



TERMS OF REFERENCE

BUSINESS DIAGNOSIS FOR TOORO DAIRY COOPERATIVE SOCIETY LTD

1.1 Introduction

SNV Netherlands Development Organisation through the Intergrated Dairy Development Program (ISDAP) together with Tooro Dairy Cooperative Ltd initiated joint activities to improve the dairy sub-sector in the Rwenzori Sub-region. Tooro Dairy has expressed interest to improve its footprint in dairy products value addition space both locally and regionally.

To enable both parties to develop a clear road map towards this ambition, SNV ISDAP proposes to conduct a business diagnosis of the TDCL business operations. The business diagnosis exercise shall work backwards to identify reasons for unsatisfactory performance by making the appropriate links between causes and effects. To achieve this, SNV ISDAP and TDCL identify and select an independent consultant able to use high-level diagnostic tools to conduct a review of TDCL's strategic position and overall performance and provide recommendations on how to reduce the impact of undesirable performance or avoid an undesirable state.

It's hoped that this study shall provide insight to TDCL on how it can keep pace with change, ensure business improvement, helps identify key problem areas, enables TDCL to achieve its marketing and production objectives and allow its maximization of profits and increase in market share.

About SNV Netherlands Development Organisation TIDE/ISDAP

SNV Uganda signed a four-year (2015 -2019) partnership agreement with the Netherlands Embassy in Uganda (EKN) to implement The Inclusive Dairy Enterprise (TIDE) project in Southwestern Uganda. The project enables medium-sized dairy farmers and their organizations to leverage their investments to improve incomes and the nutritional status of their families in seven districts.

Using the drive of the private sector, which has expanded processing capacity, more dairy farms are now able to connect to the dairy value chain. The expanding milk markets both in and outside Uganda have been served by improving the quality and seasonality of dairy production. The focus is on small and medium dairy farms to ensure that women and youth benefit from this transformation.

Building on the results of TIDE Phase 1, TIDE Phase 2 (2020 – 2023) has two approaches, i.e., deepening and upscaling. Under the deepening component, TIDE 2 focuses on the current TIDE project area (7 districts) to increase impact, supporting farmers to reap benefits from the investments made. TIDE-2 also supports interventions further up the value chain to deepen and upscale the work with cooperatives and processors on service delivery and milk quality, domestic market diversification and scaling up of the school milk project.

This is realized by working on four components or outcomes:

- a) **Productivity:** deepening the market in knowledge, inputs and finance through quality products and diversification, with a focus on knowledge and skills transfer and local supply mechanism (CEO model, dairy advisory, PDTFs) and sustainable forage intensification; up-scaling to other commercial farming areas by following the private sector.



- b) **Milk quality:** deepening by supporting milk tracking & tracing for various food safety parameters and critical control point analysis in the entire supply chain; up-scaling (and re-instating) QBMPS (Quality Based Milk Payment System) using a processor-led model
- c) **Value Chain:** deepening dairy value chain linkages through support to cooperatives and inclusive business models; up-scaling by supporting more cooperatives in other districts, lobbying for and supporting the diversification of the domestic markets.
- d) **Nutrition:** deepening the school milk and yoghurt project in SW Uganda by increasing nutritional effects and upscaling the approach outside the project area through e.g., social campaigns and collaboration with processors to enter this market.

In November 2021, EKN added the existing TIDE -2 contract with top-up grant funding for an Integrated smallholder dairy development program with a geographical focus on the Rwenzori region, Kigezi region, and the Greater Ankole region in SW Uganda. The grant period is from 2022 to 2024. The 16 districts targeted from the three regions have large numbers that fall within the ISDAP definition of smallholder dairy farmers with less than six acres of land.

The ISDAP component aims to address the issues specifically affecting smallholders. This includes developing the dairy sub-sector within the context of a smallholder farming systems/environment, cross-utilisation of wastes and by-products, access to competitive markets and risk management. This is very much in line with the 2030 SDG commitment to ending extreme poverty, through inclusive interventions.

About Tooro Dairy Cooperative Society Ltd (Tooro Dairy)

Tooro Dairy Cooperative Society (TD) Limited is registered under the cooperatives in the year 1966. It's membership-based, member-used, and member-controlled & owned by individual shareholders who are majorly dairy farmers in the Ruwenzori region. Toro Dairy has for long depended on sale of fresh milk as the major product which resulted into financial losses due to irregular milk supply, unstable demand and price volatility. However in the last quarter of 2022 Toro Dairy received from the Government of Uganda a UHT machine worth over 1.5BN shillings and it had invested in a yoghurt processing machine in 2019. The UHT machine has already been test run and has designed capacity to process 1,000 ltrs of milk per hour into UHT milk which can be kept for 4 to 6 months without refrigeration. This UHT machine plus other machinery (yoghurt and pasteurized milk equipment) means Toro Dairy whose asset base is above 3BN shillings moved from being an SME to a large enterprise. The strategic direction of Toro Dairy is positioning herself as a profitable, sustainable, branded and resilient entity through processing milk products, market expansion and impacting lives of dairy farmers. This plan is about revamping value addition to fresh milk into long shelf products including long life milk, yogurt and other products as a gateway to business growth and profitability. However, the dairy and members face constraints which need to be articulated including animal nutrition, animal health and extension services, cold chain infrastructure, and modern milk sourcing plan, farmer payment system, and capital, organizational and institutional development.



2.1 Purpose of the Consultancy

Tooro Dairy has expressed interest to improve its footprint in dairy products value addition space both locally and regionally. To enable develop a clear road map towards this ambition, SNV ISDAP proposes to conduct a business diagnosis of the TDCL business operations. The business diagnosis exercise shall work backwards to identify reasons for unsatisfactory performance by making the appropriate links between causes and effects to determine the critical intervention areas/points to achieve this ambition.

3.1 Tasks and Deliverables

The following tasks are to be executed as part of the overall assignment:

- a) Make a thorough inventory of the existing organisation (including policies, procedures, and organizational structure) and business assets. This should include a review of the following among others; ownership structure especially the directors' backgrounds and their entrepreneurship strengths, Tooro dairy business background, the company's objectives and main services offered, current business turnover and average past revenue growth over the past 5-10 years. The consultant should analyze and determine the current return on net assets. The findings should be able to inform how effectively Tooro Dairies Ltd is putting its assets to work.
- b) Examine current market opportunities that the organization can take advantage of with its current assets, operational structures, and technical and financial resources to add more value to members and increase its market share. The market share should review the optimal conditions(technical, operational and financial) necessary to have an improved balance between input and outputs.

Note: The consultant must define the maximum and most effective utilisation mechanism of Tooro Dairy's existing resources and the various support structures required to achieve its full potential. This should be based on the forecasted business potential if the current organisational and business assets are used to their fullest extent.

- c) Examine TD's current active partners to determine how each can strengthen Tooro Dairy while effectively utilizing the available organizational and commercial resources pool. The consultant should specify the required level of technical and financial assistance that is needed.
- d) Examine a wider range of opportunities that Tooro Dairy can take advantage of with its current or new potential partners (technical and financial) to be able to increase its profitability and contribute more to members and the dairy sub-sector in Uganda.
- e) Compare the results of options 3.1(a) and 3.1(b) in a scenario analysis, and then give Tooro Dairy specific advice on the best course of action for achieving its short-, medium-, and long-term business development goals. Comparisons ought to be made using anticipated cash flows, earnings, and profitability

This will result in the following deliverables:

Report: A final approved report by SNV and Tooro Dairy, detailing the findings and providing clear justification for every recommendation reached.

Presentation: a presentation, capturing the key issues from the report, for Tooro Dairy partners (existing and potential) and the broad dairy sector audience. After the presentation, feedback from the joint review shall inform the next course of action.



4.1 Scope of the assignment

The geographical scope of the assignment will cover the entire dairy sub-sector in Uganda.

5.1 Timeline and Contracting

The consultancy position is in principle for 60 days distributed across July – September 2023.

It is proposed that the data collection and documentation will take the following timelines:

- Submission proposals: **11th August 2023.**
- Submission of a draft report: **First week of September 2023.**
- Submission final report: **Third week of September 2023.**

6.1 Submission and Payments

The consultants are requested to submit their proposal for the implementation of this assignment, based on the following considerations:

- The fee will be all-inclusive, including all applicable taxes, allowances, and accommodation in Fort Portal (if required). For administrative records, the consultant will submit a plan of activities to the Project Administrator.
- Payment will be in two instalments, i.e., 50% upon signing of the contract and 50% upon approval of the final report.
- The submission should explain how the consultants will go about the assignment, the applicable fees, a detailed cv of the consultant(s) and a brief explanation as to why the consultant(s) is well-placed to carry out the assignment.

All payments shall be based on an approved report and invoice.

7.1 Position

The consultant will work directly with the ISDAP project coordinator and report to the project management committee.

8.0 Requisite administrative (documents) Requirements

- Recent tax clearance/Tax compliance certificate issued not earlier than June 2023.
- Certificate of registration including Tin number and certificate of incorporation.
- Valid trading license/ operating permit
- Articles and memorandum of association clearly showing directors.
- Company profile including physical address of the offices

9.0. Scoring criteria

The evaluation of proposals received will be on a point based system and will be done progressively as follows

- Administrative evaluation. This will be based on pass/ fail basis. Only those that pass administrative criteria will Progress to technical evaluation.
- Technical evaluation. This will be scored out of 80. Only those that score an average above 40 will progress to financial evaluation.
- Financial evaluation
This will be scored out of 20



Deadline for submissions

Applications should be sent no later than 11th August 2023 at 5 **pm East African time**.

The technical and financial proposal should be sent separately through email; ugandatenders@snv.org Please include consultancy for Tooro dairy business diagnosis in the subject.

Call disclaimer.

SNV reserves the right to either accept or reject any or all applications submitted. SNV can stop this procurement at any time without need to give explanation or can extend the deadline for submission once it sees it fit. In case you do not hear from SNV within 3 weeks of closure of application process, consider yourself unsuccessful. SNV also reserves the right to reject and cancel this call-in case any illegal, corrupt, coercive, or collusive practices are noticed. Late applications will be rejected. Please note that viewing, downloading or otherwise using the TOR constitutes acceptance on your part of all the above noted statements and conditions