Remunerative for Farmers dated December 1, 2015

however could not reach financial close and the local partner decided to exit from these projects.

Recently, InfraCo Asia's through Agmark and Nexif through its affiliate AgSrv.com Pte Ltd ("**AgSrv**") have revived the development of these Projects through a transaction whereby AgSrv, has acquired the equity interest of the local partner in the Projects and also InfraCo Asia's interest in Bikaner Project. It is now intended that the Kota Project will be developed as joint venture between Agmark and AgSrv and AgSrv will develop the Bikaner Project on its own based on the design architecture for the Platform to be developed pursuant to this RFP and experience from the Kota Project. The knowledge and learning of the implementation of the two will form basis for rollout of similar projects across different markets.

This RFP is issued jointly by Agmark and AgSrv.com as the proponents ("**Proponents**").

Objective of the RFP

Proponents seek the services of reputable consultant(s) to develop, the design architecture and specifications for the Platform as well individual PAPMs taking advantage of advancement in the IT, assaying and warehousing processes for implementation at Kota with ability to replicate the same model for Bikaner project and eventually subsequent rollout across other markets.

The objective of this RFP is to invite proposal from the relevant consultants either individually or in consortium to provide such services based on the Indicative Scope Definition as set out in the section "RFP Response Submittal Instructions".

RFP Evaluation Criteria

In evaluating responses to the RFP, Proponents will consider multiple factors including the following:

- **Expertise and Experience** - Demonstration of domain knowledge of the agriculture markets, financial markets and agriculture finance, E-commerce platforms and general experience in rural development projects.
- **Expertise in Warehousing** – Grain and dry agriculture commodities warehousing system design/selection and warehousing receipts based financing and collateral & title management.
- **Strategy and Methodology** – The proposal should set out the approach, strategy and methodology that the organization and proposed team will adopt to deliver the scope of work, including the proposed timeline and identifying key milestones and decision points in the delivery process.

- **Practical Execution** - Proposal should also demonstrate ability of organization and the team to integrate the knowledge into the creation of executable design and architecture of the Platform and PAPMs.
- **Stakeholder Management/ Engagement**- Proposal should be able to demonstrate & highlight the consultant/ consortium past experience and ability to undertake focus group discussions, stakeholder management and capacity building
- **Quality of Service** – The organization and proposed team’s ability to meet and exceed the quality service create credibility of the Proponents to other potential stakeholders in the Platform including funders, Governments, farmers and other market participants. The proposal should demonstrate how the organization and proposed team will ensure high quality of service.
- **Team** – The specific team members that are identified, their detailed resumes and their proposed role in the delivery of the assignment. Ability of the members to work as effective teams and responsiveness.
- **Competitiveness of Fees and Milestone Based Payment Terms**
- **Continuity Through Execution** - Ability of the organization and proposed team to engage and advise Proponents/ the PAPMs through the subsequent execution period.

Costs to Prepare a Response to the RFP

Any costs associated with preparing a response to this RFP and for providing any additional information requested by Proponents to facilitate the process of evaluating responses to the RFP are the sole responsibility of the respondents to this RFP. Proponents or any of its subsidiaries or affiliates will not reimburse any costs in relation to submissions in response to this RFP. Proponents also reserves the right to discontinue the RFP process at any time, and makes no commitments, implied or otherwise, concerning any of the terms set forth herein, the selection process or that this process will result in a business transaction with one or more advisors that respond to this RFP.

Primary Contact

The primary contact for questions and/or additional information related to this RFP is Surender Singh at the following address:

AgSrv.com Pte Ltd.

1 Raffles Quay

#36-02 North Tower

Singapore 048583

E-mail: Surender.Singh@AgSrv.com and CC to procurement@infracoasia.com

News and Information Release

Recipient of this RFP are not permitted to announce involvement in or release any information to third parties regarding this RFP. If a recipient is selected, Proponents must approve any news or information releases concerning such selection prior to distribution to the media or industry analysts and Proponents reserves the right in its sole discretion to deny authorization to release any such information.

RFP RESPONSE SUBMITTAL INSTRUCTIONS

Project Concept

This Project Concept is a preliminary backdrop and abstracts of the Platform and PAPMs in India to assist potential RFP respondents formulate their response and team planning. It is not intended to be comprehensive or accurate in some or all respect.

While there is a significant potential for enhancing post-harvest efficiency and productivity which is targeted to be harnessed by the Platform and PAPMs, there are several interrelated challenges facing the sector that need to be overcome. A partial list of these challenges includes:

Large scale wastage – about 6% to 10% of the overall produce is estimated to be wasted post harvesting due to poor logistics and supply chain infrastructure,

- a. Only 30% of the existing infrastructure is based on modern practices,
- b. Only 10% of the fruits and vegetables have access to cold storage.

Poor Infrastructure - Inadequate infrastructure for sorting, grading or post-harvest management,

- a. 80% of the handling and warehousing of commodities are done manually,
- b. Only 20% of the agriculture markets in India have grading units,
- c. Only 7% of quantity sold is graded before sale.

Poor commercial structure,

- a. Large number of intermediaries across supply chain,
- b. Spot trading and grain financing intricately linked to access and transfer of physical goods,
- c. Lack of trust among market participants,
- d. Limited availability of institutional/organised financing during the harvest season,
- e. Poor price discovery and information asymmetry.

To address these challenges, the Government is putting increased emphasis on attracting private sector investments in post-harvest infrastructure, but with limited success to date. Private sector initiatives so far have been small and sporadic. Reasons for this include:

Relatively Large investments – projects tend to be capital intensive and require significant investments;

Sector Risk Perception – Agriculture infrastructure sector is perceived to be high risk owing to lack of successful role models of investments that are developed and funded by the private sector;

Low tariffs/ charges – Storage charges and other handling charges offered/regulated by Government agencies to private warehouse operators are not attractive; and

Low design knowhow – Lack of precedents for design and use of modern material handling technologies in the country.

The current market setup does not allow the farmer, who generally is the seller, to reach out to markets situated outside the defined district for selling produce. The price is influenced and controlled by the intermediary who acts as an agent between the seller and the buyer. In the current setup, the intermediary has the power and ability to aggregate the supply and reach out to buyers i.e. there is no geographical constraints applicable on the intermediary for sourcing and selling of goods. As a result, the farmer becomes the price taker as he/she does not have the ability to distribute the produce in high demand districts to take advantage of the demand scarcity or spread the supply to avoid a fall in price due to supply glut. The problem is further amplified due to poor storage conditions.

The proposed Project will take advantage of technology and scale for creation of high quality service delivered in small scale to the primary arrivals to create commercially viable integrated grain market concept to (i) increase sector efficiency and productivity (ii) make terms of trade equitable for the farmers (iii) help establish a model/pathway towards increased private sector investments in the sector (iv) improve access to financing sources. (“Project Objectives”)

The Project will consist of: An IT backed platform that will integrate the primary farm produce with (i) modern assaying practices & infrastructure for uniform grading (“Assaying and Grading”) (ii) mechanized and electronic grain market to reduce wastage and efficient price discovery; (iii) modern warehousing (“Warehouse”) along with ancillary infrastructure that will preserve produce of the farmers as well as the buyers; and (iv) seamless title and collateral tracking system to enable flow of credit and financing (“Credit”). The Project is critical to demonstrate that the concept can be successfully implemented on a commercial basis.

Through the proposed approach, farmer i.e. the seller can potentially access entire Indian market with the ability to connect to national buyers of produce. The proposed Platform will help in providing means of transparent price realization and proper storage facilities. The buyers on other hand will be able to reliably identify and source particular quality of the produce from the markets. Such an approach is expected to result in price stabilization with the ability to shift surplus produce to high demand area.

The aim of the Project is to be “proof of concept” for the modernization of the traditional grain mandis and warehouses and improvement of efficiency and productivity in the sector which can then be replicated across India. As a proof of concept the proposed Platform will be implemented and tested in two locations in Rajasthan, through Kota and Bikaner Projects as pilot projects. Based on the experience and learning the Platform will be replicated across India.

Indicative Scope Definition

On a preliminary basis, the consultant is expected to deliver following general scope. As part of response to the RFP, please develop the scope fully, and provide your strategy and proposed team composition:

I Project Design & Economics

- a. Study and mapping of the existing market processes, including the enhancements proposed in the Projects within the regulatory framework required to meet the Project Objectives
- b. Mapping of the current grain assessment process followed as part of local procurement, and identification of the key gaps from the perspective of all market participants including banks, sellers, traders, processors, etc and best practices.
- c. Elimination of the identified gaps by amending the identified processes in order to meet the Project Objectives.
- d. Based on the above designing an improved process for physical grading and quality assessment and information flow, management and dissemination to take advantage of latest information and storage technologies, regulatory enhancements and interface with eNAM to develop a modern mandi where farmers' produce is protected and his/her bargaining power is not compromised.
- e. Based on above finalized process; designing the physical material flow process with detailed specifications as well as the electronic platform to manage assaying and dematerialisation; storage and spot trading of grains for PAPMs. The electronic platform should be easily replicable across different projects/markets.
- f. The deliverables for the electronic platform design should include use case documents including screen mock-ups; detailed specifications; high level design as well as low level design
- g. The deliverables for physical material flow process in PAPMs should include detailed specifications for material movement, handling and storage.
- h. Developing the proposition for warehousing receipts based financing and collateral & title management.
- i. Cost Estimates for implementing the Project based on the proposed design and Financial Analysis in terms of forecast cashflow and projected returns.
- j. Financial Model for the Project

- k. Impact Analysis in terms of projected improvement to farmers’ income arising from reduced losses and improved pricing, and projected economic benefits accruing to the sector as whole.
- l. Marketing Material for the debt and equity fund raising for implementing the Platform.
- m. Development of plan for scale up of the Platform.

II Project Capacity Building;

This component of the assignment comprises awareness raising campaigns and training activities aimed at market participants, farmers and the Government for successful implementation and replication of the Project and ‘open’ up the sector for improved participation and acceptance of the proposed E-commerce platform and its benefits to them. Such capacity building will open the door to the development of future similar Platforms in the country.

Some of the work under this section is expected be carried out in parallel with the design work and inform the development process of the E-commerce architecture and its ecosystem design described above, and would include the following:

- I. Creation of focus groups comprising of market participants, including but not limited to progressive farmers, Government officials and academics, to seek feedback and inputs that will go into:
 - a. Pioneering Process Design mentioned above
 - b. Development of effective awareness campaign
 - c. Field testing of the process design
 - d. Subsequent Education and Training program
 - e. Identifying potential service partners and pool for hiring local and field level employees
- II. Development and execution of a stakeholder engagement and awareness campaign to raise awareness about and user acceptance of the Project.

Timetable

Proponents intend to follow the schedule set forth below in performing the evaluation and selection process of the consultant for assignment:

Activity	Completion or Due Date
RFP Issue Date	20 th October
Intent to Submit a Response & Request for Meeting with Proponents	27 th October
Detailed RFP Responses Due	15 th November

RFP Response Content and Format

The responses to this RFP should be in the following format. Proponents reserve the right to reject any response that is **incomplete or not submitted in accordance with this RFP**.

Section 1. Cover Letter: Submit a cover letter introducing the organization and the team that will deliver the assignment. If the respondents are from more than one organization, please describe each organization, the nature of relationship between them and the lead organization responsible for overall delivery of the assignment.

Section 2. Executive Summary: Please submit the executive summary of the proposal.

Section 3. Proposed Scope and Delivery Strategy: Please define a detailed Scope of the assignment based on your understanding of the requirements of the Proponents as well as your proposed strategy and methodology for delivery of that scope.

Section 4. Proposed Team: Please provide details of your team with role and responsibility of each team member in the delivery of assignment. Also provide detailed resume of each team member together with relevant assignment experience.

Section 5. Fee Proposal: Please describe your proposed fees structures and payment terms for the assignment which should be capped plus reasonable out of pocket expenses with prior approval. In addition please provide per diem rate for team member for reference only. Please suggest any innovative ideas on risk sharing or success based compensation.

The entire submission should not exceed 50 pages.

Compliance Requirements

The selected consultant/ consortium will be required to adhere to the following policies:

http://infracoasia.com/images/library/files/Governance%20Documents/InfraCo_Asia_OPPs_2015_06_02.pdf

<http://www.pidg.org/resource-library/operating-policies-and-procedures/code-of-conduct-and-operating-policies-and-procedures-for-pidg-participants>

Delivery of Responses

Please submit your electronic response to the email address provided below.

To: Surender.Singh@AgSrv.com and CC: procurement@infracoasia.com

Disclaimer

Participants should note that Proponents reserves the right to make, at any time, amendments and/or modifications to this RFP. Proponents reserves the right to suspend, discontinue or terminate this RFP and is not under any obligation whatsoever to procure that a respondent to this RFP is awarded any contract. This RFP shall not be construed in any way to create legal obligations upon the Proponents. The Proponents does not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in or attached with this RFP or for any decision based on it or for any disclosure or actions or inactions arising from it. No representation or warranty, express or implied, is made as to the accuracy or completeness of such information and nothing contained herein is, or shall be relied upon as, a representation, whether as to the past, the present or the future. The Proponents may at its discretion re-open up this RFP and/or request information or proposals from other firms and/or advisors in order to assess and benchmark proposals and submissions from participants.