

TERMS OF REFERENCE

STRENGTHENING EXPORT CAPACITY OF AGRICULTURAL AND AGRO-INDUSTRIAL PRODUCERS IN THE DOMINICAN REPUBLIC TO ACHIEVE BETTER ACCESS TO THE EUROPEAN UNION AND CARIFORUM MARKET PROJECT

CONSULTANCY SERVICES FOR THE DESIGN AND PROCUREMENT OF COLD STORAGE

1. PROJECT CONTEXT

The project strengthening the export capacity of agricultural and agro-industrial products of the Dominican Republic to achieve better access to the European Union (EU) and CARIFORUM market is being implemented by the Ministry of Industry, Trade and MSMEs (MICM); the Ministry of Economy, Planning and Development (MEPyD); the Ministry of Agriculture; and the Dominican Association of Exporters (ADOEXPO), financed by the European Union and managed by the Caribbean Development Bank (CDB).

The Government of the Dominican Republic (GORD) has received financing in the amount equivalent to 324,806 euros to cover the costs of the project and intends to allocate a part of the proceeds of this financing to payments admissible under contracts acquired under this project, which has the purpose of strengthening the application of sanitary and phytosanitary measures for better access to the market of the EU, as well as the strengthening at the national level of export training to agricultural and agro-industrial producers in the Dominican Republic.

2. BACKGROUND

- 2.01 The Dominican Republic (DR) is an upper middle-income country with a small, open economy that is highly vulnerable to natural disasters. Economic performance has traditionally been driven by manufacturing and agriculture, although recent decades have seen a shift toward services and extractive activities. The degree of trade openness¹ in the economy is 54%, and tourism and free trade zones account for nearly 70% of its total exports. The majority (80%) of the DR population, estimated at 10.2 million, lives in urban areas.
- 2.02 Since the mid-2000s, the agro-food sector has accounted for 10% of Gross Domestic Product and is the third-largest employer in the DR (9.5%) after commercial services and manufacturing. The majority of producers are smallholders. The average size of a farm is six hectares and approximately 71% of producers cultivate a farm smaller than four hectares. Crop activities account for 63% of output, followed by livestock activities (20%) and both crop and livestock activities (16.3%). Agriculture expansion has benefited from both organic and greenhouse production, with 8.7% of agricultural land devoted to organic production. The DR is the world's largest producer of organic cocoa (153,000 hectares) and organic bananas (20,350 hectares), representing more than 30% of organic cocoa and 55% of organic banana production globally. Between 2004 and 2017, agricultural production in greenhouses grew from 200,000 square meters to ten million square meters.

- 2.03 Food processing is also the largest and the fastest-growing manufacturing sector in the DR. In 2018, with USD3.5 billion of total value-added, the entire sector contributed to 40% of total manufacturing value-added in the country. In addition, with 135,000 employees it also accounts for 26% of total employment in manufacturing. During 2007–2018, food processing output grew at 4.7% on average, faster than local manufacturing and free trade zone manufacturing at 3.6% and 3.1%, respectively.
- 2.04 Compliance with sanitary and phytosanitary (SPS)⁵ standards is a major and continuing constraint to increased market access for the DR agro-food⁶ exports in key markets such as the United States of America (US) and the EU. For fresh produce accessing the US, a 2015 World Bank Trade Competitiveness Diagnostic assessment found the DR had a higher import refusal rate than neighbouring countries in the US market. When all countries exporting to the US are taken into account, the DR trade compliance performance is classified as poor. The report further found that import refusals are not a problem only with small exporters but rather a relatively widespread issue especially in the fresh fruits and vegetables sector.
- 2.05 In the case of EU market access, fruit and vegetable exports from the DR have been repeatedly banned by the European port health authorities. This is mostly the result of produce exceeding Maximum Residue Limits (MRL) within International Standards for Phytosanitary Measures, specifically EU Council Directive Ref. 2000/29/EC, and EU Commission Implementing Directive Ref. 2014/78/EU. As a result of audits performed by the DR's Food and Veterinary Office in 2010, 2012 and 2015, a National Action Plan to improve compliance with EU SPS requirements was developed and implemented. This primarily included the introduction of some post-harvest treatments and pre-export inspections for selected vegetables being exported to the EU. Efforts have also been made to improve inspectors' qualifications and performance at inspection facilities. While these measures have led to a significant decrease in the number of notifications (77 stopped shipments in 2019 down from 143 in 2018) the number of notifications remains comparatively high. During the period 2015–2019, the DR had the fourth-highest number of notifications and containers rejected for non-compliance with respective SPS measures by the US and EU. Comparatively, the DR receives one notification per US\$7.1 million in exports, while Costa Rica receives one per US\$30 million, Honduras one per US\$41.9 million, Ecuador one per US\$53.5 million, and Chile one per US\$182 million. The remaining challenges as identified in the last EU audit related to deficiencies in recordkeeping (traceability); weaknesses in the value chain—including labelling and packaging standards and product quality assurance certifications—especially for bell peppers and eggplants (which are primarily grown in green houses); and lack of access to, or knowledge of SPS requirements for EU markets. Bell peppers, hot peppers, eggplants, bitter melon and mangoes are the top five products affected, with the EU banning exports of bitter melon altogether.
- 2.06 In the case of food-processing, small firms continue to be constrained in accessing international markets due to their lack of certified safety management systems such as Hazard Analysis Critical Control Point (HACCP) and Global Good Agricultural Practice.

Greenhouse Farming in DR

- 2.07 In order to facilitate the expansion of greenhouse farming, GODR has been providing special incentives for agricultural production under greenhouses in the municipalities of San Juan, Bohechío, El Cercado, Juan de Herrera, Las Matas de Farfán and Vallejuelo. Greenhouse

farmers in these regions have formed associations and cooperatives to facilitate the sharing of production resources and the collective marketing and export of their produce so as to reduce their reliance on intermediaries or so-called middlemen. The collective membership of the Asociación de Exportadores de Vegetales Orientales de La Vega; Asociación de Productores Hortícolas del Valle de Constanza; Asociación de Productores en Ambiente Controlado de La Sierra; Asociación de Productores de Invernadero de San José de Ocoa; and the Cluster de Productores de Invernadero de Jarabacoa represent more than 60% of greenhouse vegetable production in the DR. The associations function as cooperatives and to date have established seedling production facilities (with the support of GODR) to supply farmers with replanting material; facilitated training in good agricultural practices and provided technical assistance to farmers seeking to develop quality assurance systems. All four associations are desirous of supporting the export of produce from their membership which would reduce the need for other intermediaries and improve returns to the farmers. A major challenge however is the absence of cold storage which contributes to diminished quality of highly perishable produce and avoidable post-harvest losses. Equally the absence of a traceability system¹³ precludes access to EU and other key markets.

Export Promotion and Food Security

- 2.08 The responsibility to develop policies for the sustainable and competitive development of the agrofood industry falls across different ministries and agencies. The National Development Strategy (NDS) 2010–2030 (Law 1/2012), led by the Ministry of Economy, Planning and Development defines the guiding principles for medium and longterm support to the agricultural sector. Increased financing and technical assistance for farmers and producers are the main policy levers for increasing the quality of local production and promoting exports. As a complement to the NDS, the Ministry of Agriculture is leading the sustainable agriculture agenda that prioritises export promotion and food security outlined in the Strategic Agricultural Development Plan 2010–2020. The strategic plan is built around three main objectives: increasing productivity and competitiveness; promoting agricultural exports; and strengthening self-sufficiency.
- 2.09 VICOMEX manages the implementation of all international trade agreements and has assumed direct responsibility for advancing the EPA implementation process. VICOMEX serves as a focal point for private and public sectors on issues related to the application of international trade agreements. It is the authority with the power to coordinate with other governmental institutions and trade partners on matters related to the management and implementation of commitments from trade agreements signed by the country. Hence, VICOMEX is responsible for all general and technical issues that lead to the timely and adequate application of trade EPA.
- 2.10 ADOEXPO is a not-for-profit public-private alliance created in 1972 by Presidential Decree No. 2374, to promote the export sector and develop the strategies necessary for the promotion of Dominican exports. ADOEXPO, is comprised of 290 exporters, mainly small and medium-sized enterprises within a wide range of sectors from fresh products, to agroindustrial, and services. It has evolved as the premier institution in the country for the promotion, defense and orientation of the export sector, including contributions toward the development of export policies of the DR. ADOEXPO also plays a relevant role in capacity building, conducting

regular training sessions, diplomas, seminars, courses and workshops on issues of importance to the export sector.

2.11 VICOMEX and ADOEXPO in collaboration with the OTCA (Ministry of Agriculture) have undertaken a number of initiatives aimed at: (1) improving the ecosystem for food safety; and (2) enhancing market access for agri-produce. They endeavour to work together to collect information to identify the needs of exporters and establish the measures and solutions that allow them to take advantage of opportunities in the international export market.

3. OBJECTIVES OF CONSULTANCY SERVICES

3.01 The main objective of this consultancy is to provide support to VICOMEX and ADOEXPO for the procurement, purchase and installation of four walk-in cold storage rooms.

4. SCOPE OF CONSULTANCY SERVICES

4.01 The consultant is required to undertake all the necessary actions to accomplish the goals and objectives of the project in a timely manner, with the supervision of the Project Coordinator. The tasks will include, but not be limited to:

- Finalise specifications and bid documents including estimates for the purchase of four walk-in cold storage rooms.
- Participate in pre-bid meetings (as observer) and requests for clarification and/or amendments to bidding documents.
- Provide assistance with the evaluation of bids.
- Prepare bid evaluation reports.
- Provide assistance in negotiation and drafting of cold storage service supplier's contract.
- Provide guidance to VICOMEX and ADOEXPO on matters relating to the four walk-in cold rooms.
 - Visits and advice in the places where the equipment will be installed.
- Sign off/certify the installation of cold storage equipment.
- Prepare final report.

5. REPORTING REQUIREMENTS

5.01 The Consultant will report to the Project Coordinator and will be required to submit/deliver all information in Spanish and English:

Deliverables	When
An inception report in narrative form with the Consultant's understanding of the assignment.	One week after commencement of assignment.
Report with the recommendations of the installation site, requirements and specifications for the purchase of equipment.	Within five weeks of commencement of assignment.

Prepare and submit bidding documents for the acquisition of equipment, namely: specifications, evaluation template, among others.	Within six weeks of commencement of assignment.
Prepare bid evaluation reports.	Within eight weeks of commence of assignment.
Prepare and present final report, including equipment installation report.	Within twenty-four weeks of commencing of assignment.

6. IMPLEMENTATION ARRANGEMENTS

6.01 The consultant will undertake the tasks related to this assignment in a period of **10 days and over six months** and should report to the Project Coordinator.

7. QUALIFICATIONS AND EXPERIENCE

7.01 The Individual Consultant must possess the following skills and qualifications:

- (a) At least a Bachelor's degree in Business Administration, Management or a related field.
- (b) Additional qualification(s)/certification(s) in procurement and/or professional accreditation by internationally recognized bodies in the procurement field will be an asset.
- (c) A minimum of ten (10) years' experience in public sector procurement.
- (d) At least five (5) years of experience in procurement management under projects financed by International Financial Institutions (IFIs), including Multilateral Development Banks (MDBs) .