MSME-Cluster Intervention Programme (M-CIP)

To engage an agency to Design, Monitor & Evaluate and Provide strategic inputs for implementation of M-CIP in 5 clusters

1. Project Title:

   MSME-Cluster Intervention Programme (M-CIP)

2. Project Details

   2.1 Background

   The MSME sector in India has emerged as the engine of economic growth by contributing significantly towards industrial production (45%), exports (40%) and employment generation (110 million) – the second largest source of employment after agriculture. Notwithstanding the same, the growth of MSME units in many industrial clusters is considered much below their potential.

   To work towards addressing the financial and non-financial issues of MSME clusters in India, SIDBI has carried out studies in 30 MSME clusters, using specialized agencies, to identify the factors hindering availability of adequate and timely institutional credit, infrastructure and marketing gaps and lack of support services affecting the growth and competitiveness of these clusters.

   After a thorough analysis of all the study reports, SIDBI has identified 5 gaps which are common to most of the clusters (a) Skill Development Gap, (b) Infrastructure Gap, (c) Knowledge Gap, (d) Credit Gap & (e) Policy Advocacy. Apart from these, there are certain cluster specific gaps which also need to be addressed.

   SIDBI intends to start detailed interventions covering all the gap areas in these clusters. Out of the 30 MSME clusters studied, SIDBI proposes to make intervene initially in 5 MSME clusters, spread across various regions /zones. On successful launch and based on the experience and findings, the interventions may be rolled out in the remaining clusters.

   For the first phase, the 5 MSME clusters selected are listed below :

Sl.	Zone	State	Location	Cluster
1	North	Punjab	Ludhiana	Knitted apparel
2	West	Gujarat	Rajkot	Engineering/Foundry
3	South	Tamil Nadu	Coimbatore	Engineering
4	East	Bihar	Bhagalpur	Textile
5	North East	Tripura	Agartala	Bamboo

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Based on the findings of the studies carried out by SIDBI, the structural design of interventions consists of three layers viz. (i) Design Monitoring & Evaluation Agency (DMEA), (ii) Theme Intervention Experts (TIEs) and (iii) Cluster Intervention Teams (CITs). SIDBI will separately call for EoIs for other two layers viz. CITs and TIEs, at a later stage, after selecting the DMEA.

Theme Intervention Experts (TIEs): For each gap areas, a separate expert agency would be roped in i.e. TIE, which would be a specialized agency for a specific thematic area such as Skill Development, Infrastructure & Knowledge. TIEs would draw up common strategies for the gap areas for all 5 clusters and would customize them in consultation with DMEA & CITs to suit local needs and conditions.

Cluster Intervention Team (CITs): The role of CITs will be to implement the strategies laid down by DMEA & TIEs to intervene in each gaps areas of their respective clusters. Separate team of CITs will be stationed in each identified clusters which would work at the cluster level in close co-ordination with DMEA & TIEs.

2.2 Vision and Mission

Vision

"To encourage selected MSME clusters to gradually develop themselves into "Smart Clusters" in order to become a strong pillar of the "Make in India" initiative". A vision for the smart clusters is given in the *Appendix.*

Mission

"To stir the cluster-ecosystem, involve key stakeholders and take up lasting strategic interventions aimed at resolving the problems faced by these clusters, with the ultimate objective of filling the gaps in the MSME ecosystem."

2.3 Project Objective:

- Develop sustainable, long term solutions for bridging the gaps in areas of:
  - Skill development and supply of trained manpower to clusters,
  - Development of MSME Infrastructure, more specifically setting up CFCs
- Suggest specific solutions for specific problems faced by certain clusters e.g. power issue in Ludhiana knitted apparel cluster, establishment of a CFC for radiography/prototype development in Rajkot Engineering clusters, designing cluster specific products for grinder and foundry units in Coimbatore Engineering clusters, etc.
- Address knowledge gaps found in the clusters by organizing awareness programmes about lending schemes of Banks, SIDBI, CGTMSE scheme & various government schemes, creating knowledge capsules for distribution among cluster firms and creating a sustainable mechanism for knowledge

dissemination in cluster.

- Develop new financial products / customize existing products specifically suited to the cluster's requirements and show the demonstration effect thereof
- Facilitate infrastructure establishments for overcoming some of the bottlenecks in MSME infrastructure in clusters.

3. Purpose

The purpose of this ToR is to engage a suitable agency to design, monitor & evaluate and provide strategic inputs in consultation with SIDBI, New Delhi office for the implementation of M-CIP in the 5 clusters mentioned above at s.no.2.1.

The list of clusters may be changed if required, at the discretion of SIDBI.

4. Scope of the Work

The DMEA will be responsible for coordinating with TIEs and CITs in each cluster and thereby ensuring effective implementation of the project in 5 clusters, spanning over 3 years, so that the desired objectives of the project are achieved. This will include designing of the overall roadmap for proposed cluster interventions, managing the bidding processes to select the implementation partners namely TIEs and CITs and finally provide technical support, monitoring and evaluating the progress, and providing strategic support for successful implementation of the project on the expected lines. The assignment shall essentially cover the following three phases, which have been further segregated into several activities as detailed subsequently. The agency shall carryout the assignment through 5 teams/ offices based in 5 clusters.

The DMEA would be required to fulfill the specific assignments in the programme under the three broad categories which are given in details as under:

Stage-1: Project Design
Stage-2: Bid Process Management
Stage-3: Monitoring and Evaluation

Stage-1:Design

- The agency shall design the project in such a way that a clear roadmap is created along with logframes/action plans for the cluster interventions in 5 clusters.
- DMEA will update the findings of diagnostic studies undertaken by various agencies in above 5 clusters at the ground level. The roadmap/logframes /action plans should take into account the outcome of such updations.
- DMEA would create timelines for all activities to be undertaken for each year and suggest specific deliverables to measure the impact/performance of the TIEs/CITs.
- The agency will also formulate a suitable strategy to make the intervention programme sustainable. This will include suggesting mid course corrections to achieve the desired objectives.

Stage-2:Bid Process Management

It would be the responsibility of the DMEA to plan and execute the bidding processin consultation with SIDBI for selection of the implementing agencies of this project i.e. TIEs and CITs, keeping in view the Bank's procurement guidelines. This will include preparation of Terms of Reference (ToR), Expression of Interest (EoI), Invitation to Tender (ITT), Evaluation & Selection Criteria for the implementing partners, Newspaper advertisements, etc. The agency also will support SIDBI in evaluation of the bids and selection of agencies. The entire selection process will be completed in this phase which will come to an end with the signing of agreement with the selected bidders.

Stage-3: Monitoring and Evaluation

Throughout the implementation stage, the agency shall co-ordinate with the TIEs/CITs to provide all deliverables in a timely manner and shall monitor the work of TIEs/CITs, coordinate their functions for optimum benefits, as also provide proactive inputs to them as and when required to ensure achievement of desired objectives of the programme. The agency will also suggest and implement mid course corrections and design changes required, if so necessitated, in consultation with SIDBI.

The key roles to be played by DMEA in this phase are as follows:

- To create baselines and logical frameworks of the entire cluster programme.
- To establish systems and procedures to monitor and evaluate the performance of the TIEs/CITs within stipulated timeline.
- To review, monitor and provide inputs on the progress of TIEs/CITs placed in the clusters against agreed work-plans, action plan and logframe
- To provide suggestions for improvement in cluster level activities during the implementation of the cluster intervention programme and suggest corrections;
- To provide guidance to TIEs/CITs and their teams in designing / fine tuning of their Action Plans /Reports and provide support in carrying out cluster development activities in the specified cluster as per the agreed plans.
- To undertake at least 6 visits in a year in each cluster and meet the beneficiaries including BDS providers, MSMEs, BMOs and other cluster/regional/ national level stakeholders in the clusters;
- Monthly periodic review of progress in the individual cluster against action plans and strategies for impact evaluation in both qualitative and quantitative manner and provide strategic inputs related to interventions in clusters/Zones which may also inform midway corrections. The strategic inputs could be based on field experience of the consultant and with inputs / or references from SIDBI, New Delhi office to the consultant;

- Prepare and submit quarterly reports to SIDBI, New Delhi office incorporating number of activities /transaction took place in the cluster under the project umbrella.

5. Expected Outcomes /deliverables

5.1 Expected outcomes

- An efficient and upscalable project design which could help in coming up with sustainable, long term solutions for addressing various gap areas viz. skill development gaps, infrastructure gaps, knowledge gaps, credit gaps and policy advocacy gaps in selected MSME clusters;
- Engaging suitable CITs/TIEs for the project.
- A comprehensive/efficient monitoring mechanism to facilitate review, measurement and evaluation of the progress/impact of the project in general and the work of the CITs/CIEs in particular
- Specific solutions for specific problems faced by certain clusters

5.2 Deliverables

In particular, but not limited to :

- Reports on the MSME clusters visited;
- Brief presentations (Quarterly)
- Review Reports on M&E : Monthly
- Reports on cross learnings between various zones/clusters
- Periodic workshops/seminars with CITs/CIEs for project assessment
- Documentation of Case studies/Success stories during the project
- Strategy Reports/mid course corrections

6 Competency and expertise requirements

SI.	Criteria	Requirement
1	Background and work experience of the firm	The agency should have at least 10 years of working experience in cluster development
2	Experience of working on similar assignment	The agency should have 5 years of experience in M&E related assignments that include M&E, Designing, Impact Assessment for Client and Handholding.
3	Experience of working in the same region	Past experience of working in above 5 clusters
4	Understanding of the assignment and the proposed approach	The agency will have to attach separate document in respect of the understanding of the assignment and the proposed methodology for the proposed intervention.
5	Turnover of the agency	The agency should have average turnover of Rs.1

		crore p.a. over last 3 years (based on audited or CA certified balance sheet)
6	Key Personnel	The agency would have at least two Project Managers who shall be coordinating with each of the agency viz CITs & TIEs stationed in each of the 5 clusters and shall coordinate with the central a Project Leader. The team will be required to frequently interact with SIDBI team at New Delhi. • The Project leader at Head office should have at least 8 years of experience in monitoring & evaluation in cluster related projects. • The project manager should have at least 5 years of working experience in M&E Designing, Impact Assessment for Client, Handholding and on line management.

7   Scoring criteria : EoI stage

S.No.	Criteria of assessment		Max marks
1	Back ground and experience	Background and work experience of the firm	10
		Experience of working on similar assignment	25
		Experience of working in the same region	5
2	Understanding of the assignment and the proposed approach		20
3	Turnover of the agency		20
4	Key Personnel	Qualification and competence for this task	15
		Knowledge of local language and cultural issues	5
	Total		100
The minimum qualifying marks for the short listing of agency is 60. However, the Committee examining the responses reserves the right to relax the criteria.			

8   Reporting / Review Requirements

Important: All inputs are to be provided to SIDBI, New Delhi office (not directly to the TIEs/CITs)

- Periodic reviews : The agency shall make a brief presentation to SIDBI (supported by a review report) every month for the first six months since the project launch and every two months for next 6 months. Thereafter the presentations will be required on a quarterly basis along with quarterly review reports.
- SIDBI, New Delhi office shall review the performance of DMEA from time to time
- Mid term and final evaluation : The agency shall undertake a mid term review during the project and a final evaluation near the end of the contract period.

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9 Timeframe

Sr No	Action Plan for cluster intervention	Expected date of completion
(i)	Approval of the bid documents by the Committee appointed	Sep 15, 2015
(ii)	Floating of Expression of Interest	Oct 01, 2015
(iii)	Last date of receipt of application from agencies for empanelment (min 15 days)	Oct 19, 2015
(iv)	Issue of Invitation To Tender (ITT)	Oct 26, 2015
(v)	Invitation to Tender submitted (4 weeks)	Nov 26, 2015
(vi)	Opening of Technical bids	Nov 30, 2015
(vii)	Commercial bid opening	Dec 4, 2015
(viii)	Selection of preferred bidder	Dec 10, 2015
(ix)	Awarding & signing of Contract	3rd week of Dec
(x)	Launch of activities in clusters	4th week of Dec

The agency should be able to mobilize its resources by second week of January 2016. The contract will end 36 months after signing of contract.

Note : This ToR is meant for EoI stage only. A more detailed ToR with suitable explanations shall be provided at the time of final tender.

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Appendix

Smart Clusters – A Vision

1. Well maintained basic infrastructure
   ❖ Approach roads / internal roads
   ❖ Regular power supply / own power plant
   ❖ Regular water supply
   ❖ Green / climate friendly

2. Self-sufficient internal infrastructure

   ❖ Common Facility Centre - Tool rooms, design centre, testing laboratories
   ❖ Common Effluent Treatment Plant
   ❖ Own Raw Material bank/warehouse
   ❖ Own trade fair/exhibition centre
   ❖ A knowledge centre
   ❖ A permanent skill development arrangement
   ❖ Own website

3. Cluster management

   ❖ A strong Business Membership Organisation (BMO), with proactive role in channelising credit to its members
   ❖ An SPV with active member-contribution
   ❖ financing tie up with at least one leading bank
   ❖ Access to experts for problem resolution
   ❖ Proactive support to banks/FIs in developing customized financial products/schemes for the cluster.