

REQUEST FOR PROPOSALS

MARKET ANALYSIS AND INDUSTRY SHAPING FOR EDIBLE OILS IN BANGLADESH

Issued by

The Global Alliance for Improved Nutrition (GAIN)

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I. PROJECT BACKGROUND AND SCOPE OF WORK

1. ABOUT GAIN

The Global Alliance for Improved Nutrition (GAIN) is a Swiss-based foundation launched at the UN in 2002 to tackle the human suffering caused by malnutrition. Working with both governments and businesses, we aim to transform food systems so that they deliver more nutritious food for all people. At GAIN, we believe that everyone in the world should have access to nutritious and safe food. We work to understand and deliver specific solutions to the daily challenge of food insecurity faced by poor people. By understanding that there is no “one-size-fits-all” model, we develop alliances and build tailored programmes, using a variety of flexible models and approaches. We build alliances between governments, local and global businesses, and civil society to deliver sustainable improvements at scale. We are part of a global network of partners working together to create sustainable solutions to malnutrition. Through alliances, we provide technical, financial and policy support to key participants in the food system. We use specific learning, evidence of impact, and results of projects and programmes to shape and influence the actions of others.

2. BACKGROUND

Large-scale fortification of staple foods and condiments is a cost-effective strategy to help address micronutrient deficiencies when it is implemented through centralized food industries and adequately enforced (Bhutta et al., 2013; Horton, 2006). Unfortunately, fortification compliance with national standards is often low, thereby limiting its potential for impact (Aaron et al., 2017). This trend is apparent in the Bangladesh edible oil fortification program, as evidenced by recent findings.

GAIN is working with governmental and non-governmental partners to support the fortification of edible oil with vitamin A to address the high prevalence of deficiency (20.59% of children of school age were Vitamin A deficient, according to the Bangladesh Micronutrient Survey of 2011-2012).

2.1. FORTIFICATION OF EDIBLE OILS IN BANGLADESH

The subclinical deficiency of vitamin A is one of the major public health risks in Bangladesh. About one in five children in Bangladesh suffers from subclinical vitamin A deficiency, which may cause pre-term birth defects, maternal and child mortality, immune deficiency of under-5 children and anaemia. In the face of such severe public health risks, Bangladesh is implementing a programme on “Fortification of Edible Oil” to improve access to safe and affordable fortified foods across Bangladesh to reduce the prevalence of micronutrient deficiencies; especially among women of reproductive age, adolescent girls and children under-five.

Global Alliance for Improved Nutrition (GAIN) and UNICEF along with Ministry of Industries (MoInd) started work on oil fortification with vitamin A in Bangladesh in 2010. The mandatory law for fortification of edible oil with vitamin A was enacted in 2013. The legislation requires that all edible oils in Bangladesh must be fortified with vitamin A, whether it is produced locally, refined or imported. Additionally, GAIN along with the Ministry of Industries supported the creation of the rules for the enforcement of the law. The “Oil Fortification Rules 2015” were published in Bangladesh Gazette on 16th November 2015. Currently 44 refineries and packers operating in Bangladesh have signed MoU with MoInd and fortifying edible oil with Vitamin A (soybean, palm and rice bran oil).

2.2 STATUS OF OIL FORTIFICATION IN BANGLADESH

In Bangladesh, edible oil can be obtained as either branded and packaged oil or bulk, unpackaged oil. Packaged oil represents 35% while bulk oil accounts for 65% of the total edible oil market volume (2,600,000 MT), respectively. A market assessment conducted in 553 retail outlets in the eight divisions of Bangladesh to record the available oil brands and collect samples in order to analyze for nutrient content of vitamin A and assess conformity with national fortification

standards found that over half (59%) of oil available in Bangladesh is fortified, and of this proportion 27% is fortified above the standard minimum. This is higher for packaged oil (which has a lower market share) of which 95% was fortified (69% above minimum standard), compared with bulk oil 41% of which was fortified (7% above minimum standard).

Overall, the main locally produced and imported packaged brands are fortified, but fortification of smaller locally produced as well as oil sold in bulk needs to be improved. In addition, there are several concerns regarding the distribution of bulk oil, not least hygiene and food safety considerations, use of non-food grade drums, no labelling and inability to trace source of oil supply. Against this background, the government of Bangladesh working with industry and other stakeholders intends to phase out the supply of drum oil on the Bangladesh market.

In addition good quality vitamin A premix is mostly inaccessible to small and medium sized oil refineries due to high transaction costs (such as letter of credits, sea/air freight, customs, etc.) for importing smaller consignments vitamin A premix. This also increases the per unit cost of premix for smaller consignments which are suitable for the small and medium oil refineries.

Therefore, GAIN is working with local businesses to explore the potential to establish an accredited intermediary warehouse in Bangladesh to streamline and optimize the vitamin A premix acquisition process, primarily, for small and medium sized oil producers to enhance the availability of quality Vitamin A premix at competitive prices. As a part of this process this research will navigate resources to set up the warehouse and the infrastructure for acquiring and storing vitamin A premix, which will get buy-in from businesses to become an accredited intermediary. By collecting aggregate demand for vitamin, A premix from small and medium oil refineries the intermediary can buy in bulk on their behalf and these refineries can able to purchase desired quantity of vitamin A from the intermediary.

3. PURPOSE OF THE ASSIGNMENT

The key objective of the assignment is to collect both primary and secondary data that will inform the strategy for the phasing out the consumer market for bulk oil in Bangladesh. There r key components: that will be covered by the assignment are:

- Market/options analysis.
- Development of a model to estimate requirements by individual businesses.
- Edible oils marketing and trading
- Enabling environment/government incentives required to aid phase out of bulk oil.
- Market shaping – projections of marketing shaping, structures and industry modernization within the edible oil industry and supporting supply chains.
- Design innovative financing options and customs arrangement for premix supplies

4. SCOPE OF WORK AND DELIVERABLES

4.1 SCOPE OF WORK

- a) **Market/options analysis.**

Under this component, lessons of countries that have made shift or are in the process of making the shift from bulk to packaged oil will be documented, recommendations made on options for various stock keeping units (SKUs), guidance of an optimal mix of SKUs will be provided and more specifically cost effective packaging formats targeting bottom of the pyramid consumers currently buying bulk oil. Data to be collected include:

- Desk reviews, case studies of countries with political, economic and market structures like Bangladesh, specifically documenting case studies of countries that have successfully transitioned from bulk to packaged oil. Case studies to include key success factors, approaches undertaken, and key challenges encountered.
- Market analysis to explore optimal combination of packaging to replace bulk oil for consumer markets. This includes but is not limited to:
 - Bottles (various size combinations)
 - Tins
 - Sachets/Pouches - ideal size configurations
 - Document options for environmentally friendly packaging solutions and packaging waste mitigation plans.
 - Identify bulk options for industrial/institutional supply and appropriate safeguards to ensure that product does not end up on consumer markets.
- Sources (both local/imports) of new raw materials, packaging and other accessories associated with the new packaging formats. These include but not limited to:
 - Equipment for packaging,
 - Films for sachets/pouches
 - Sheets for making tins
 - Other raw materials/accessories
- Price modelling:
 - Model prices for the various packaging configurations -sachets/tins/pouch - Price with taxes vs taxes exempted
 - Comparative analysis packaged vs. bulk
- Data sources – a combination of primary/secondary data sources will be used. Primary data sources across the value chain include refineries, repackers, wholesalers, retailers, drum owners both in urban and rural areas both in Bangladesh and in similar markets (in India for example) that have successfully transitioned from bulk to packaged oil.

b) Development of a model to estimate requirements by individual businesses

The purpose is to develop a model to estimate resource requirements needed by businesses to make the shift from bulk to packaged oil as well as pilot the model in some businesses. The model will identify requirements to the extent possible which can be costed. This will include but not limited to:

- Equipment
- Raw materials
- Additional space requirements
- Human resources
- Financing requirements and cost of finance/options.
- Company modelling/ Business plan for oil refineries

c) Edible oils marketing and trading landscape

National wholesalers, regional wholesalers, local wholesalers and retailers all play a critical role in the oil industry supply chain in Bangladesh. A change in industry structure and packaging configuration will have an impact on the trading environment. Data to be collected include:

- Impact of the proposed changes (both positive and negative) on the trading landscape.
- Changes in distribution models required as a result of industry reconfiguration.
- Partnership brokerage needed between bulk oil producers and wholesalers/retailers to strengthen proposition for packaged fortified oil.
- Incentives for traders to shift from bulk to packaged oil

d) Enabling environment/government incentives required to aid phase out of bulk oil.

The transition from bulk oil to packaged oil will involve new set-up and ongoing costs. The consultants will collect the following data that will be used for engaging the government

- Import duties, taxes, levies and other government-imposed charges applicable on the new packaging, raw materials and equipment required.
- Government policies that may affect or aid the roll out.
- Incentives (e.g. rebates, waivers, exemptions etc.) that government could provide to encourage the transition from bulk to packaged edible oil.
- In order to collect the data, the consultants will engage with various government agencies and ministries (Ministries of Industry, Commerce, Finance), Trade Association BEVORA and other relevant stakeholders.

e) Industry modernization and market shaping

The key objective here is to collect data and identify opportunities that will arise in the overall economy as a result of phasing out of bulk oil i.e. the new market structure and the enabling environment in (c) above may spur new industries and revenue for the government through taxes. Data to be collected, analyzed and projections to be made include:

- Potential for increased local production of primary packaging for oil; tins, bottles and film for pouches/sachets
- Potential for increased local production for secondary packaging such as cartons, shrink-wrap film etc.
- Distribution businesses etc.

f) Design innovative financing options and customs arrangement for premix supplies

- Scoping for demand of quality vitamin A premix for small and medium sized oil producers to determine the viability/feasibility of setting up an accredited intermediary
- Scoping for business need assessment to determine the support that would be needed to set up an accredited intermediary for vitamin A premix
- Scoping for the possibility of setting up a bonded warehouse for the accredited intermediary to reduce transaction cost for acquiring vitamin A premix
- Explore financing options (such as Government of Bangladesh funds, SUN Business Network, institutional funds) that can be utilised to set up the holding facilities
- Explore the possibility of obtaining a roll-over fund to initiate the premix acquisition process to allow more flexibility for the oil refineries and re-packers to make their payments

4.2 DELIVERABLES

The successful applicant is expected to collect, review, compile, organize and assess data on market for edible oil in Bangladesh:

- Develop a detailed study protocol (including detailed methodology and justification, sampling plan (where applicable), and data analysis plan) and data collection tools for review and approval by GAIN.
- Conduct review of available literature and secondary data sources as appropriate.
- Obtain relevant access and data collection permissions as appropriate e.g. ethical committees, government, industry. Negotiate relevant access and data collection permissions.
- Carry out all aspects of primary data collection, quality assurance, and data entry, cleaning, management and analyses of data as per approved data analysis plan.
- For any primary data collected, provide GAIN with raw and clean datasets, accompanying codebooks, and syntax and output of all data analyses. If quantitative data are collected, data documentation must be provided using Nesstar¹.
- Comprehensive report with recommended strategy for bulk oil phase out covering all the four components and including models and frameworks outlined in the scope of work. Reports will comprise an overall word document, PowerPoint presentation and modelling excel sheets.
- Attend and participate in consultation and/or dissemination workshops with key stakeholders

¹ A free editor developed in conjunction with the Norwegian Centre for Research Data (NSD)
<http://www.nesstar.com/software/publisher.html>

- Revise and finalize report based on inputs from GAIN.
- Collaborate with GAIN on the development of peer-reviewed publications.

4.3. TIMELINE

The timeline for completion of all aspects of the Scope of Work and submission of deliverables is by end of June 2021 as outlined in the following table:

DELIVERABLE	DEADLINE
Proposal submission	11 July 2020
Final response regarding selection of Service Provider	20 July 2020
Contracting process finalized	31 July 2020
Methodology and tools finalized and presented to GAIN; approvals obtained	28 August 2020
Data collection, and data analyses completed	October 2020
Presentation of preliminary results to GAIN	November 2020
Draft report submitted	December 2020
Final report submitted (. Reports will comprise an overall word document, PowerPoint presentation and modelling excel sheets.	December 2020

II. INSTRUCTIONS FOR RESPONDING

This section addresses the process for responding to this solicitation. Applicants are encouraged to review this prior to completing their responses.

1. CONTACT

Key program and technical staff from GAIN are part of the selection team of the organisation and will review the proposals. They will be available via email to respond to clarifications on this solicitation. Please direct all inquiries and other communications to rfp@gainhealth.org. Responses will not be confidential except in cases where proprietary information is involved.

2. BUDGET

Applicants are required to provide GAIN with a detailed budget in Bangladeshi Taka and/or US Dollars, including fees/travel/accommodation and any other direct costs to be incurred in the delivery of the Scope of Work. Include a brief narrative justification for line items included. The budget will be inclusive of all taxes/VAT and indirect costs. The final budget amount will have to be approved by GAIN prior to starting the project.

3. FORMAT FOR PROPOSAL

The proposal needs to be formatted as two separate documents:

- Technical proposal outlining the research objectives and methods;
- Financial proposal outlining budget accompanied by a budget narrative.

4. SUBMISSION

Complete proposals should be submitted in electronic copy to: rfp@gainhealth.org

Required components for proposal submission (see also evaluation criteria for additional guidance) are:

- i. Description of previous relevant work (maximum 1 page)
- ii. Composition of team with names and brief (maximum 3 page) bio of all key staff
- iii. Detailed proposal explaining how the areas of work mentioned in Scope of Work will be addressed (maximum 15 pages)
- iv. Budget
- v. Detailed budget justification
- vi. Risk and mitigation strategy
- vii. Timeline
- viii. References

5. DEADLINE

Completed proposals should be submitted to rfp@gainhealth.org by **5:00 pm CET on 11 July 2020**.

6. UNACCEPTABLE

The following proposals will automatically not be considered or accepted:

- Proposals that are received after the RFP deadline at the specified receiving office.
- Proposals received by fax or post.
- Incomplete proposals.
- Proposals that are not signed.

7. REVISIONS

Proposals may be revised by electronic mail provided such revision(s) are received before the deadline.

8. ACCEPTANCE

GAIN will not necessarily accept the lowest cost or any of the Proposals submitted. Accordingly, eligibility requirements, evaluation criteria and mandatory requirements shall govern.

9. COMPLETION

- Proposals must be submitted on official letterhead of the lead organisation or firm and must be signed by a principal or authorising signatory of the lead firm or organisation.

- In case of errors in calculating overall costs, the unit costs will govern.
- It is the applicant's responsibility to understand the requirements and instructions specified by GAIN. In the event that clarification is necessary, applicants are advised to contact GAIN at rfp@gainhealth.org prior to making their submission.
- While GAIN has used considerable efforts to ensure an accurate representation in this RFP, the information contained in this RFP is supplied solely as a guideline. The information is not warranted to be accurate by GAIN. Nothing in this RFP is intended to relieve applicants from forming their own opinions and conclusions with respect to the matters addressed in this RFP.
- By responding to this RFP, the applicant confirms its understanding that failing to comply with any of the RFP conditions may result in the disqualification of their submission.

10. RIGHTS OF REJECTION

GAIN reserves the right to reject any or all submissions or to cancel or withdraw this RFP for any reason and at its sole discretion without incurring any cost or liability for costs or damages incurred by any applicant, including, without limitation, any expenses incurred in the preparation of the submission. The applicant acknowledges and agrees that GAIN will not indemnify the applicant for any costs, expenses, payments or damages directly or indirectly linked to the preparation of the submission.

11. REFERENCES

GAIN reserves the right, before awarding the Proposal, to require the applicant to submit such evidence of qualifications as it may deem necessary, and will consider evidence concerning the financial, technical and other qualifications and abilities of the applicant.

12. RELEASE OF INFORMATION

After awarding the Proposal and upon written request to GAIN, only the following information will be released:

- Name of the successful applicant.
- The applicant's own individual ranking.

III. TERMS AND CONDITIONS OF THIS SOLICITATION

1. NOTICE OF NON-BINDING SOLICITATION

GAIN reserves the right to reject any and all bids received in response to this solicitation and is in no way bound to accept any proposal. GAIN additionally reserves the right to negotiate the substance of the successful applicants' proposals, as well as the option of accepting partial components of a proposal if deemed appropriate.

2. CONFIDENTIALITY

All information provided as part of this solicitation is considered confidential. In the event that any information is inappropriately released, GAIN will seek appropriate remedies as allowed. Proposals, discussions, and all information received in response to this solicitation will be held as strictly confidential.

3. RIGHT TO FINAL NEGOTIATIONS ON THE PROPOSAL

GAIN reserves the right to negotiate on the final costs, and the final scope of work of the proposal. GAIN reserves the right to limit or include third parties at GAIN's sole and full discretion in such negotiations.

4. EVALUATION CRITERIA

Proposals will be reviewed by the Selection Team. The following indicate a list of the significant criteria against which proposals will be assessed. This list is not exhaustive or 100% inclusive and is provided to enhance the applicants' ability to respond with substance.

Applicants are required to submit the following information, conforming to the guidelines given in this section:

- Understanding of the scope of work:
 - Proposal shall demonstrate a clear understanding of the project objective and deliverables as outlined in Section I.
- Demonstrate a clear understanding of the technical requirements of this RFP:
 - Providing detailed technical documentation of the proposed strategy.
 - Evidence of experience delivering solutions using the proposed information technology platform.
- The creative and methodological approaches required to implement each of the parts of the scope of work.
- Comprehensiveness of work plan and reasonableness of proposed time frame:
 - Proposal shall include a feasible work plan to ensure successful completion of deliverables.
 - The work plan details how activities will be coordinated.
- Detailed budget and cost-effectiveness of proposed approach:
 - Evidence of cost-effective approaches to undertaking the scope of work within the proposed budget.
 - Proposal shall identify possible challenges and include creative approaches to addressing them.
- Management and personnel plan:
 - The team members working on this project shall have the relevant qualifications and overall experience required to successfully implement the project.
 - Roles and responsibilities of each team member shall be clearly defined.
- A duly completed offer of services.

GAIN reserves the right to contact the individuals and contractor(s) in order to verify the information provided as part of the Proposal.

5. REVIEW PROCESS

The review process will involve a Review Panel with participants selected by GAIN.

6. LIMITATIONS WITH REGARD TO THIRD PARTIES

GAIN does not represent, warrant, or act as agent for any third party as a result of this solicitation. This solicitation does not authorise any third party to bind or commit GAIN in any way without GAIN's express written consent.

7. COMMUNICATION

All communication regarding this solicitation shall be directed to appropriate parties at GAIN. Contacting third parties involved in the RFP, the review panel, or any other party may be considered a conflict of interest and could result in disqualification of the proposal.

8. FINAL ACCEPTANCE

Award of a Proposal does not imply acceptance of its terms and conditions. GAIN reserves the right to negotiate on the final terms and conditions including the costs and the scope of work when negotiating the final contract to be agreed between GAIN and the applicant.

9. VALIDITY PERIOD

The offer of services will remain valid for a period of 60 days after the Proposal closing date. In the event of award, the successful applicant will be expected to enter into a contract subject to GAIN’s terms and conditions.

10. INTELLECTUAL PROPERTY

Subject to the terms of the contract to be concluded between GAIN and the applicant, the ownership of the intellectual property related to the scope of work of the contract, including technical information, know-how, processes, copyrights, models, drawings, source code and specifications developed by the applicant in performance of the contract shall vest entirely with GAIN.

11. SCOPE OF CHANGE

Once the contract is signed, no increase in the liability of GAIN or in the fees to be paid by GAIN for the services resulting from any change, modification or interpretation of the documents will be authorised or paid to the applicant unless such change, modification or interpretation has received the express prior written approval of GAIN.

IV. OFFER OF SERVICES

1. Offer submitted by:

(Print or type business, corporate name and address)

2. I (We) the undersigned hereby offer to GAIN, to furnish all necessary expertise, supervision, materials, and other things necessary to complete to the entire satisfaction of the Executive Director or authorised representative, the work as described in the Request for Proposal according to the terms and conditions of GAIN for the following prices:
3. [to be completed]

4. [to be completed]
5. [to be completed]
6. [to be completed]
7. I (We) agree that the Offer of Services will remain valid for a period of sixty days (60) calendar days after the date of its receipt by GAIN.
8. I (We) herewith submit the following:
 - (a) A Proposal to undertake the work, in accordance with GAIN's requirements specified.
 - (b) A duly completed offer of services, subject to the terms herein.

OFFERS WHICH DO NOT CONTAIN THE ABOVE-MENTIONED DOCUMENTATION OR DEVIATE FROM THE PRESCRIBED COSTING FORMAT MAY BE CONSIDERED INCOMPLETE AND NON-RESPONSIVE.

Date this day of [add month and year] in [add location].

_____ [add title]

Signature (applicant)

_____ [add title]

Signature (applicant)

Annex A. Edible Oil Supply Chain in Bangladesh

