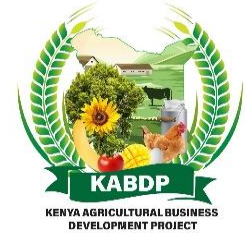


MINISTRY OF AGRICULTURE AND LIVESTOCK DEVELOPMENT
STATE DEPARTMENT FOR AGRICULTURE



TERMS OF REFERENCE

FOR
TECHNICAL ASSISTANCE TO KENYA
AGRICULTURAL BUSINESS
DEVELOPMENT PROJECT (KABDP)
2023/24-2028/29

February 2024

Acronyms

AGDP	- Agriculture Gross Domestic Product
ASDS	- Agriculture Sector Development Strategy
ASDSP	- Agricultural Sector Development Support Programme
CECM	- County Executive Committee Member
CG	- County Government
COG	- Council of Governors
CPSa	- County Project Secretariats
CSAS	- Climate Smart Agriculture Strategy
CSO	- Civil- Society Organization
DP	- Development Partners
EoS	- Embassy of Sweden
FY	- Financial Year
GOK	- Government of Kenya
GOS	- Government of Sweden
INTOSAI	- International Organisation of Supreme Audit Institutions
IFAC	- International Federation of Accountants
JASCCM	- Joint Agriculture Sector Consultation and Coordination Mechanism
JASSCOM	- Joint Agriculture Sector Steering Committee
KABDP	- Kenya Agricultural Business Development Project
MoALD	- Ministry of Agriculture and Livestock Development
MoUs	- Memorandum of Understanding
OAG	- Office of the Auditor General
NPS	- National Project Secretariat
PAVCAs	- Priority Agriculture Value Chain Actors
PAVCOs	- Priority Agriculture Value Chain Organizations
PAVCs	- Priority Agriculture Value Chains
VCAs	- Value Chain Actors
VCD	- Value Chain Development

1. Background

Kenya Agricultural Agribusiness Development Project (KABDP) is a government of Kenya designed project aimed to contribute to the sector strategy, ASTGS 2019-2029 and the new government BETA Plan for Agriculture. KABDP builds on the achievements of ASDSP I and II and other projects in the agriculture sector and draws from Sweden's long development cooperation with Kenya. The project is implemented by all 47 county governments and the MOALD and addresses key issues that include: inadequate business skills among value chain actors, low agricultural productivity, climate change impacts, limited access to capital for women and youth, and insufficient institutional support. KABDP is aligned with national strategies, such as Kenya's Constitution 2010, Vision 2030 and Kenya's Bottom Up Transformation Agenda (BETA), to promote inclusive economic growth and agricultural commercialization. The purpose of the project is to "improve market access for targeted agricultural priority value chain actors produce and products "in the project areas in order to improve incomes, create employment and provide food and nutrition security. This objective will be achieved through the following interventions: i) Enhancing the business development knowledge and skills among the PAVCAs and their associated PAVCOs; ii) increase market volumes of PAVC produce and products; iii) enhancing resilience of the agribusinesses to environment and climate change effects; and iv) strengthening the agricultural business development policy and institutional environment.

The GoK and GoS have agreed through the Specific Agreement to KABDP continue to integrate an external system of Rolling Audit (Article 13) so that it can assist counties strengthen capacity on financial management while at the same time complementing the Office of the Auditor General in the depth of auditing of the project resources and value for money.

2. Objectives of assignment

Overall Objective.

To support strengthening the capacity of implementing structures at National and County levels

2.1 Overall Goal, purpose and intervention focus of KABDP

Overall Goal: The overall goal of the project is to contribute to agriculture sector growth through the adoption of innovative, commercially oriented, and modern agriculture and livestock enterprises for poverty reduction and sustainable food and nutrition security. KABDP will contribute to realization of this objective by increasing access to markets of APVCs products. The achievement of the sector goal will help to achieve the Vision 2030 objectives which aims to **transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030 in a clean and secure environment.** This project goal is consistent with the Government's Bottom-up Economic Transformation Agenda (BeTA) which places emphasis on agricultural transformation and inclusive growth through the value chain approach in all sectors of the economy. Hence, progress towards the achievements of the project's goal will be assessed by the growth of the agricultural sector and its contribution to the expansion of the national economy.

Project Purpose: One of the factors impeding agricultural sector growth and transformation is value chain actors' **limited access to markets for agricultural value chain actors produce/products**. To address this issue, KABDP will aim to "**improve market access for targeted agricultural priority value chain actors** produce and products in the project areas in order to improve incomes, create employment and provide food and nutrition security". This objective will be achieved through the following interventions: i) enhancing the business development knowledge and skills among the PAVCAs and their associated PAVCOs; ii) increasing market volumes of PAVC produce and products; iii) enhancing resilience of the agribusinesses to environment and climate change effects; and iv) strengthening the agricultural business development policy and institutional environment. These outcome areas are elaborated as follows:

The business development knowledge and skills among the PAVCAs and their associated PAVCOs enhanced: The objective of this outcome is to enhance business knowledge and skills of PAVCAs for improved market access. Business development knowledge and skills enhancement of the PAVCAs'/PAVCOs refers to improving their understanding and abilities to undertake business development for increased incomes and sustainable food and nutrition security. The 2022 ASDSP II Service Provider report, 2022 Rapid Assessment Report and 2019 Programme Mid Term Review report shows: i) inadequate knowledge and skills on business, entrepreneurship and marketing, ii) limited access to the desired resources to start, improve and or expand PAVC businesses, iii) low levels of commercialization, iv) limited business experience among the PAVCAs and PAVCOs, v) resistance to mindset change, and vi) and inadequate access to digital agribusiness systems.

Market Volumes of PAVC Produce and Products Increased: Increasing the market volumes of Priority Agricultural Value Chains (PAVC) highlights the positive change in market demand for specific agricultural products that are considered high-priority, leading to increased sales and market growth for actors involved in the value chain. Therefore, the purpose of this result area is to increase the market volumes of produce/ products of Priority Agricultural Value Chains by nodes through aggregation of PAVCAs and PAVCOs; and, organizational capacity building of the PAVCOs. The 2022 ASDSP II Rapid Assessment Study (RAR) revealed low volumes of PAVC products despite the documented available market potential. This low volume is associated with limited aggregation of value chain (VC) products occasioned by small holding nature of the enterprises and constrained formalization of larger organizations of Value Chain Actors (VCAs) and the inadequate organizational capacity.

Resilience of Agricultural Businesses to Environment and Climate Change Impacts Enhanced: The objective of this outcome area is to enhance the resilience of PAVCAs and inclusive PAVCOs businesses to environment and climate change impacts. Agricultural businesses are by nature susceptible to risks and uncertainties of various kinds such as climatic, environmental, biotic (pests and diseases) and economic. Many of these risks have a climatic component as they are affected by climate either in intensity, scope or frequency. In addition to climatic factors, the environment can also be negatively impacted by the direct activities of PAVCAs and PAVCOs thereby resulting in aggravated climate effects such as land degradation, depletion of agricultural resources, soil nutrients and inadequate water for agricultural use, global warming, air and water pollution, depletion of farm tree cover, forests and biodiversity loss.

Agriculture Business Development Policy and Institutional Environment Strengthened: Markets that function well within a stable policy and regulatory environment are key to improving the development of agribusiness and sustainability of the PAVCs. Government policies can improve agribusiness and sustainability through their impact on innovation, structural change, natural

resource use, and climate change. Improving the policy environment would require rolling back those policies that distort markets the most and retain PAVCAs in uncompetitive and low-income activities, harm the environment, stifle innovation, slow structural and generational change, and weaken resilience. Agriculture policy should focus on measures that encourage and facilitate investments in the sector and especially the uptake of technologies and practices that use resources more efficiently and sustainably, and which contribute to reducing greenhouse gas emissions, supportive instruments such as non-punitive taxation regimes, and laws that have been informed through structured participation of the stakeholders. In addition, the government should also provide roadmaps on the development of sector to allow for consultations to deliver on the plans and strategies.

2.2 Implementation Strategies

Considering the multidisciplinary and multilayer nature of the project, eight strategies will be applied as will be found relevant to enable implementers as well as beneficiaries gain positively in the implementation of various activities over the implementation period and beyond.

- i) **Strategy 1; Value Chain Approach** where all actors (input, producers, transporters, traders, processors) work in harmony with own interest and in support of each other for the benefit of their businesses. Each business node acts as a catalyst to another business node within the same value chain. A demand of one node business triggers a supply from another node business within the same value chain.
- ii) **Strategy 2; Resilience-focused Value Chain Development (VCD):** Value chain organizations are the primary entry point for KABDP supported value chain interventions. The value chains determined will be commercially viable, resilience to climate change, and foster biodiversity conservation. The PAVCAs will benefit from being a member of pinpointed PAVCOs. The project will work through identified apex PAVCOs and where they do not exist, support aggregation of small organizations into apex PAVCOs. The PAVCAs will be required to channel their products to the PAVCOs for bulk marketing that would spur commercialization of PVC.
- iii) **Strategy 3; Small-scale women and youth economic empowerment in VCD:** The Project will specifically prioritize economic inclusion of women and youth in Value Chain Development to facilitate their right to economic development. KABDP will aspire to support value chain nodes where women and youth are already engaged and support them to participate in the high value chain nodes. This will be achieved through channelling of incentives to determined VCOs with an aim of opening opportunities for empowering women and youth through employment creation and income generation. Right from the inception, the baseline will deliberately track and document progress and impacts of KABDP based on gender sensitive monitoring and evaluation activities. KABDP will integrate gender interventions into project activities during implementation whose objects will be to promote gender equality and ensure that the project benefits all members of the community, regardless of their gender. KABDP has endeavored to mainstream gender integration in the project design and implementation, which will lead to more equitable and sustainable outcomes.
- iv) **Strategy 4; Demand-driven and stakeholder-led Value Chain Development:** The core function of KABDP is to link cross sectoral and cross county actors at all levels to facilitate all encompassing, demand-driven identification of value chain gaps and sector transformation issues needing attention. The demand driven approach will ensure that a specific service requested by the client is provided, and the clients are more receptive and organized. The project will identify and collaborate with key stakeholders required for

desired results. KABDP will therefore facilitate stakeholders to set their own agenda rather than prescribe to them.

- v) **Strategy 5; Intersectoral and partnership-based investment and implementation:** While Agriculture Policy 2021 and ASTGS will be the strategic instruments for reference to guide projects' relevance, the project will apply inter-sectorial perspective with respect to its Value Chain Development and sector coordination work. Similarly, KABDP will pursue collaboration with relevant value chain supporters irrespective of their sectorial affiliation, and support county level sector coordination irrespective of whether individual counties have applied the same sector definition as the Agricultural Policy. KABDP will therefore only act as a facilitator of operational VCD partnerships so that VCAs/VCOs can access services beyond those offered by KABDP on additional services for the growth of their businesses. There is still need to mobilize and unlock the resources with the private sector and donor partners in order to deliver on sustainability of VC development. This will leverage engagement in and financing of value chain initiatives, thus ensuring sustainability. KABDP will be embedded in relevant county government structures and pursue sector coordination initiatives at the county, inter-county, intergovernmental and national level in partnership with relevant sector actors at each of these levels. It will also seek partnership with the key Development Partners supporting the sector concerning joint or aligned programming. Special efforts will be made to facilitate mutually beneficial cooperation with business sector agents.
- vi) **Strategy 6; Aggregation driven;** The entry point of the project will be the value chain organizations that have critical mass of PAVCAs to supply adequate quantities of quality products to meet existing and expanded market demand.
- vii) **Strategy 7; Middle income level focus:** Development of the PAVCA's business will focus on growing them to enable the PAVCAs realize incomes that will take them to vision 2030 per capita incomes.
- viii) **Strategy 8; Exit strategy:** Planning and implementation of the project activities will be phased in a manner that impacts system level changes for sustainability of results and allows for use of project resources to open opportunities for PVCAs/PVCOs while facilitating these beneficiaries to take charge of their development so that future support will target new beneficiaries or address additional or emerging challenges that hinder elimination of poverty and hunger

2.3 Organizational Management for the implementation of KABDP

In order for the KABDP Project implementation to run effectively, the organizational structure and roles of the players at different levels have been clearly spelt out and within the spirit of devolution. There will be National, Intergovernmental and County level structures for consultation, oversight and management of the project implementation. The National structures will include the MoALD, CoG, NPSC and NPS; Inter-governmental will include IGFA; JASSCOM; JAS-IGS; JAS – TWGs/SWAGs and the County will include County departments, CASSCOMs and CPSs. The Accounting Officer for the project at National level will be responsible for the formalization of the national structures while the CECM Agriculture in the counties will formalize the county specific structures.

The NPS and CPS will be responsible for the day-to-day coordination of the implementation and management of the Project at the National and Counties level respectively.

1. Technical Assistance to the Project

Technical Assistants will be expected to provide technical expertise on the implementation of KABDP in accordance with the Project Document and other relevant documents.

1. Specific objectives

To provide technical assistance in:

- a. Deepening the knowledge on the application of project Theory of Change
- b. Enhancing business development knowledge and skills among PAVCAs and PAVCOs
- c. Increasing market volumes of PAVC's produce and products
- d. Enhancing resilience of agricultural businesses to environment and climate change
- e. Strengthening agriculture business development policy and institutional environment.
- f. Mainstreaming gender equity, social inclusion and other human rights principles.
- g. Monitoring, evaluation, communication, and knowledge management in the Project implementation.
- h. Policy development and domestication.
- i. Innovation grants' management.
- j. Market development with focus on aggregation, financial and market information access
- k. Managing agricultural devolved functions with focus on sector coordination and development partners engagement
- l. Enhance mutual accountability in programming, and bilateral relations in projects.
- m. Enhancing consultation between the public sector actors and the development partners and within DPs within the mechanism for consultation, cooperation and coordination
- n. Social accountability, pro-poor development, and good governance in value chain development.

3.1 Scope of Technical Assistance

The Technical Assistance (TA) will be within the main goal of KABDP which is to address the challenges hindering commercialization of Agriculture. The TA support will strengthen the capacity of implementing structures at national, intergovernmental, and county level. They will be expected to provide technical and operational management assistance for improving access to markets of value chain actors produce and products focusing on the following.

- A. Inadequate business development knowledge and skills of the VCAs and VCOs
- B. Low volumes of the agricultural value chain products
- C. Environmental degradation, climate change effects and impacts and unpredictable weather patterns and rainfall variability
- D. Improved access to financial services and products
- E. Limited access to start-up and scale up capital by women and youth
- F. Inadequate institutional and policy support for the development of agribusinesses

2. The technical assistance team will make /develop an inception report to cover their Project detailing work plan and budget. They will also be providing other reports as required. The level of TA input will be split into two parts. Part one is for the first three years on contract signing where the level is expected to be high and part two is for the remaining two years where the level will be expected to be low and on a need basis. The results of the mid-term review and access to additional funding will also inform the level of TA input for the last two years.

3.2 Types of Technical Assistance

3. There will be 3 main categories of Technical Assistance: the long-term, the short-term TA and the bilateral TA.

- I. One long term National TA (LTI-TA) for 20 months during the first three years and 7 months during the last two years if financing is available. He/she will also be the team leader of technical Assistants.
- II. One long term national TA (LTN-TA) for 18 months within the first three years and 5 months in the last two years if financing is available. He/she will work closely with JAS-IGS and liaise with Embassy of Sweden to improve relationships with other sector Development Partners through liaison and support to ARD PG.
- III. One long term National TA (LTN – TA) for 18 months within the first three years and 5 months in the last two years if financing is available. In addition to supporting NPS and CPS in strategic thinking and action regarding all the result areas, the TA will work closely with the Embassy on Project Quality Assurance issues and monitoring implementation of Specific Agreement.
- IV. One long term national TA (LTN-TA) for 8 months within the year that Sweden will be elected to Chair the ARD Group. And will act as the Secretary to the ARDG working closely with Programme Manager for Agriculture at the Embassy of Sweden in Nairobi.
- V. One long term National TA (LTN – TA) for 15 months within the first three years and 5 months in the last two years if financing is available. He/She will work closely with NPS and CPSs to deepen the knowledge on business development with special focus on knowledge and skills development for business development and access to market.
- VI. A pool of international and national short terms TA (ST-TA), composed of one national each for monitoring, evaluation and communication, market development, gender and social inclusion, environment, and climate change and two international, one each for environment and climate change and another for business and market development. The International TA will be engaged as need arises for a total of 17 months only during the first three years while national TAs will be engaged as need arises for a total of 24 months only during the first three years. The time allocations will not be continuous but will instead be spread throughout the Project period and will be subject to review based on mid-term review recommendations.
- VII. One national bilateral TA will be engaged for 24 months during the Project implementation.
- VIII. There will also be a provision for a bilateral expert from Sweden for 24 months of Project implementation. Logistical and other requirements of this expert will be met by Embassy of Sweden.