Activity 3.5

Terms of Reference

Consultant on Development of business plans for model projects on multiple use of forest

1. Background

The Forest Law Enforcement and Governance (FLEG) II Program focuses on improving forest governance in seven countries that are included in the European Union’s European Neighborhood and Partnership Instrument (ENPI) East region: Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, and the Russian Federation. The Program will support the participating countries strengthen forest governance through improving implementation of relevant international processes, enhancing their forest policy, legislation and institutional arrangements, and developing, testing and evaluating sustainable forest management models at the local level on a pilot basis for future replication. The Program has three specific Objectives listed below:

1) To make progress implementing the 2005 St. Petersburg FLEG Ministerial Declaration in the participating countries and support the participating countries commit to a time-bound action plan to ensure its implementation and follow-up activities (regional level);

2) To review or revise (or establish a time-bound action plan to review or revise) forest sector policies and legal and administrative structures; improve knowledge of and support for sustainable forest management and good forest governance (including the impact of related EU regulations) in the participating countries (national level); and,

3) To test and demonstrate best practices for sustainable forest management and the feasibility of improved forest governance practices at the field-level on a pilot basis in all participating countries (sub-national level).
Present assignment will mainly contribute to the Objective 3 by the development of business plan template for model projects on multiple use of forest, hereinafter MUFR, and formulation practical recommendation for start-up businesses focusing on harvesting, storage and processing of NTFP based on the best practices and examples on regional, national and international level.

Altai-Sayan Ecoregion (ASER) straddled either fully or partly the territory of 8 administrative provinces of Russian Federation (Republics of Altai, Buryatia, Khakassia and Tyva and the Altai, Irkutsk, Kemerovo and Krasnoyarsk Territories) is chosen as a pilot territory for investigation. At least half of the ASER territory is covered by mountain forest with limited access to industrial timber harvesting due to high protective status and at the same time holding numerous non-timber forest products (NTFP), like berries, Siberian pine nuts, mushrooms, honey, medicine herbs as well as game animals and high recreational carrying capacity.

All listed reasons designate ASER as the pilot territory for MUFR development, which could be considered as a key element for sustainable forest management and the feasibility of improved forest governance practices in mountain territories.

2. Objectives

The goal of current task is to provide start-up businesses involving in MUFR on regional level with strategic vision and practical step-by-step recommendation to organize business, assess risks and initial investments in NTFP processing.

To achieve the goal of current assignment 3 tasks should be carried out, including the follows:

- to develop a set of recommendation for beginners on specific types of non-timber forest resources and provide a clear roadmap how to start business taking into account administrative, legislation informational (including marketing and promotion support, technical capacity and expertise, etc.) and financial issues, needs of the companies involved in MUFR processing, including identification of barriers impeded to wide commercial use of MUFR,
- to develop a matrix to assess risks and initial investments to start MUFR business.
to provide practical recommendation on NTFP processing (including typical scheme and equipment for processing wild berries and mushrooms, requirements for energy and engineering infrastructure, allocation of specific machinery according to logical chain of processing, assessment of necessary equipment for processing NTFP based on the amount of processed raw stock and output of final products).

to provide necessary economical calculation (including personnel assessment, estimation of initial expenditures, operating costs and revenue after distribution of products, calculation of production efficiency, and etc.)

3. Scope of Services

Current assignment supposes to prepare template of business plan for model projects on NTFP processing covering 4 Objectives listed above. The entire task could be subdivided into five stages including initial stage and four stages according to the objectives of the assignment. Brief description of the possible ways of reaching the objectives is listed below.

Initial stage. On the initial stage the Consultant should develop the detailed work schedule with identification of specific terms of completion of each stage and an exact deliverables. Also description of the methodology of accomplishment of the task should be provided at the initial stage.

Stage 1. At that stage the Consultant based on the results of previous investigations on marketing and analysis of administrational, legislation, informational and financial opportunities formulates a set of recommendation for beginners how to start business on NTFP processing for specific types of non-timber forest resources.

Stage 2. The Consultant develops and provides a matrix to assess possible risks and initial investments to start MURF business. Template should include all types of current risks with those the beginner could face on the initial stage (i.e. overestimation of NTFP resources and transportation costs, availability of labor forces, accessibility of markets, current prices on final products, and etc.). Also the consultant develops clear procedure to estimate minimal initial investments to start business on NTFP processing.

Stage 3. The Consultant provides detailed description and makes necessary calculation for typical NTFP processing unit (including description of
manufacturing process, e.g. freezing, dehumidification, salting, expressing juice, and etc., structure of manufacture unit, characteristic and the list of necessary equipment for processing, requirements for energy and support structure, logical chain of processing and required machinery and equipment, and etc. Processing unit should be structured based on module principle starting from the simplest processes to more complex that could be realized through the combination of different clusters of specific machinery and equipment.

Stage 4. The Consultant provides necessary algorithm for calculation of personnel needs, description of staff skills, estimation of initial expenditures for each primary module of technology chain, assessment of operating costs and revenue after distribution of products, calculation of production efficiency, and etc.) illustrated by examples of such calculation.

Total estimated amount of the consultant’s labor input is 5 months.

The Assignment does not assume any training or transfer of skills to the Client.

4. Reporting and Approval Procedures

The Consultant provides work schedule and methodology of work to Alexander Bondarev, Project manager in Altay-Sayan Ecoregion - abondarev@wwf.ru for review. After getting comments from reviewers the Consultant applies necessary corrections and develops final version of work schedule and methodology of work in the Interim Report. After approval of the Interim Report by the Project manager the Consultant could continue with current assignment.

The Consultant submits electronic version of the first draft of the Report to Alexander Bondarev, Project manager in Altay-Sayan Ecoregion - abondarev@wwf.ru for review. Internal review process should not exceed 10 days. The Consultant getting the comments from the reviewers should apply corrections and produce ultimate version of the Report no later than 10 days. Finally the Consultant provides hard copy of the Final Report and CD-ROM version.

Report should include the next sections:

- Introduction
Methodology

Chapter 1 Recommendation for beginners: how to start NTFP processing business

Chapter 2 Risk and investment assessment in NTFP processing business

Chapter 3 Design of NTFP processing unit

Chapter 4 Personnel needs and assessment of economical efficiency

Conclusions

Annex 3 List of references

Final report is provided in Russian language. Hard copy of the report should be signed by the Consultant. Electronic version should be developed in any word processor as .doc file/files with 12 or 14 font sizes.

Time schedule for deliverables is listed in table 2.

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<tr>
<th>#</th>
<th>Deliverables</th>
<th>Time schedule</th>
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<tbody>
<tr>
<td>1</td>
<td>Work schedule and methodology (Interim report)</td>
<td>Not later 15 days after signing of the contract</td>
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<tr>
<td>2</td>
<td>First draft of the Report</td>
<td>Not later 120 days after signing of the contract</td>
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<tr>
<td>3</td>
<td>Final Report</td>
<td>Not later 150 days after signing of the contract</td>
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5. WWF’s Input

WWF will provide to the Consultant results of the former investigations: reports under the Procurement Reference No. RUS/IC-8 “Review of legislation on multiple use of forest resources, barriers and opportunities (federal and regional), current situation with multiple use at the regional level”, Procurement Reference No. RUS/IC-9 “Assessment of companies needs and potential and review of best practices of multiple forest use: domestic and international” and Procurement Reference No. RUS/SQC-10 “Assessment of markets for target products, development recommendations for companies”, and also WWF is open for any consultation support during the accomplishment of the task.

6. Qualification Requirements
➤ higher education in forestry, economy or a directly related field of knowledge;
➤ at least 2 years of practical experience in fields related to the assignment;
➤ demonstrable skill in preparation analytical reports;
➤ professional written Russian language in the field of the assignment and,
➤ computer literacy (Microsoft Office)