USAID Feed the Future Kenya Crops and Dairy Market Systems Activity

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Document Number: RFP-KCDMS-FY2020-030 Technical Assistance/BDS to ECLOF Kenya Microfinance Ltd.

1.0. Program Background

The Kenya Crops and Dairy Market System (KCDMS) is a five-year (Oct 2017– Sept 2022) Activity of the USAID funded Feed the Future initiative implemented by RTI International. The Activity has been designed to facilitate improved productivity and development of competitive, resilient, and sustainable dairy and horticulture market systems in selected counties in Eastern and Western regions of Kenya. The Activity is capitalizing on facilitation of private-sector market driven partnerships and investments that promise development of high-value value chains through higher productivity, quality improvements and greater supply chain efficiency. Financing has been identified as a key constraint that inhibits the potential of intensification and diversification to higher value agricultural chains. For this reason, KCDMS is implementing approaches that seek to increase access to various forms of finance for agro-enterprises and small-holder farmers.

Finance is a key enabler of intensification and diversification of agricultural chains. To foster investments, access to financial capital targeted at the specific needs of different actors along the agricultural value chains is crucial. Despite a vibrant financial sector in Kenya, high demand for agricultural finance remains largely unmet and there is need to continually address constraints associated with insufficient supply of finance to smallholder producers and SME agribusinesses. Such constraints include high perceived risks associated with agricultural lending, weak agriculture value chain structures, borrower characteristics, collateral, information asymmetry, dispersed demand leading to high costs, as well as lack of affordable refinancing for financial institutions /service providers targeted at the agricultural value chains. Despite these constraints, agricultural financing offers tremendous growth potential for the financing sector. Sustainable financing to this sector, however, must be linked to an understanding of the different risks associated with the value chain and methods of mitigating these risks.
KCDMS is working in partnership with the financial services sector actors on sustainable approaches to increase the supply of finance to actors in the horticulture and dairy value chains. KCDMS is being implemented in 12 counties in Western, Nyanza and Eastern regions.

ECLOF Kenya is a microfinance institution providing financial and related non-financial services in Kenya and to all sectors of the economy. It was registered under the company Act (Cap 486) as a company limited by guarantee in 1994. ECLOF Kenya is currently a credit-only microfinance institution undergoing transformation process (to deposit taking). It is one of the National ECLOF committees (NEC) affiliated to the ECLOF international, based in Geneva, Switzerland. ECLOF Kenya has 20 branches and another 25 marketing outlets serving over 60,000 clients.

ECLOF Kenya operates in 28 counties with an overlap with KCDMS in the following counties: Bungoma, Busia, Homabay, Kakamega, Kisumu, Kitui, Siaya, and Vihiga. Considering this synergy, KCDMS intends to support ECLOF Kenya to strengthen its internal capacity to provide finance to the dairy subsector, a key strategic area for the MFI. ECLOF Kenya intends to scale dairy lending across all viable business clusters with farmer groups and cooperatives being the product nerve centers. The MFI plans to roll this out through a robust capacity development program that targets staff, partner cooperative leaders and farmers across its network of branches. KCDMS and ECLOF Kenya are therefore seeking the services of a qualified business provider to undertake this technical assignment as per the Scope of Work attached.

2.0. General Requirements
All applicants must have prior experience in financial services consulting in Kenya and should demonstrate experience in designing and supporting implementation of agribusiness finance training programs. Successful applications will be invited to negotiate with KCDMS and ECLOF Kenya to undertake the assignment, with agreed deliverables and budget.

3.0. Required Documents
3.1. Cover Page (includes project title, name of organization/company, contact details – name of contact person, physical address, phone number, and email address).

3.2. Technical proposal (See section 4.0): The technical proposal will address all issues related to the assignment activities and approach to produce deliverables as outlined in the Scope of Work attached.

3.3. Cost proposal/budget – Applicants should submit a detailed budget in the required excel format, accompanied by a narrative that explains the basis of the estimate for each line item. Bidders may submit written requests for the excel budget template to procurement@kcdmsd.rti.org.

4.0. Application Format & Review
A technical panel from KCDMS and ECLOF Kenya will review proposal submissions using the following criteria:
• Technical approach - Applicants should describe their approach/methodology for undertaking this assignment. Detailed work plan with specific timelines, activities, and deliverables.

• Organizational & Technical (personnel) Capacity: the bidder must provide CVs for technical personnel or consultants as an annex to the proposal. In case of more than one technical person, the name of the Team Leader should be indicated, and a reasonable staffing plan for implementing this assignment given to justify the expected level of effort of each of the consultants.

• Previous relevant experience: including contact details, value, and duration of the assignment.

• Budget – all applications should include a detailed itemized budget as per the activities proposed to be undertaken using the prescribed excel budget format.

The technical proposal must address all the evaluation criteria above indicated. Proposals must be valid for at least 90 days from the closing date.

5.0. Eligibility

Eligible applicants include any legally registered organization that has experience in the areas laid out in the attached Scope of Work. Applicants must demonstrate in-depth understanding of and practical experience working in the Kenyan financial sector and specifically, the microfinance industry. The bidder must also demonstrate a thorough understanding of agribusiness, value chain finance (specifically dairy), related business/economic conditions and the rural operational environment.

The successful bidder will also possess the following technical qualifications.

• The firm will nominate personnel with a pool of technical competencies in agricultural/rural finance, Microfinance operations, financial products processes, strategy, development training, economics, and research

• Has previous relevant experience in conducting successful training programs for financial services in agriculture. Experience in agricultural market systems approaches especially in dairy value chain and related investments is required.

• Demonstrate broad experience in financial interventions for dairy value chains

• Understanding of the economic, financial, demographic and market systems landscape in the operational counties will be an added advantage.

6.0. Duration of Assignment:

It is anticipated that the first phase of the assignment can be concluded within a 2-month timeframe to be followed by a training roll-out support period of not more than two (2) additional months. KCDMS therefore invites innovative proposals that will achieve the above objectives within this period.
7.0. Budget and Pricing
This will be a Fixed Price Award with payment based on deliverables. All proposed budget line items will be reviewed for reasonability and financial proposals will be evaluated on value for money. The successful bidder will be required to provide a *reasonable budget (in KES)* covering the cost of the entire assignment. For the purposes of budgeting, please use the following information:

Technical proposal must justify the need, the appropriateness of the technical advisors used by the firm and the detailed budget to complete the task. Bidders must submit a detailed financial proposal justifying how the overall objectives for this SOW can be successfully met.

Labor should be justifiable based on salary history; USAID EBD/1420 forms (Attachment D) must be completed and submitted with verification documentation for daily rate history/justification for the assigned staff in accordance with USAID policy. Labor rates presented should be unloaded, and fringe benefits and other loading should be itemized separately.

**The anticipated disbursement schedule for the assignment is as follows:**

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Expected delivery date</th>
<th>Proportion of contract budget</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inception report accompanied by a detailed, timed workplan</td>
<td>TBD</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>2. Training Need Assessment Report</td>
<td>TBD</td>
<td>15%</td>
<td></td>
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<tr>
<td>3. Staff Training manual and Trainers guide, Cooperative leaders Training Manual and Trainers guide, Farmer training manual and Trainers guide</td>
<td>TBD</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>4. Training of Trainers program report- accompanied by list of participants</td>
<td>TBD</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>5. i) Training reports on the 3 clusters: To include lessons learnt and detailed participants list</td>
<td>TBD</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>ii) Exit report with recommendations for sustaining and scaling this model of business development</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**7.0. Submission Guidelines**
The proposals must be submitted using the English language and must not exceed ten (10) pages (excluding annexes).
Application including cover letter, technical proposal and financial proposal should be completed and submitted to procurement@kcdmsd.rti.org with ‘KCDMS – ECLOF Kenya RFA’ in the subject line reference by June 15, 2020.

Questions relating to this RFA may be submitted to procurement@kcdmsd.rti.org by May 30, 2020.

Bidders may submit written requests for the excel budget template and the USAID EBD/1420 form to procurement@kcdmsd.rti.org.

**Disclaimer:** Issuance of this RFA does not constitute an award commitment on the part of KCDMS nor commit the project to pay for costs incurred in the preparation and submission of an application. Further, KCDMS reserves the right to reject any or all applications received. Similarly, an invitation for further negotiation or to submit a full application is not a commitment to fund that application.
SOW FOR TECHNICAL ASSISTANCE FOR CAPACITY DEVELOPMENT TO ECLOF KENYA MICROFINANCE

2. Staffed by: Access to Finance Specialist
3. Reports to: Technical Director
4. Location: Bungoma, Busia, HomaBay, Kisumu, Kakamega, Kitui, Siaya, Vihiga
5. Value chains: Dairy, Feed & Fodder
6. Duration: 4 months

7. About KCDMS Activity
The Kenya Crops and Dairy Market Systems (KCDMS) Activity is a component of the USAID funded Feed the Future project implemented by RTI International. The project is working in selected counties in Eastern and Western regions of Kenya to facilitate improved productivity and development of competitive, resilient and sustainable market systems in the dairy, feed/fodder and horticulture value chains. Key among the initiatives includes working to ensure diverse production and improved productivity, improving access to inputs and services to small holder farmers and promoting strategies that increase dairy, feed/fodder and horticulture productivity businesses sourcing from small holder farmers.

8. Project Objective and Approach
KCDMS’s goal is to transform agricultural market systems to enable intensification and diversification into higher value commodities and non-farm activities. The project is doing this by facilitating market driven partnerships that bring together all players to invest in higher productivity, quality improvements and greater supply chain efficiency. Key to this is facilitating access to finance with a view to unlocking potential constraints to expansion and development of tailored financial services that meet value chain demands.

9.0 Business Development Services (BDS) for ECLOF Microfinance

ECLOF Kenya is a microfinance institution providing financial and related non-financial services in Kenya and to all sectors of the economy. It was registered under the company Act (Cap 486) as a company limited by guarantee in 1994. It is currently a credit-only microfinance institution undergoing transformation process (to deposit taking). It is one of the National ECLOF committees (NEC) affiliated to the ECLOF international, based in Geneva, Switzerland. ECLOF Kenya has 22 branches and another 20 marketing outlets serving over 60,000 clients by April 2020.

The company’s strategic plan (2017-2022) aims to attain a product mix of 55% Business, 25% agribusiness, 10% for SME segment, institutional (including religious) and check off loans and 10% social Loans. The MFI has a Kes 1.3B portfolio with the agribusiness segment at 23.4% as at end of year 2018. ECLOF Kenya’s agribusiness strategy anchors agribusiness as a business driver for
the overall portfolio. Dairy leads in the sector drivers for the strategy that also identifies horticulture, fruits, floriculture, poultry, oil seed and sunflower value chains.

Implementation of this strategy has led to robust growth of the MFI's agriculture portfolio from Kes. 24 M (4% Portfolio composition) in 2013 to Kes. 306M (23.3% portfolio composition) by EOY 2018. In 2015 ECLOF Kenya together with other partners adopted a partnership model with dairy cooperatives to finance farmers to adopt climate smart initiatives in their dairy farming. In addition to financing traditional dairy needs such as purchase of herd and inputs, the initiative includes adoption of improved cowsheds, fodder production, installation of biogas digestors and livestock insurance. The aim of this approach was to demonstrate to the farmers that successful dairy agribusiness is achievable by adopting sustainable financing and planning, sharing of weather information, soil and water management, efficient feed production and utilization, and sustainable dairy practices. A successful pilot with 3 cooperatives in Nakuru and Nyandarua Counties that reached 456 client farmers, has proven that sustainable adoption of climate smart dairy initiatives can bring strong livelihood benefits, while providing increased resilience to climate change. The model has now been rolled out in some other locations in the Central region. The initiatives promoted included: adoption of improved cowsheds, fodder production, installation of biogas digestors and livestock insurance.

The aim of ECLOF Kenya is to scale dairy lending via this model across all viable business clusters with farmer groups and cooperatives being the product nerve centers. The MFI intends to roll this out through a robust capacity development program that targets staff, partner cooperative leaders and farmers across its network of branches. Staff need greater understanding of value chain financing, identifying opportunities and use of credit scoring guides. For cooperative leaders, the training will strengthen the cooperative management and understanding as the nexus of financial access. For the farmers, finance enables adoption of climate smart practices and technologies, insurance, and investments in the dairy sector.

10.0 Overall Objective of the Assignment
The objective of this assignment is to provide business advisory services to ECLOF Microfinance in developing and implementing a capacity development program for dairy and agribusiness lending. The training program primarily targets staff capacity to undertake a dairy lending program that is value added with climate smart elements. The design however takes cognizance of the need for empowered cooperative alliances and a knowledgeable farmer.

11.0 Specific Objectives of this assignment
Specifically, this assignment will seek to:

i. Conduct a training needs assessment (TNA) for staff and targeted dairy entrepreneurs: In line with ECLOF’s strategic objectives, undertake the assessment of capacity development needs

ii. Develop a training manual and trainers guide for staff, cooperatives and farmers. From the findings of (i) above, develop training manuals and trainers guides for training staff, cooperative leaders and farmers.
iii. Conduct a Training of Trainers program: Facilitate a TOT program for 15 staff who will become the internal resource for scale and business development in this line

iv. Capacity building of cooperatives: Support the internal trainers to roll-out the training of cooperative leaders.
v. Capacity Building of farmers: Support roll-out of capacity building for 1,000 farmers on adoption of technologies, better housing, feeding, insurance and WASH factors.

For the technical assistance phase, ECLOF intends to train 15 trainers and then roll-out training to 50 agribusiness lending staff, cooperative leaders from 5 cooperatives and 1,000 farmers. It is expected that the TOT and trained staff will sustain the training while trained farmers will become cross-learning agents with multiplicity of benefits towards climate smart practices, prudent borrowing, and investment.

Training of cooperative management teams will ensure they are run professionally and become a critical nexus for marketing, information flow and a financing that maximizes profitability for both the cooperatives and their member farmers.

12.0 Approach and Methodology
The consultant will propose the most suitable and innovative approach to undertake this assignment. It is expected however, that the consultant will use the following but not limited to the following approaches:
1. Meetings and interviews with management, staff, and other key stakeholders
2. Desk research: literature review of relevant publications and internal documentation
3. Review and development of training content
4. Conducting training program(s): for staff, cooperative leaders, and farmer training
5. Classroom and experiential training which includes adult training techniques

13.0 Deliverables
Specific activities and deliverables for the assignment:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Deliverable</th>
<th>Estimated Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Inception</td>
<td>Inception report accompanied by a detailed, training plan, timed workplan, budget implementation schedule and agreed list of partner cooperatives/dairy groups</td>
<td>2 days</td>
</tr>
<tr>
<td>2. Conduct a training needs assessment (TNA) for staff and targeted dairy entrepreneurs</td>
<td>Training Need Assessment Report</td>
<td>7 days</td>
</tr>
<tr>
<td>Activity</td>
<td>Deliverable</td>
<td>Estimated Time Frame</td>
</tr>
<tr>
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</tr>
<tr>
<td>3. Develop training manual and trainers guide for staff, cooperative management and farmer training</td>
<td>Staff training manual and guide  Cooperative leaders training manual and guide  Farmer training manual and guide</td>
<td>14 days</td>
</tr>
<tr>
<td>4. Conduct a Training of Trainers (ToT) program</td>
<td>Training report- accompanied by list of participants</td>
<td>7 days</td>
</tr>
<tr>
<td>5. <strong>Staff Training:</strong> support/backstop a training program by in-house trainers for 50 line staff  Cooperative Leaders and farmer training. Technical support to trainers and staffs to train leaders in 5 selected cooperatives and 1,000 farmers.</td>
<td>Training reports on the 3 clusters: To include lessons learnt, participants list  Exit report: with recommendations for sustaining and scaling this model of business development</td>
<td>30 days</td>
</tr>
</tbody>
</table>

To achieve the objective of this activity, KCDMS and ECLOF Kenya Microfinance invite proposals that creatively lead to the production of the desired deliverables under this assignment. The technical proposal will clearly demonstrate how proposed process activities will contribute to deliverables in a manner that is sustainable and profitable for the MFI. The proposal must also describe how process activities will be implemented in a cohesive manner necessary to generate the high-quality deliverables and achieve the objective of this assignment. The business service provider will supply the deliverables and comply with all contract requirements.

14. **Assignment Duration**
The duration of the assignment is expected to be within a 4 months’ timeframe.

15. **Technical direction and Supervision**
KCDMS will provide technical oversight to the business service provider through its designated Access to Finance Specialist. ECLOF Microfinance will provide a designated representative who will also be the point-of-contact for purposes of additional technical oversight. The Access to Finance Specialist will approve deliverables before payment is made after receiving concurrence from ECLOF Microfinance’s designated representative.

16. **Application**
Institutional consultancy firms are eligible to apply for this assignment. Interested and qualified institutional consultants are invited to submit their proposal(s) comprising the following:

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1 The trainings are organized at the cooperative sites with minimal costs that are born by the MFI.
1. A one-page cover letter that summarizes the technical experience and capability in successfully undertaking this assignment.

2. A brief technical proposal for the assignment (of not more than 10 pages) including:
   - The technical approach and work plan for undertaking the assignment
   - Proposed topics/content to be covered in the training
   - An itemized budget and time frame using the attached excel format. The budget to be in the context of the level of effort and must be VAT inclusive.
   - Relevant and recent previous assignments undertaken
   - Registration and other relevant statutory documents

17. **Total Assignment cost**
   The total assignment cost is subject to Withholding tax.

18. **Confidentiality**
   All the information collected in the process of undertaking this exercise together with the reports shall be the property of KCDMS and ECLOF Kenya Microfinance Ltd. All annexes shall be prepared separately. All information produced or collected will not be reproduced, disseminated or discussed with other parties, apart for the purpose of completing the deliverables required without the express written approval of a duly authorized representative of ECLOF Kenya Microfinance. All findings, conclusions and recommendations will be confidential and proprietary.

19. **Conflict of Interest**
   This assignment shall be executed as per the terms of reference contained in the contract entered into during partnership engagement and any adjustment, must be agreed upon by all parties in advance before execution of the issue at hand. No conflict of interest is anticipated in the course of the undertaking this assignment.