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# USAID KENYA DAIRY SECTOR COMPETITIVENESS PROGRAM

623-C-00-08-00020-20

**SHORT TERM TECHNICAL SUPPORT TO SBOs – Business Advisory**

## Contractor Information:

Land O'Lakes, Inc.  
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*Closing Date:15.06.2010*

*Closing Time4.00pm*

## **REQUEST FOR APPLICATIONS**

**Applications are invited from recognised qualified consultants/ professionals to provide short term technical support – Business Advisory Services to KDSCP supported Small Business organisations (SBOs) per the attached solicitation.**

**Under this solicitation, KDSCP seeks CVs and capability statements of qualified dairy Business Advisors who can be called upon to provide short term technical support as required by the program. Based on an open competitive selection process, we will award subcontracts with a value of an agreed upon amount to conduct such assignments. If you decide to submit an application, it must be submitted in accordance with the attached solicitation and received no later than the date and time indicated.**

### **1. Background:**

The USAID Kenya Dairy Sector Competitiveness Program (KDSCP) is 5-year effort to improve Kenya's dairy industry competitiveness, implemented by Land O'Lakes, Inc., with the financial and technical support of the United States Agency for International Development (USAID). The goal of KDSCP is to increase smallholder household income from the sale of quality milk.

KDSCP is implemented through a range of activities grouped together into three broad programmatic components. First, the program will upgrade the capacity of the dairy industry to compete in local, regional and international markets. Second, it will transform dairy smallholder business organizations into viable enterprises that supply quality milk to the market and facilitate access to critical services and inputs to farmer-members. Third, the program will strengthen support markets, increasing the availability and utilization of market-link dairy business development services, inputs, technologies provided by business service providers and research institutions to dairy enterprises.

The Kenyan dairy farmer organizations faces challenges of high cost of operations and efforts to bring down cost of production will be encouraged in this program by conducting a business analysis advising the management on various options that will contribute to operational efficiencies in bulking, processing, service delivery and marketing of milk and milk products. The program will support selected SBOs on a cost sharing basis to improve performance leading to viability and hence pass on the benefits to the farmers who will in turn be highly motivated in dairy resulting in increased dairy productivity, high milk production and thus increased incomes.

### **II. Assignment Objectives**

To help the SBO management to understand and run viable dairy business by developing a detailed strategic Business plan and an action plan for the implementation of the plan.

### III. Scope of Work

Develop strategic business plans for selected KDSCP SBO's incorporating the following:

- a) A business and a financial plan for the MCCs (to include a proposed staffing plan)
- b) Propose a detailed investment budget for the proposed (expanded) facility with a complete list of fully specified equipment and prices
- c) Supply strategy: Estimates of milk supply in the MCC(s) drawing zone and the projected volume captured by the MCC(s) on a monthly basis during the first 3 years of operation.
- d) Pricing policy and potential for competition from other buyers must be considered.
- e) Product quality standards: what quality standards for raw milk purchases and pricing formulae will be appropriate to ensure the right mix of volume/quality is attained?
- f) Scaling initial investment amounts and capacity: What is the recommended reception/cooling capacity? What level of technology is appropriate for refrigeration, maintenance and cleaning?
- g) Staffing plan: What are the detailed job descriptions of the recommended staff for the MCC? What level of pay and additional incentives formulas will be appropriate?
- h) Process flow descriptions: What is the process flow chart and what procedures are conducted by each staff?
- i) Sales/pricing assumptions for the final product: What sales prices are likely for cooled/ bulked milk? Are there other markets that should be considered?
- j) Cash flow and working capital financing considerations: What will be the terms of payments and purchase? What available sources of working- capital financing should be considered? What are the realistic financing capacities of suppliers and clients and who can be called upon to provide financing?
- k) Financing modeling of operations: This should provide the following models for a three-year operational period:
  - An estimate of net profit and forecast revenues, operating costs, depreciations on fixed assets, financing costs, with an estimate on total product costs on per litre basis and should provide a proforma profit and loss statement for the 1<sup>st</sup> year of operation.
  - A monthly cash flow statement with estimates of interest and or other financing charges related to both investment financing and working capital financing.
- l) Risk assessment: What is the sensitivity of the model to changes in prices and volumes? What is the break-even volume at modeled prices? What can be done to minimize financial losses if volumes are less than expected?

m) Develop a fully specified investment budget for the MCC. The cost of transport and on-site labor and current prices should be known. The investment budget should include:

- All needed capital equipment with freight and insurance charges for on-site delivery where necessary
  - All ancillary equipment for laboratory and milk purchasing (pails, laboratory equipment and reagents, cleaning and sanitary equipment
  - Construction costs and materials for a fully equipped facility following the team's recommendation
  - Blue prints or the sketching of the MCC's facility and analysis of the appropriateness of the selected site and needed improvements (if any) to ensure adequate access to water, electricity, and waste water treatment
- n) Set up a management information system for the SBO

- **IV. Deliverables**

Deliverables under this assignment will include the following.

- A Strategic business plan incorporating all the elements in the scope of work
- A detailed work plan for the implementation of the plan
- A working management information system for the SBO

## **V. Proposed Level of effort**

If selected to provide short term technical support, the consultant will receive relevant data related to the SBOs. The consultant will make use of an existing diagnostic and SBO needs analysis study to understand the key issues and come up with the right methodology and approach to implement the assignment.

## **VI. Application Submission Requirements:**

You are to submit the following documents as part of your application.

1. A detailed CV and cover letter showing your qualifications and competence to conduct such assignments.
2. Experience - A two to three page capability statement providing examples of previous similar work which they have successfully done, together with a listing of previous clients, contact names and telephone numbers. Those who have rehabilitated or established an MCC are especially encouraged to apply.
3. Technical Competence - A two to three page plan of how you would effectively and efficiently accomplish such an assignment, indicating the process content of sessions and how you would attain the deliverables required in the scope of work.

The KDSCP is authorised in accordance with the US Foreign Assistance Act and USAID Contract # 623-C-00-08-00020-00.

Grants/Contracts will be administered in accordance with provisions contained in ADS Section 302.5.6, "Grants under contracts" ADS Chapter 303, "Grants and Cooperative Agreements to non- governmental organizations" and within the terms of the USAID standard provisions

applicable to non-US, non-governmental recipients. Information on these provisions can be assessed through the USAID external website at [www.info.usaid.gov](http://www.info.usaid.gov) "Business & Procurement" section. Per ADS section 302.5.6(f), Contractors/Grantees are authorized to execute cooperative agreements on USAID's behalf.

KDSCP and USAID/Kenya reserve the right to fund any or none of the applications submitted. Registered local firms and organizations interested in implementing this assignment are requested to submit a proposal (typed no smaller than 11-point font) by **Tuesday, 15<sup>th</sup> 4.00pm June 2010** to the Grants Manager at:

Land 'O' Lakes Inc.  
Peponi Plaza, Block B Second floor  
Off Peponi Road Westlands  
GPO 45006-00100  
Nairobi, Kenya

Submissions must be in English and typed single-spaced on standard 8 1/2" x 11 or A4 (210 x 297 mm) type white paper. Submissions must contain **one single-sided hard copy original** of the proposal (each with a complete set of appendices/attachments where applicable), and **two copies**. The original should be "photo ready," i.e., printed on one side only and unbound. All pages must be numbered and include the RFP reference number and name of organization on each and every page. Hard copies can either be submitted in person or at the Land O Lakes mailing address, however these must be received no later than the deadline specified above. **In addition, an electronic copy of the proposal should be submitted** either on a diskette or through an email to [bids@landolakes.co.ke](mailto:bids@landolakes.co.ke).