

## **Terms of Reference for ADSE bakery project Market Study**

### **Project Background**

Anglican Development Services Eastern (ADSE) is the development arm of the Anglican Church of Kenya (ACK) Dioceses of Machakos, Kitui, Makueni and Garrisa. It is registered under the Company's Act as a Company Limited by guarantee and covers the following administrative areas; Machakos, Makueni, Kitui and Garrisa Counties. ADSE targets the vulnerable communities at risks of suffering from the adverse effects of climate change (especially in ASAL areas), food insecurity, and drought among other threats.

Anglican Development Services Eastern (ADSE) has a wide mandate to undertake development work in the whole region which currently includes the aforementioned four counties with a mission to empower communities through participatory processes to achieve quality life. ADSE is involved in ensuring improved livelihoods through integrated initiatives.

Having accumulated a wealth of experience in implementing agricultural projects supporting over 500,000 smallholder farmers in Kitui, Makueni and Machakos Counties to embrace new ideas and farming practices for increased productivity, the company is currently scoping how to further improve its agricultural interventions by becoming an actor in the value chains beyond its facilitator role. It is evaluating the feasibility of creating or developing viable and sustainable investments to enhance market access for smallholder farmers. The company has identified a huge potential emanating from the groups it is working with or has worked with and the Church congregations which are also key players in the agricultural sector and consumer markets. ADSE has identified value added activities while embracing a social enterprise approach in integrated processing of flour using local raw materials, which would then be utilized in processing bakery and confectionary products.

### **Rationale and approach of the ADSE bakery project market study**

The rationale for the contracting of a Market Study is primarily the need to plug the Social enterprise development strategy of the ADSE bakery project into up-to-date, relevant and reliable market information that indicates which economic sectors the bread business should focus on in order to achieve market success, profitability and sustainability.

This Market Study shall be an assignment with a precise time-frame and expected outputs. It should also be seen as the crucial foundation of a longer and broader cycle of market analysis within and beyond the ADSE bakery Project. The market study shall thus be expected to provide a clear and realistic direction to the bakery project strategy. It shall also provide a strategy for support to market-oriented community-led entrepreneurship development by means of a substantiated and consistent indication of bakery products that will be suitable to the company's capacity, as well as displaying the marketing potential necessary for bakery project viability.

The study shall therefore look at several project components and activities that will tie into the market strategy: training, capacity building, business planning, product development, marketing and networking support, value chain analysis and other services; that will be geared

towards supporting the local communities to respond to the existing demand or stimulating the potential one as recommended by the outcomes of this Study.

### **Overall objective of the market study**

The overall objective of the ADSE bakery project market study will be to:

Investigate the market in order to identify market opportunities with the highest potential for the bread enterprises to be developed by the ADSE bakery project in the target areas, subsequently providing specific, relevant, updated, detailed and reliable advice as to which areas of business the ADSE bakery project should select, with a special focus on value-added bread.

### **Specific objectives of the market study**

The specific objectives of the ADSE bakery project market study will be to:

- i) Map out the current situation in terms of availability of bread raw materials, local skills, processing and communication infrastructure, marketing channels and appropriate technologies within the target area
- ii) Assess the local and national demand for bread that could be efficiently produced through the ADSE bakery project and how it will affect market size.
- iii) Identify potential marketing outlets, including relevant trade flows, procedures and regulations, mainly in the target areas, but also in the rest of the country.
- iv) Assess how increasingly volatile bread prices impact on retail prices and sales performance.
- v) Identify customer's brand loyalty and preference about price, quality, and payment terms.
- vi) Show market opportunities for bread.
- vii) Undertake a value chain analysis and supply chain map of the bread. A value chain analysis that map out the value chain actors, the barriers and gaps at each value chain activity.

### **Structure of the market study**

The ADSE bakery project market study will be structured as follows:

- (1) Preliminary mapping of the 'demand and supply sides' (in the target areas) followed by a review and feedback session with the ADSE Team. The Consultant will be available for a consultative review of the preliminary results with the ADSE Team. The review meeting will be composed of a structured presentation by the Consultant including findings, available options and interim recommendations, followed by a discussion with the review panel aimed at agreeing the specific direction of Phase 2
- (2) In-depth analysis of the bread venture from the supply and demand point of view, and the final recommendations of viable market penetration and expansion strategies for the ADSE bakery project.

The current consultancy assignment is aimed at covering both areas within the agreed consultancy period.

### **Activities and Work-plan**

The daily activities of the Market Study will be specified in and organized by a detailed Work-plan spelling out the tasks of the consultant, the timeframe and resource allocation for each activity, as well as the support required from ADSE or other actors (if relevant).

The said Work-plan will initially be developed by the Consultant with the facilitation of ADSE in a dedicated meeting, in order to allow the coordination of ADSE's collaboration with the Consultant during the Market Study.

### **Methodology and Content**

The Market Study should utilize an articulated and coherent methodology which will allow for very practical references to the venture, and which will show a deep understanding of the Kenyan markets and a suitable knowledge of the bread sector in the target area.

The market study will avail itself of both secondary and primary sources, through desk research and field surveys as applicable, and will provide ADSE with detailed, updated, relevant and reliable quantitative data and qualitative information. This means that the Consultant will be responsible for gathering reliable and comparable quantitative data and will not only rely on qualitative or anecdotal information.

The Study will include a systematic cost-analysis and the identification of the MES (Minimum Efficient Scale) for the bakery industry. Estimating the MES for a certain type of business allows to verify that the business will be able to be competitive on the market even if it cannot reach enormous economies of scale. The Market Study should also clearly indicate the type of market competition characterizing the bread business.

The study should provide a detailed, realistic and specific suggestions for the bread business operations. Issues of legislation, regulation, standards, licensing and trade procedures connected with the recommended business ventures should be looked into by the Consultant and the main findings included in the analysis.

### **Reporting**

The final output of the consultancy will be a comprehensive Report on the Market Study produced in English.

Quantitative data collected during the Study, and their analysis, should be included in the body of the Report or in Annex. Also Qualitative data, such as interview information and anecdotal evidence, should also be annexed in or quoted by the Report as relevant. Any bibliographical or other source of secondary information should be quoted in detail in a List of References at the back of the Report.

The Report should include in its structure a brief and clear Executive Summary in its opening sections, and a chapter of Final Conclusions and specific Recommendations for action in its final section.

The Report should systematically mention and provide details of the institutions, organizations and people who have been the sources for gathering data or qualitative information, or the key informants for drawing conclusions and formulating recommendations.

The Report should not exceed 40 pages in length, not including annexes. The Consultant is expected to produce original content and appropriately quote or otherwise cite external content; plagiarism and/or uncited references will not be accepted nor compensated.

### **Key Deliverables**

- 1) Comprehensive work plan that will accompany the Technical and Financial Proposal document in response to this call.
- 2) A mid-study report and presentation in response to component 1 of the structure of the study above
- 3) The final market study report: the report should provide a thorough analysis of the business value in the bakery market segment.
- 4) Marketing Strategy: the consultant will lay out a sustainable plan of action on the bakery products development and promotion.

### **Duration of the Assignment**

The assignment is expected to be completed by April 2020.

### **Payment Modalities**

The Consultants shall be paid the consultancy fees upon completion of the following milestones.

- 1) 30% at inception of the Market Study.
- 2) 20% after completion, submission and acceptance of Mid-Study Report.
- 3) 30% after completion, submission and acceptance of the final Market Study Report.
- 4) 20% after completion, submission and acceptance of the Marketing Strategy developed based on findings from the Market Study.

### **Application Procedure**

Qualified and interested firms are hereby requested to apply by submitting their proposals to [info@adseastern.org](mailto:info@adseastern.org) not later than 12<sup>th</sup> March 2020.

The application must contain the following:

- A technical proposal with brief description of no more than 10 pages of why the firm is the most suitable for the assignment, with details of the organization and previous work of a similar nature that the organization has conducted. It should give a detailed, clear methodology, on how the firm will approach and complete the assignment.

- The technical proposal must also contain personnel CVs for the Consultants performing the contract. These CVs must indicate educational background/professional qualifications, past relevant experiences, as well as the contact details (email and telephone number) of the Consultants to perform this contract. A detailed description of the Consultants' experience and at least five (5) professional references must also be provided.
- Financial Proposal that indicates the all-inclusive fixed total contract price, supported by a breakdown of all the costs. These costs must be broken down by no fewer than the following budget categories:
  - i) Personnel (including rates and level of effort)
  - ii) Fringe (benefits)
  - iii) Travel
  - iv) Meetings
  - v) Materials

### **Evaluation Criteria**

The Consultant will be evaluated against a combination of technical and financial criteria (combined scoring method). Maximum score is 100% out of which technical criteria equals 70% and financial criteria equals 30%.