

## CALL FOR EXPRESSION OF INTEREST

### **Terms of Reference to evaluate opportunities in market linkages, value addition and environmental conservation for Hand in Hand Eastern Africa**

#### **1. Introduction**

Hand in Hand Eastern Africa (HiH EA) is inviting qualified consultants to submit proposals to evaluate opportunities in market linkages, value addition and environmental conservation relating to themes of job creation, improved livelihoods and empowerment. The evaluation will support Phase 2 of HiH EA's ongoing operations expansion, supported by the Swedish International Development Cooperation Agency (Sida) and Hand in Hand Sweden.

#### **2. Brief Description of HIHEA**

HiH EA is a Non-Governmental Organization (NGO) in Kenya, established in 2010, with the vision to alleviate poverty through job creation. HiH EA promotes economic and social empowerment of the poorest citizens to help them lift themselves out of poverty and vulnerability. HiH EA belongs to the global Hand in Hand network of NGOs<sup>1</sup> with a shared vision to reduce poverty through the creation of sustainable enterprises and jobs. HiH EA targets disadvantaged groups in the Kenyan society, with focus on women and vulnerable groups in rural areas who are active in the informal sector. HiH EA's approach is based on a philosophy of self-help, which provides business and skills training and support to enable poor people, particularly women, to build and sustain independent, market-based economic activities. This provides for a higher level of income for them and their families. This in turn contributes to greater food security, better education for children, increased access to medicines and health care and improved housing. By end January 2015, HiH EA has mobilized 84,797 rural poor (74% women) into 4,424 Self-Help Groups (SHGs), creating 86,965 enterprises and 108,000 jobs. This is done through a 4-step approach:



**Step 1 – Group formation and savings mobilization:** HiH EA forms new groups and works with existing groups formed previously under the government's National Agriculture and Livestock Extension Programme (NALEP). SHGs gather 15-20 members, taking into account common

<sup>1</sup> The network today has operations in Afghanistan, Cambodia, India, Eastern Africa and Southern Africa. Strategic support, technical assistance and fundraising are provided by Hand in Hand International in London and Hand in Hand Sweden.

demographics and social cohesion. The formation of strong, self-selected groups is a crucial building block, especially for women and vulnerable groups who find a voice by sharing problems and responsibilities. Once mobilized, groups receive basic group training to develop a constitution outlining group rules and elect leadership. Attaining at least 90% member attendance attests to the value that women vulnerable groups ascribe SHGs, guaranteeing group sustainability. Groups are taught the importance of savings, basic finance and cash management, to better manage existing resources. They pool regular and discretionary savings through various mutually agreed savings mechanisms; funds are used for short-term loans to members, allowing them to smooth consumption and meet short-term cash needs. Groups are encouraged to open a savings account. Experience shows that group members mobilize average £73 in individual savings and show 100% repayment on internal group lending. Training uptake, evidenced by good attendance, savings and internal loan repayment, is a pre-requisite to move forward in the program.

**Step 2 – Entrepreneurship and financial management training:** Groups are provided with enterprise and financial literacy training to develop skills needed to identify and establish an income generating activity; for members already economically active, focus will be on expanding or enhancing their enterprise. Members develop basic skills to start and manage a business, including: basics of enterprises, bookkeeping, business registration and financial analysis.

**Step 3 – Access to credit:** For some, access to internal group savings is enough to meet their needs; however, most will over time need access to additional finance. Although multiple MFIs exist in Kenya, rates are often prohibitive and products unsuitable or unavailable to the poor, especially women. To overcome this financial exclusion, HiH EA has set up an Enterprise Incubation Fund (EIF), aimed at expanding members' access to catalytic capital for an income generating activity, to build their credit history. The EIF is capitalized separately by HiH International through borrowing on soft/concessional terms from social impact investors. By end January 2015, KES 150,475,500 (USD1, 690,736) has been issued through 14,097 loans with 100% repayment through the EIF. A maximum of three small micro-loans of KES 5,000-30,000 (USD 56-337) are available at affordable and responsible rates to members who have completed training, show high repayment from internal lending, have a sound business plan and demonstrate a required level of savings. Over-indebtedness is avoided by training against multi-borrowing, offering small loans, excluding those already indebted, and giving subsequent loans only once the existing loan is fully repaid. After a third loan, members are expected to transition to MFIs or regular banks to access finance and to keep the EIF relatively small and catalytic.

**Step 4 – Support with market access and value-addition:** HiH EA equips its members with skills to add value by increasing productivity, improving quality and marketing. Based on members' needs, HiH EA provides vocational training and more specialized, tailored advice on processing, packaging and quality control, as well as product-specific advice. Specialized training is offered through HiH EA's expert partners and includes training on a range of appropriate small-farming techniques. HiH EA links members to other stakeholders within a selection of agricultural value chains for respective county. Interventions are initially local, in the village, market center and group-to-group. Linking enterprises to more formal market outlets, such as supermarkets and processors, is difficult given variable quantities and quality against buyer demand. Therefore, HiH EA advises members on improved productivity, quality control, proper pricing, reliable bulk production and delivery that generate economies of scale. This stage also incorporates environmental sensitization on green practices, such as recycling, renewable energy and promotion of tree nursery enterprises in partnership with environmental-based organizations.

### 3. Description of Study

The key objectives of the study are to evaluate the opportunities in Market linkages, value addition and environmental conservation to analyze the demand, supply and operational as well legal issues related to the markets, value addition and environmental conservation and to develop organizational holistic understanding of the current situation of value additions, market linkages and environmental conservation operated by the small holder farmers within the HIHEA areas of operation.

In particular, the evaluation should shed light on the status and viability of existing and potential markets and value addition and determine which hold promise of employment opportunities, product expansion, market viability, value addition opportunities, quality improvement and input availability to small holder farmers.

It will also involve review and analysis of policies that affect market access, value addition and environmental conservation including relevant Government policies, market liberalization, institutions for credit, insurance, transport, technology, information dissemination etc.

Comment on how the model of market linkage, value addition and environmental conservation works, reflecting on strengths and weaknesses and if applicable what can be adjusted.

The study will also review the current HIHEA structure and support to Value addition, market linkages and Environment conservation.

The specific objectives are to:

#### *Market Linkages*

- Map local potential markets of agricultural and non-agricultural products.
- Analyze current market trends in terms of market demand and supply, price-scheduling mechanisms, market determinant factors, market actors, supply chains and government market regulatory and control mechanisms.
- Analyze possible potential risks the beneficiaries may face in market and suggest possible mitigation measures.
- Come up with innovative and possibly market accepted packing and packaging and marketing models that the beneficiaries can adopt.
- Explore micro financing institutions and illustrate how the beneficiary's can be linked with them to facilitate market access.
- Understand the coping mechanisms and the current livelihoods practices of the communities and recommend alternative approaches to diversified livelihood options.
- Assess the extent to which information on markets and pricing on consumer products is available.
- Understand the existing market situation and nature of bargain taking place between different market players in the study area (relationships, attitudes and behaviors).

#### *Value Addition*

- Assess the resources, skills and capacities of beneficiaries in relation to value addition.
- Comment on the production system used by beneficiaries compared to competitors and the capacity of beneficiaries to adopt and assimilate technology change and to innovate.
- Report on HIHEA member's knowledge on the required regulatory framework for value added products to enter the mainstream market.
- Comment on the members/groups' capacity to value add products that meet the needs of customers in terms of quality, delivery time and cost.
- Develop a product prioritization model to inform HIHEA and beneficiaries of those products with highest prospect of growth.
- Evaluate policy options that increase the participation of members/groups in value chains; improve diversification, value addition and standards compliance; improve competitiveness, including managerial and marketing skills; reduce transaction costs along commodity supply chains; and increase returns.

#### *Environmental Conservation*

- Analyze the extent to which HIHEA programs have contributed to environment conservation activities.

- Report on the available economic activities in environment conservation for HIHEA members and has the support of both Counties and National government.
- Report on the current policies and regulations relating to environmental conservation activities and how they affect HIHEA members/groups.
- Identify innovative ways of recycling waste into finished products as a way of enhancing environment conservation.
- Explore the areas of environmental entrepreneurship that are relevant to HIHEA members and can contribute to improved livelihoods.
- Explore the central drivers of environmental entrepreneurship for HIHEA members/groups.
- Report on the impact of environmental entrepreneurship on financial and environmental outcomes for HIHEA members.

#### **4. Stakeholder mapping.**

- Map stakeholders that are present and that engage in value addition, market linkages and environmental conservation with the same target group as HiH EA. Stakeholders include but are not limited to:
  - i) Non-profit or for-profit providers of services in adult/youth education and enterprise development, SHG mobilization, business training, savings mobilization, access to credit, value addition, and/or market linkages and environmental conservation.
  - ii) Microfinance providers
  - iii) Government programs
  - iv) Others
- Describe stakeholders' value addition, Market linkages and Environmental conservation activities and geographic coverage, in order to identify potential for partnerships, synergies, and also risk of duplication in the target areas.

#### **5. Key Deliverables**

Successful performance of this assignment will be based on production and timely submission to HIHEA of the following deliverables:

- ✓ Inception report, setting out how they will approach the assignment, proposed methodology and timetable and data collection tools, including evaluation questionnaire to be submitted 5 days from the commencement of the assignment.
- ✓ Collection of field-level data in the selected sub Counties of the selected Counties in HIHEA areas of operation completed within 25 working days from the date of commencement of assignment.
- ✓ Draft final report within 5 days of completion of field work, submitted to HiH EA for input.
- ✓ Final report, comprising of HiH EA's input, completed within 5 days after input is received.

#### **6. Work Plan**

This evaluation should commence as soon as possible and be completed **10<sup>th</sup> July 2015**.

Consultants are expected to provide a clear work plan depending on their interpretation of these Terms of Reference.

The consultant's proposal will elaborate a detailed methodology, including data collection tools and targeting mechanisms.

## **7. Consultant Skills and Experience**

HiH EA is looking for a consultant or team of consultants with the following skills and experience:

- At least five (5) years experience in conducting evaluation on value chains, market linkage and environmental conservation.
- Experience with program cycle management and interaction with key stakeholders in Kenya at both operational and policy levels;
- Strong research and analytical skills with special emphasis on data collection and analysis tools;
- Solid project management and implementation experience;
- Fluency in English and local languages, including Kiswahili.

## **8. Submission of Proposals**

Consultants are invited to submit Expression of Interest comprising a technical and financial proposal, a clear Methodology, evaluation tools, work plan and CVs for the suggested work team. Deadline for Submission of proposals is [24<sup>th</sup> April 2015 at 18.00 EAT](#). These should be submitted to the following email address: [info@handinhandea.org](mailto:info@handinhandea.org)