



Terms of reference

KENYA

VERT MANAGEMENT CAPACITY ENHANCEMENT - Mango Business Line Market Analysis and Strategic Options

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1. INTRODUCTION

FEFISOL, Fund for Africa, was established to provide debt and equity financing to African Microfinance Institutions (MFIs) and Agriculture Producer Organizations (POs). The fund has the following strategic objectives:

- Financing Sub-Saharan Africa institutions (at least 75% of outstanding gross portfolio)
- Promoting financial-services access to rural populations and financing agriculture activities (MFIs providing services to rural populations and POs at least 50% of outstanding gross portfolio)
- Focusing on underserved MFIs, regions and countries (the Fund focuses on Tier 2 and Tier 3 MFIs, Tier 1 MFIs are limited to 4)
- Providing local currency debt financing (80% of gross loan portfolio to be denominated in local currency)
- Providing medium and long term financing to finance needed investments and allow additional leverage (30% of gross outstanding portfolio as equity and loans of up to 5 years to finance investment needs)
- Strengthening Tier 1 and Tier 2 MFIs equity base and providing active governance support and follow up when the Fund carries out an investment
- Combining financing with technical assistance to strengthen in particular Tier 2/3 MFIs and POs thus enabling sustained growth and reducing risks
- Selecting clients with strong economic and social development potential and promoting and following up on Social and Environmental (S&E) results. This includes the financing of Producers' Organizations (POs) that produce and sell to Fair Trade and Organic markets.

FEFISOL Investment track record

Type of investment	Purpose of the investment	Amount	Disbursement Date	End of investment
Investment Loan	Purchase of a pulping plant	400,000 Eur	27 Dec 2016	27 June 2010
Credit Line	Working Capital	400,000 Eur	05 March 2018	31 May 2019
Credit Line	Working Capital	150,000 Eur	17 December 2018	31 December 2019

2. TA BENEFICIARY DESCRIPTION

For several years the Kenyan family company, VERT, has been successfully sourcing fresh vegetables from a large network of smallholder farmers located across the country, to then grade and package them for export, to mainly European markets. From 2014 to 2015 its turnover has been increasing from 228 million KES to 345 million KES with annual profits in excess of 6% of its sales. Through its activities VERT strives to promote inclusivity and better economic benefits to small holders farmers.

In 2016 VERT decided to build on the good farmer relationships it has been able to build as well as its skills to source and process fresh agricultural products, to develop a new business line: the

production of mango pulp. An initial market study showed that there was a potential demand for locally produced mango pulp amongst locally based Kenyan and foreign companies.

In order to invest in this new business line and acquire the necessary machines and expand its factory, VERT opened up its capital to two external investors, Kampani Belgium and Grameen Credit Agricole Foundation (GCA). The new mango business line budget was financed by the rights issue as well as by additional loans from Kampani, GCA, Alterfin and Fefisol. Alterfin and Fefisol are two European Social Investment funds who had already provided working capital loans to Vert for its vegetable business.

VERT was thus able to acquire the necessary machinery and build its mango business line. The production unit was commissioned in Dec-18 and commercial production of mango pulp begun in January 2019 with 2952 drums of mango pulp produced by end July 2019. VERT's aim is to process approximately 9,000 tons of mango and 1,600 tons of passion fruit per year – with raw products sourced from a significant number of smallholder farmers 5000 by 2024. For the small holder famers, this will reduce postharvest losses that they would otherwise incur due to the lack of market for their produce.

The company started selling the mango pulp to its prospective buyers as of May 2019 but incurred a number of challenges and as of end September 2019 less than 25% of production has been sold. An initial analysis conducted by VERT on the reasons for this slow uptake, shows that the main issues are not with the type and quality of the product but more with the conditions and time it takes to develop relationships with the initially targeted buyers (medium and larger scale local and regional buyers of mango pulp to produce mango juice).

As a result of these difficulties that have translated into financial constraints, VERT has benefitted from the support of a financial consultant backed by business analytics consultants. An initial diagnosis was produced in November pointing to the need to review the mango business line strategy.

Activity data and key ratios (in local currency)

	N-1	N	N
Number of smallholder suppliers	1,679	1,711	3,164
Number of employees	78	71	85
Total sales	283209916	285834239	288091150
Organic certification	0	0	0
Fair trade certification	y	y	y
Other certification	y	y	y
Net income margin (% of sales)	18.6%	14.9%	16.5%

3. TA NEEDS

Given the challenges identified above and the important production capacity that has been built, VERT is seeking the services of tropical fruit marketing expert to support VERT in:

- A. Identifying and carrying out the most urgent and appropriate short term measures to market the current mango pulp stock

- B. Completing the data collection and analysis of the current and alternative mango business line options already started in November 2019 and present to VERT management and Board the findings for a decision on most appropriate short to medium term strategy
- C. For the option selected, carry out additional market analysis and elaborate an operational plan
- D. Strengthening its marketing skills and tools
- E. Marketing the current and future mango products.

4. OBJECTIVES OF THE REQUESTED TA SUPPORT

Global Objectives	Areas of intervention	Expected results	Follow-up indicators
Improve VERT's strategic positioning, marketing skills and short and medium term financial viability	<p>As outlined in the above section:</p> <ul style="list-style-type: none"> i. Collect the additional data required and carry out the additional analysis to support VERT in marketing its current mango pulp stock ii. Support VERT in redefining its mango pulp strategy in a sustainable way or identify other alternatives iii. Support VERT in the initial implementation of the new options iv. Strengthen VERT's marketing skills and tools 	<p>VERT has:</p> <ul style="list-style-type: none"> - Collected all key data on its pulp mango production and marketing so as to be able to take decisions on short term actions - Sold its current mango stock at the best possible price given the context - redefined its business strategy in line with its organisational, operational and financial capacities - Started to implement the new operational and marketing strategy - The necessary internal marketing skills, an operational plan and marketing tools to pursue the adopted strategy 	<ul style="list-style-type: none"> - Mango pulp sales volumes and value - Board approval of a mango business line short and medium term strategy and 2yr operational plan - Consolidated mango buyer relationships - Trained staff in the use of the marketing tools - Use of a market information system - Mango production, sales, stock data availability and Marketing reports availability

5. METHODOLOGY

Various methodologies are to be used and the proposed service provider should indicate them in its offer. The offer should include, but is not limited to:

- What data on the mango pulp business line the service provider will be collecting and checking

- What type of additional market analysis will be carried out
- How the service provider intends to support VERT in marketing current mango pulp stocks and future mango products
- What type of training and tools the service provider will put in place

6. DELIVERABLES PROCESS REPORTS

1. Initial assessment report of the current mango pulp business line and marketing including all necessary data
2. Detailed implementation report for the options that have been approved
3. Marketing information system tool and marketing report templates
4. Marketing training material
5. Participate in value chain and markets negotiations.
6. In collaboration with Management Team, lead in the development of markets engagement initiatives - both new business and amendments to existing initiatives.
7. Identify and develop key partnerships with private companies and organisations to expand market reach.

7. ESTIMATED TIMELINE

The Consultancy will be carried out within a 6 months period between starting February 2020. The expert is expected to dedicate a minimum of 30 days over a two months period for this TA mission.

8. ESTIMATED BUDGET

Total cost of the consultancy is estimated at 25 000 EUR.

9. PROFILE OF THE SERVICE PROVIDER

- At least 5 years of professional experience in agribusiness, agricultural value chain and/or markets analysis gained in the private sector, management consulting, or research and teaching in Kenya and/or countries in Sub-Saharan Africa with similar socio-economic conditions. For individuals who do not possess advanced graduate degree described below, a minimum of 10 years of professional experience is required.
- Sound knowledge and understanding of the Kenyan agribusiness sector landscape with hands-on work experience with agricultural processing or research and development, preferably in the targeted fruit value chains (mango and passion fruit).
- At least 5 years of demonstrated evidence of experience in designing, planning, and delivering training and business advisory services to agribusiness SMEs and farmers.
- Excellent oral, written, and interpersonal skills, and ability to communicate effectively with diverse audiences with a range of education levels and disciplinary backgrounds.
- An advanced degree (Masters) in agricultural sciences, agricultural economics, economics, business administration/management, and other relevant disciplines. This advanced

graduate degree requirement may be substituted with a minimum of five additional years of professional experience in a related field.

- Strong analytical skills and ability to think clearly and recognise implementable solutions and apply findings and recommendations independently;
- A high level of commercial awareness and understanding of private business;
- Confidence to develop strong relationships with business executives and managers;
- Flexibility to work independently and in a team and pick up additional tasks on short notice.

Specific tropical fruit and mango pulp marketing experience is an added advantage.

10. PROCUREMENT PROCEDURE

These terms of reference will lead to a cost and quality selection process.

The selection procedure will entail:

- Submission of a technical and financial proposal by service provider before [25 January 2020]
- Selection of proposals within 10 days from submission
- Negotiation and signature of the contract between the service provider and SIDI (French company shareholder of FEFISOL that has been mandated to manage FEFISOL's TA facility)

The service provider will be paid 30% of agreed budget at the time of the contract signature and 30% after 3 months upon submission of the midterm report and final 40% upon submission and acceptance of the of final report.

The service provider's proposal will be analyzed according to

- Qualifications
- Track record / passed experience
- Methodology to be implemented
- Budget (quality/price ratio)

Applications should be sent before 31 January 2020 to:

- *Vert Limited, Managing Director, Jane Maina, jane.maina@vertfresh.co.ke*
- FEFISOL Alterfin's Investment Officer: Njeri Muita, Njeri.muita@alterfin.be
- FEFISOL TA Officer: Gabrielle Orliange, g.orliange@sidi.fr



FEFISOL TECHNICAL ASSISTANCE FACILITY

FORM 4 – SERVICE PROVIDER APPLICATION FORM

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1. DESCRIPTION OF APPROACH, METHODOLOGY AND WORK PLAN FOR PERFORMING THE ASSIGNMENT

You are suggested to present your Technical Proposal (10 pages max, inclusive of charts and diagrams).

1.1. Technical approach and methodology.

In this chapter you should explain your understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. You should highlight the problems being addressed and their importance, and explain the technical approach you would adopt to address them. You should also explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.

1.2. Organization and staffing.

In this chapter you should propose the structure and composition of your team. You should list the main disciplines of the assignment, the key expert responsible, and if necessary proposed technical and support staff.

Name	Position	Task

Annex the resumes of all the proposed experts

1.3. Work plan.

In this chapter you should propose the main activities of the assignment, their content, phasing and interrelations, milestones, and proposed deliverables. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent.

1.4. Schedule

Activity (Work)	Start of the project 1*	2	3	4	5	...	End of the project	TOTAL (number of days)
	**							

*The columns correspond to the duration of the TA project for which you can choose the periodicity for the planning (days, month, weeks)

** For each activity you have to put the number of days it will take during the period you plan to carry it out.

Date of submission of deliverables

- ▶ Draft report:
- ▶ Final report:
- ▶ Others:

2. FINANCIAL PROPOSAL

	UNIT	UNIT COST	QUANTITY	COST (Euros)
<u>EXPERT FEES</u>				
<u>PER DIEM</u>				
<u>TRANSPORT</u>				
<u>OTHERS</u>				
TOTAL				