



REQUEST FOR APPLICATIONS
Private Sector Investment in Kitui County
Kenya Feed the Future – Crops and Dairy Market Systems Activity (KCDMS)
RFA-KCDMS-FY20-025

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Closing date for Kitui County RFA: April 30, 2020

Round 1

Closing date for concept paper submission: March 30, 2020

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Round 2

Closing date for concept paper submission: April 30, 2020

Closing date for questions: March 15, 2020

Responses to be published by: March 30, 2020

KCDMS is a five-year (Oct 2017– Sept 2022) program under Feed the Future, the U.S. Government’s Global Food Security initiative to increase agricultural production and reduce poverty and malnutrition in Kenya. The project is implemented by RTI International in 12 counties including; Kitui, Makueni, Taita Taveta, Homa Bay, Migori, Kisii, Kisumu, Siaya, Kakamega, Bungoma, Busia and Vihiga. KCDMS interventions are focused on Market Access, Productivity, Policy, Social Inclusion, Collaboration Learning and Adaptation, and Grants. The grants will be awarded and implemented in accordance with USAID and US Government regulations and KCDMS grant management policies and procedures. Please see the detailed description of the concept paper requirements in section IV below.

KCDMS is looking for viable agri-businesses to invest in Kitui county. To assist with commercial investment, KCDMS is offering grant support to eligible private sector partners on a 50-50 matching basis to support agribusiness activities. Private enterprise definition includes agrodealers, produce aggregators, processors, and manufactures) willing to work in Kitui County. The enterprise must already be engaged in agricultural business with a desire to invest in Kitui County to:

- Sustainably grow their enterprises;
- Create employment
- Use the opportunity to source from or sell products to residents of Kitui County.

Soft copies of this document are available from the RTI International website: www.rti.org/rfp.

To ensure uniform disclosure to all potential applicants, we request that you submit any clarification questions to us by email. All questions must be submitted by email to RFA2020@kcdmsd.rti.org. RTI will not respond to telephone inquiries. Answers will be updated monthly and posted on the RTI website. (www.rti.org/rfp)

In the initial stage, only a concept paper is required to be submitted. If the applicant successfully meets or exceeds the merit review criteria, they will be invited to submit a full application. Details on what will be required at the application stage are explained in section IV below.

Issuance of this RFA does not constitute an award commitment on the part of the KCDMS Project nor does it commit the KCDMS Project to pay for costs incurred in the preparation and submission of a concept paper. Further, KCDMS Project reserves the right to reject any or all concept papers received. Similarly, an invitation to submit a full application is not a commitment to fund that application.

The KCDMS grant review and approval process eliminates the possibility of any unilateral decision on any given application. KCDMS and RTI employees will not ask for, and applicants are prohibited from offering, any money, fee, commission, credit, gift, gratuity, thing of value, or compensation to obtain or reward improper favorable treatment regarding this solicitation. Any improper request from a project employee should be reported to ethics@rti.org.

SECTION I. INTRODUCTION

a. Program Background

The Kenya Feed the Future – Crops and Dairy Market Systems Development Activity (KCDMS) is a five-year activity funded by USAID and awarded to RTI International in partnership with East Africa Market Development Associates (EAMDA), Open Capital Advisors, International Livestock Research Institute (ILRI), Farm Input Promotions Africa (FIPS), Making Cents International and Busara Center for Behavioral Economics. The period of performance is from October 1, 2017, to September 30, 2022.

KCDMS seeks to strengthen market systems, enabling farmers to intensify and diversify into higher-value crops, value addition activities, and non-farm employment. KCDMS takes a facilitative approach, working through public and private market actors best positioned to drive positive changes that will reverberate throughout the system.

b. Project Description

KCDMS is operational in 12 counties but this RFA is only for Kitui County. Applicants do not need to be resident in Kitui County but should be (or plan to be) operational in, selling to, or purchasing from farmers in Kitui county.

Project Objectives

- i. Build Competitive, Inclusive and Resilient Agricultural Market Systems;
- ii. Diversify Agricultural Production and Improve Productivity;
- iii. Improved Policy Environment for Market Systems Development;
- iv. Integrate Youth and Women into Agricultural Market Systems; and
- v. Increased Collaborative Action and Learning for Market Systems Change.

RTI and its partners will play a facilitative role in implementing the project through private sector firms, cooperatives, and industry/trade associations, and financial institutions.

c. Partnership and Innovation Fund (PIF)

The overall purpose of the KCDMS Partnerships and Innovation Fund (PIF) is to catalyze private sector investment in the expansion and strengthening of market systems for dairy and horticulture. The project team will evaluate, and structure all grants to maximize the recipient's financial contributions. To ensure commitment to the project goal and maximize the reach of PIF funding, KCDMS will require grantees to contribute towards the overall activity costs in the form of cost share. (Cost share refers to the resources a grantee contributes to the total cost of implementing an agreed activity or intervention).

The KCDMS team will assign staff to work closely with PIF partners, including: participating private sector firms, cooperatives, and industry/trade associations, and financial institutions to meet the project objectives.

d. Authority /Governing Regulations

KCDMS grant awards are made under the authority of the U.S. Foreign Affairs Act and USAID's Advanced Directive System (ADS) 303. Awards made to non-U.S. organizations will adhere to guidance provided under ADS Chapter 303, "Grants and Cooperative Agreements to Non-Governmental Organizations" and will be within the terms of the USAID Standard Provisions for Non-U.S. Non-Governmental Recipients, as well as the KCDMS grants procedures.

ADS 303 references two additional regulatory documents issued by the U.S. Government's Office of Management and Budget (OMB) and the U.S. Agency for International Development:

- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E (U.S. applicants are subject to 2 CFR 200 in its entirety)
- Full text of 2 CFR 200 can be found at <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf> and 2 CFR 700 at <http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=102cd1c4eb042c8040ebfcb0e923edfc&ty=HTML&h=L&r=PART&n=pt2.1.700>.

The project is required to ensure that all enterprises receiving USAID grant funds comply with the guidance found in the regulations referenced above, as applicable to the respective terms and conditions of their grant awards. KCDMS staff will work closely with applicants to ensure that these requirements are met.

SECTION II. AWARD INFORMATION AND ADMINISTRATION

a. Purpose and Scope

The purpose of the RFA is to solicit proposals from prospective privately-owned firms for investment activities in Kitui County under the KCDMS project. The project aims at catalyzing growth in agriculture by supporting the permanent actors in the sector to create sustainable solutions to existing constraints through the following approaches:

i. Sustainable Agricultural Market Systems

- Facilitating market systems organization and coordination by supporting investments in improved supply chain management practices by market players (aggregators, processors, transporters, equipment manufacturers, etc.). These investments include improving management practices to strengthen supplier/buyer loyalty.
- Strengthening capacity and profitability of private sector firms and agribusinesses (private and farmer-owned) that source products from small holder farmers.

- Enhancing trade in domestic, regional, and international markets by facilitating activities aimed at creating demand for products in new and sustainable markets.

ii. Agricultural Production and Productivity

- Facilitating diverse agricultural production and improved productivity by enhancing farmer access to sustainable sources of information, training, extension services, improved technologies, and inputs. Examples include:
 - Supporting private sector firms to offer embedded training and extension services on a commercial basis.
 - Expanding and developing input supply models, incorporating new models that respond to specific geographic areas, and commodities, focusing on inclusion and cost efficiencies.
 - Increase access to inputs and services by co-sponsoring agro-dealer platforms and launch of private sector embedded extension driven by agro-dealers.

b. Award Information

i. Program Duration

The duration of programs funded under this RFA is for a maximum period of 12 months from the date of award. KCDMS reserves the right to incrementally fund activities over the duration of the program, if necessary, depending on program length, performance against approved program indicators and availability of funds.

KCDMS anticipates a rolling selection process, where it will begin evaluating concept submissions as soon as they are received and may issue grant application invitation letters early, even before the submission deadline. All interested enterprises are encouraged to submit their concept submissions as early as possible.

ii. Anticipated Funding Availability

Individual grants awarded as a result of this RFA and submission of a final application are intended to be within the range of KES 5,000,000 to KES 25,000,000. Applicants are expected to contribute towards the overall activity cost in the form of cost share. (Cost share refers to the resources a grantee contributes to the total cost of implementing an intervention or activity. Cost share may be in cash or kind or both). The cost share requirement is essential to demonstrate the commitment and ownership buy-in of the grantee. Private firms and companies should expect to contribute a cost share of at least 50%. (See section d. below.)

Ability to demonstrate long term commercial viability and clearly explain how the activity will be sustainable after the closure of the KCDMS project is the most important criteria for determining whether concepts will be invited to submit a full application. One-off support that is not sustainable or does not create a lasting impact on sector performance and small holder incomes will not be entertained.

iii. Type of Award

Grants awarded under this RFA could either be fixed amount award grants (FAA), cost reimbursable grants, or in-kind grants.

For FAAs, KCDMS will make payments based on submission and acceptance of specific verifiable milestones. Once an award is issued, it will include a fixed price payment schedule with milestones and deliverables negotiated during the final application and award process.

For cost-reimbursable grants, payment will be done only after expenditures are made, submitted to KCDMS, and found appropriate and allowable. These grants require detailed budgets that indicate the intended use of the funds as this detail helps define appropriate and allowable expenditures. Cost reimbursable grants will be primarily used for larger interventions. Reimbursement will be scheduled in tranches based on agreed deliverables, and upon review and acceptance of financial reports.

Under in-kind grants, goods and/or services will be procured directly by RTI and provided to the grantee.

c. Applicant Eligibility

- Applicants must be a registered company/enterprise (including micro-enterprises or groups of micro-enterprises). All Applicants should:
 - Be legal persons;
 - Be formally constituted at the time of grant award;
 - Be compliant to government of Kenya regulations (submit tax compliance certificate)
 - Have their principle place of business in Kenya;
- Grant award(s) resulting from this solicitation that are not in-kind will be required to provide a Data Universal Numbering System (DUNS) number at the time of award. If the applicant already has a DUNS number, it should be included in their application. Otherwise, applicants will be expected to get a DUNS number before an award is made. The KCDMS project will assist successful applicants with this process. DUNS numbers can be obtained online at <http://fedgov.dnb.com/webform/pages/CCRSearch.jsp>
- Applicants must display sound management in the form of financial, administrative, and technical policies and procedures and present a system of internal controls that safeguard assets; protect against fraud, waste, and abuse; and support the achievement of program goals and objectives. KCDMS will assess this capability prior to awarding a grant. Any falsification of proposal information may result in rejection/cancellation of the award.

d. Cost share

Applicants must be willing to make a significant investment in their business activities related to the KCDMS value chains and counties.

Applicants must be able to contribute a cost share of NOT less than 50% of the total project cost. Preference will be given to applications where the contribution exceeds this minimum. The cost share can be done through capital or equity contribution.

In the concept paper, applicants need only estimate their cost share and explain in general terms where that cost share is coming from. Selected applicants will be required to submit a detailed proposal for cost share contributions as an annex to the cost proposal at the full proposal stage. The proposed contributions must meet the standards set in 2 CFR 200.306 for non-U.S. organizations "Cost Sharing." To highlight some of the approaches allowable in determining the value of the cost share, see Annex B below.

e. Environmental Compliance

The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID funded activities on the environment be considered and that environmental sustainability be considered in designing and carrying out development programs. The environmental impacts of USAID-financed activities must be identified prior to a final decision to proceed and appropriate environmental safeguards are adopted for all activities.

As part of its application/proposal, the recipient, in collaboration with the KCDMS technical staff shall review all planned activities under the grant to determine if any environmental action and/or documentation must be completed prior to implementation.

SECTION III. APPLICATION AND SUBMISSION INFORMATION

a. Instructions to Applicants

Applicants must propose strategies for the implementation of the program scope described above, introducing innovations that are appropriate to their enterprise strengths.

b. Concept Paper and Full Proposal

This is a two-stage application process: a concept paper and full proposal.

Step 1: Concept paper development

The first stage is for the applicant to submit a concept paper. Concept paper forms (Annex A) will be evaluated against the merit review criteria listed in Section IV below.

Step 2: Full Proposal

If the applicant successfully meets or exceeds the merit review criteria, they will be invited to submit a full proposal.

Instructions and a template for developing the concept paper are provided in Annex A. Applicants shall present their concept paper in the formats provided and shall follow the instructions and guidelines listed in this annex.

All grant activity costs must be within the normal operating practices of the applicant and in accordance with its written policies and procedures. The budget may include direct costs that will be incurred by the applicant to provide identifiable administrative and management costs that can be directly attributable to supporting the grant objective.

The concept paper must be signed by a senior representative authorized to make commitments on behalf of the applicant.

c. Ineligible expenses

KCDMS grant funds may not be utilized for the following:

- Construction or infrastructure activities of any kind.
- Ceremonies, parties, celebrations, or “representation” expenses.
- Purchases of restricted goods, such as: restricted agricultural commodities, motor vehicles including motorcycles, pharmaceuticals, medical equipment, contraceptive products, or prohibited goods, prohibited goods under USAID regulations, including but not limited to the following: abortion equipment and services, luxury goods, etc.
- Alcoholic beverages.
- Purchases or goods or services restricted or prohibited under the prevailing USG Foreign Policy restricted countries.
- Any purchase or activity, which has already been made.
- Purchases or activities unnecessary to accomplish grant purposes as determined by the KCDMS Project.
- Prior obligations of and/or, debts, fines, and penalties imposed on the Grantee.
- Purchase of second-hand goods or used machinery unless prior approval has been given by KCDMS based on sound justification.
- Creation of endowments.

d. Eligible Expenses

Grant monies may be used for the following types of costs:

- Operational costs related to the provision of the proposed activities, including salaries of personnel, relevant equipment, supplies, financial administration, and other costs directly related to implementing the project.
- Operational costs for activities related to the delivery of proposed activities, including trainings, workshops, and communication initiatives.
- Materials development, production and distribution.

Similarly, any of these categories of expenses can be considered as meeting cost share requirements if paid by the grantee and clearly justifiable as necessary to successful implementation of the intervention.

e. Submission Information

Concept papers shall be submitted in the format provided in **Annex A – Kitui County Concept Paper Form** and completed in English and may not be more than five (5) pages (excluding cover page, executive summary and annexes).

Concept papers and other supporting documents shall be submitted in electronic copy to the RTI email address below and should reference **RFA-KCDMS-FY20-01** in the subject line of the email. KCDMS will continue to accept concept papers through April 30, 2020. Late applications will not be considered.

RTI Submission email: RFA2020@kcdmsd.rti.org. Concept papers or applications submitted other than to this email will not be counted as official submission and the applicant will be asked to re-submit to the RTI grants email.

In addition to the concept paper, applicants should submit the following to KCDMS:

- A copy of the Applicant's valid legal registration,
- A copy of tax compliance certificate; and
- Signed and dated Required Certifications listed under Annex C.

Please submit all questions concerning this solicitation to the attention of KCDMS, via email to RFA2020@kcdmsd.rti.org. Responses to submitted questions will be posted on the RTI website (www.rti.org/rfp) on a regular basis. RTI will assist applicants in understanding the application process and can provide guidance in application development at the request of applicants.

SECTION IV. APPLICATION MERIT REVIEW CRITERIA

As described above, applications will be evaluated in a two-step evaluation process:

- The first step is for the applicants to submit a concept paper.
- If the concept paper is accepted, the applicant will be asked to submit a more detailed application.

All concept papers and applications will be reviewed by a Technical Evaluation Committee comprised of KCDMS technical implementation staff. Concept papers will be evaluated against the criteria below:

Criteria	Possible Points
Alignment with KCDMS Objectives: A precise narrative clearly demonstrating how the proposed investment aligns with the objectives and scope as highlighted in the Purpose and Scope section.	10
Impact: Demonstrated understanding of business model and market potential. Feasibility of the proposed approach, activities and timeframe and extent to which any unique innovation methods, techniques and tools designed for this intervention will improve performance of the sector. Contribution to KCDMS indicators/targets with respect to number of farmers, changes in yield, acreage under improved production and technologies, and volume and value of sales.	40
Sustainability: The concept paper discusses ways in which the enterprise is going to scale up and continue supporting the initiated activities with the target audience beyond KCDMS support.	30
Applicant Contribution: The reasonableness of the proportion of costs share, considering the type of interventions being proposed.	20
Total Points	100

** Bonus points are awarded for impact on women, youth and nutrition.

If a concept paper meets KCDMS general criteria for a sub grant, the applicant will prepare a Grant Application in accordance with this RFA. Full instructions for submitting the application will be sent to the applicant with the invitation letter.

SECTION V. AWARD AND ADMINISTRATION INFORMATION

All grants will be negotiated, denominated and funded in Kenyan Shillings (KES).

All costs funded by the grant must be allowable, allocable and reasonable. Grant applications must be supported by a detailed and realistic budget.

Issuance of this RFA and assistance with application development do not constitute an award or commitment on the part of KCDMS Project or RTI, nor does it commit KCDMS or RTI to pay for costs incurred in the preparation and submission of an application. KCDMS and RTI reserve the right to accept or reject any or all applications received. KCDMS and RTI also reserve the right to ask for further clarifications from the applicants or negotiate for adjustments on the nature, scope or scale of the investment. Applicants will be informed in writing of the decision made regarding their application.

The following Annexes are included with this RFA:

- ANNEX A:** Concept Paper Form
- ANNEX B:** Cost Share Guidance
- ANNEX C:** Required Certifications