



WORLD BANK GROUP



THE MICRO AND SMALL ENTERPRISES AUTHORITY

TERMS OF REFERENCE AND SCOPE OF SERVICES

KENYA JOBS AND ECONOMIC TRANSFORMATION PROJECT (KJET)

(P179381)

COMPONENT 2: ENHANCING MSME CLUSTER COMPETITIVENESS

**TERMS OF REFERENCE (TOR) FOR GENERALIZED BUSINESS
DEVELOPMENT SERVICES (BDS).**

JANUARY 2025

NAME OF THE ASSIGNMENT: PROVISION OF GENERALIZED BUSINESS DEVELOPMENT SERVICE.

Reference No.	Region	Description
MSEA/KJET/REOI/04/2024-2025	1	Provision of generalized Business Development Service in Kiambu, Murang'a, Kirinyaga, Nyeri, Laikipia, Nairobi, Nyandarua, Nakuru, Kajiado.
MSEA/KJET/REOI/05/2024-2025	2	Provision of generalized Business Development Service in Mombasa, Lamu, Taita-Taveta, Kilifi, Tana-River, Kwale, Garissa, Wajir Mandera.
MSEA/KJET/REOI/06/2024-2025	3	Provision of generalized Business Development Service in Kakamega, Busia, Vihiga, Bungoma, Kisumu, Homabay, Siaya, Migori, Kisii, Nyamira
MSEA/KJET/REOI/07/2024-2025	4	Provision of generalized Business Development Service in Uasin-Gishu, Nandi, Elgeyo-Marakwet, Baringo, Kericho, Bomet, Turkana, West-Pokot, Trans-Nzoia, Narok.
MSEA/KJET/REOI/08/2024-2025	5	Provision of generalized Business Development Service in Meru, Tharaka-Nithi, Isiolo, Marsabit, Embu, Machakos, Kitui, Makueni, Samburu.

NOTE; A firm should bid for one region only.

1. PROJECT BACKGROUND

i. Overview of the Project

The Kenya Jobs and Economic Transformation (KJET) Project is a World Bank funded project whose project development objective is to increase private sector investments, access to markets and sustainable finance to create and improve jobs. The project targets to create and improve productivity of select MSME clusters based on priority value chains envisioned under the Bottom-up Economic Transformation Agenda (BETA). The specific goals of the project are:

- i. Enhancing inclusive, high quality, resilient and sustainable job creation
- ii. Strengthening business and investment environment.
- iii. Strengthen competitiveness & build capacity of MSME clusters.
- iv. Enhance market access for MSMEs.
- v. Scaling up green MSME Financing.

The project will be implemented in four components, which are:

- i. Component 1: Strengthening Business and Investment Enabling Reforms
- ii. Component 2: Enhancing MSME Cluster Competitiveness
- iii. Component 3: Scaling Up Green Financing and Strengthening Climatic Resilience for SMEs
- iv. Component 4: Project Management, Monitoring and Evaluation

The Micro and Small Enterprises Authority (MSEA) is responsible for implementation of Component 2 of the Project on Enhancing MSME Cluster Competitiveness. This component will target market failures that constrain linkages between MSMEs and downstream buyers and MSME firm capabilities. It will support capacity-building for the Government of Kenya (GoK) on MSME-centric cluster development as well as business development services and co-investment in machinery and equipment for organized local clusters of MSMEs.

These activities will enhance the market access, linkages, and capabilities of MSMEs, in turn contributing to higher revenue, productivity, and job generation. This component will leverage, align with, and expand existing GoK initiatives for MSME support such as Constituency Industrial Development Centers (CIDs).

ii. BDS Delivery Structure

Step 1 : Outreach and Sensitization

This entails developing a pipeline of MSMEs and MSME clusters in priority value chains interested in participating in the project. This will be completed by the PIT and MSEA County officers.

This entails the following activities;

- i. Conduct sensitization across the counties targeting MSME clusters and business member organizations focusing on the value chains, the

- geographical area and the type of stakeholder (public or private etc) by both the PIT and MSEA County Officers.
- ii. Developing social media posts and advertisements on MSEA social media pages
 - iii. Advertisement on the MSEA website
 - iv. Newspaper pullouts.

Step 2: Application Process for BDS Support

Interested MSME Clusters will submit their applications to receive BDS support through an online portal that is publicly available. MSEA county officers will assist in the application process at the county offices on need basis. The portal will seek to capture the following details;

- ✓ Cluster Name [*Free response*] [*Required*]
- ✓ Registration Status [*Multiple choice*] [*Required*]
 - MSME Association
 - Cooperative
 - Private company
 - Other [*with free response option to specify*]
- ✓ Registration Number [*Free response*] [*Required*]
- ✓ Registration Certificate [*Attachment*] [*Required*]
- ✓ Geo-Details;
 - County [*Multiple choice – all 47 Counties Names*] [*Required*]
 - Constituency [*Multiple choice – all 290 Constituency Names*] [*Required*]
 - Ward [*Multiple choice – all 1250 Ward Names*] [*Required*]
 - Location [*Free response*] [*Required*]
- ✓ Contact Details
 - Phone [*guided phone number format*] [*Required*]
 - Email [*email format*] [*Required*]
- ✓ Contact Persons (officials) [*Multiple entries*]
 - Chairperson Name [*Free response*] [*Required*]
 - Secretary Name [*Free response*] [*Required*]
- ✓ Place of operation [*Multiple choice*] [*Required*]
 - MSEA CIDC/Worksite
 - Incubation Facility
 - Other Government Facility
 - Private Premise
 - Other [*with free response option to specify*]
- ✓ Name of Place of Operation specified above [*free response*] [*Required*]
- ✓ Cluster Membership [*Number format*] [*Required*]
- ✓ Gender Distribution of Cluster [*Multiple entries – number format*]
 - Male [*Number format*] [*Required*]
 - Female [*Number format*] [*Required*]
- ✓ Age Distribution [*Multiple entries*] [*Required*]
 - 18 to 35 [*Number format*]

- 36 to 50 [*Number format*]
- Above 50 [*Number format*]
- ✓ Value Chain [*Multiple choice*] [*Required*]
 - Edible Oils
 - Textiles
 - Dairy
 - Construction
- ✓ Brief Description of economic activity [*Free response*] [*Required*]
- ✓ Products/Services [*Free response*] [*Required*]
- ✓ Annual turnover (Ksh) [*Number format*] [*Required*]
- ✓ Financial Statements, whichever is available [*attachment*] [*Required*]
 - MPESA Statement
 - Bank Statement
 - Income statement
 - Balance sheet
 - Statement of cash flows
- ✓ Backward Linkages – current suppliers of raw materials [*Free response*][*optional*]
- ✓ Current Market – [*Multiple entries*][*optional*]
 - Off-takers [*Free response*]
 - Digital marketplace [*Free response*]
 - Other [*Free Response*]
- ✓ Problem Statement – description of the current challenges of the cluster's business activities and the needs to be addressed [*Free Response*] [*Required*]
- ✓ Description of the marketing plan - future market plan [*Free Response*][*optional*]
- ✓ Adoption of Sustainable Practices – describe the green initiatives implemented by the cluster if any [*Free response*] [*optional*]

Step 3: Selection of BDS Beneficiaries

A selection firm procured by MSEA will review the applications submitted against the basic eligibility criteria. The selection will involve a 2-part process;

1. System Filter

The system will filter applicants based on the following;

- i. Value chain specified – Focusing on the BETA priority value chains.
- ii. Cluster registration status – verified by the Registrar of MSEs and the Commissioner of Cooperatives.
- iii. Years of operation – must have in operation for a minimum of 3 years.
- iv. Number of cluster members engaged in the focused value chain – a minimum of 10.
- v. Number of employees engaged in the focused value chain – a minimum of 10.
- vi. Duplicate application

The system will generate a list of eligible applicants for qualitative selection.

2. Selection

MSEA will procure a consulting firm to conduct qualitative selection for BDS support beneficiaries who will conduct;

- i. Assessment of the cluster's registration status and operational period;
- ii. Assessment of the cluster's financial position.
- iii. Assessment of the cluster's products market demand and potential/competitiveness.
- iv. Assessment of the viability of the business proposal.

After assessments the selection and storage of beneficiary data will be done in the KJET online portal. The result will be a shortlist of beneficiaries for BDS Support.

3. Scoring of Beneficiaries

The BDS Selection Firm shall conduct scoring of the shortlisted beneficiaries based on the evaluation criteria and scoring matrices developed by the firm. This results in a ranking of the clusters with a score attached to each of the successful clusters.

Based on the ranking of the clusters, the firm shall generate the successful list of beneficiaries based on the allocated number of beneficiaries required per selection cycle. This data should be available on the KJET Online Portal showing the comprehensive score for the entire list of clusters (both successfully selected and those not selected).

4. Tiering of Beneficiaries.

The BDS Selection firm shall tier beneficiaries into 2 tiers based on the scoring of the clusters and meeting the following basic guideline;

- i. Tier 1 – Clusters that operate as businesses that aggregate the output of their constituent MSMEs and thereby function as jointly owned business as opposed to independently operating MSMEs within the clusters.
- ii. Tier 2 – Clusters with capacity gaps based on their business dimensions as well as operating structure (i.e. Clusters whereby constituent MSMEs operate individually and not necessarily in a joint venture business).

Step 4: BDS Delivery

All selected clusters, irrespective of the Tiers shall undergo classroom training by the regional based Generalized BDS Provider in line with the generalized curriculum developed by the curriculum development provider. The classroom training shall be scheduled per region based on the County distribution of the selected beneficiaries clusters. In that regard, where feasible, more than one cluster can be trained at a particular instance.

Each cluster is required to attend 4 sessions across a 5-day period based on the indicative schedule below and refined by the curriculum developer;

- ✓ Day 1 – Business Planning and Strategy
- ✓ Day 2 – Marketing and Supply Chain Management
- ✓ Day 3 – Financial Management – Accounting/Book Keeping
- ✓ Day 4 – Climate Change Mitigation/adaptation and Personal Initiative Training (for women participants)

- ✓ Day 5 – Refinement of business plan/application for further screening in line with the templates provided by the application and BDS curriculum developer.
 - Note: Tier 2 beneficiaries’ updated applications will be subsequently reassessed by the beneficiary selection provider for graduation to Tier 1 support in the next cycle.

Step 5: Individual BDS Training and Mentorship

This shall only be available for Tier 1 beneficiaries only and administered by a combination of the Generalized BDS providers as well as the value chain specific BDS providers.

This shall involve the following steps;

- (i) Conduct a 360 Diagnostic based on the template developed by the curriculum BDS provider. This shall be conducted by the generalized BDS provider and reviewed and concurred by the value chain specific provider.
- (ii) Develop a BDS Growth Plan in line with the needs identified by the 360 diagnostic and template by the BDS curriculum developer. This shall be conducted by both the generalized BDS provider as well as the value chain specific provider.
- (iii) Implement the BDS Growth Plan supported by both the Generalized and Specialized BDS providers
- (iv) Invite and support Tier 1 beneficiaries with financing needs to support acquisition of common user machinery to apply for co-investment in line with the developed legal framework for co-investment.

2. OBJECTIVE OF THE ASSIGNMENT

The project through Component 2 will support MSME Clusters (Associations and Cooperatives) through provision of Business Development Services (BDS) as well as co-investment in viable MSME Cluster economic activities. Business Development Services entails Generalized BDS training as well as specialized training that is customized to the Value chain of focus including textile, edible oils, construction and dairy.

The purpose of this consultancy is to undertake Generalized BDS training based on the needs assessment from the selected clusters in the value chains of focus in the specific counties of Kakamega, Busia, Vihiga, Bungoma, Kisumu, Homabay, Siaya, Migori, Kisii, and Nyamira. The Western and Nyanza region represent a significant economic bloc with unique opportunities and challenges for MSMEs. This regional focus aims to leverage local strengths while addressing specific market failures that constrain MSME growth in these areas.

MSEA invites eligible firms to undertake the Generalized BDS training exercise in accordance to the developed BDS support protocols. Interested Consultants should

provide information demonstrating that they have the required qualifications and relevant experience to perform the exercise.

3. SCOPE OF WORK

The scope of work for Business Development Services provision includes but is not limited to:

- i. Review and familiarize with the developed BDS curriculum and training materials with a focus on;
 - a. Core business management, including, but not limited to, business planning and strategy, financial management, marketing, operations, supply chain, human resource and legal and regulatory requirements;
 - b. Digital skills and technology, inclusive of digital literacy, ecommerce and cybersecurity among others;
 - c. Sustainability and resilience, including assessing and managing climate adaptation and mitigation risks and opportunities;
 - d. Life skills, including special modules for women entrepreneurs (e.g., Personal Initiative Training)
- ii. Organize and implement a Training of Trainers on the developed BDS curriculum and training materials;
- iii. Develop an agreed upon detailed training delivery plan;
- iv. Mobilization and organization of training sessions for target MSME clusters taking into account the following considerations;
 - a. The training session should target MSME clusters in the designated region taking into account available space and resource allocations;
 - b. Multiple clusters can be trained in a particular session;
 - c. All selected clusters in a particular region irrespective of the Tiers shall undergo the classroom training;
 - d. Each Cluster should attend a minimum of 4 sessions across 5 days based on the indicative schedule specified in the Project Operations Manual as well as refined by the BDS curriculum developer;
- v. Undertake training of the selected MSME clusters incorporating local case studies and success stories;
- vi. Support the refinement of business plan/applications of the trained beneficiaries for further support in future cycles;
- vii. Conduct a 360 Diagnostic of the Tier 1 Clusters based on the template developed by the curriculum BDS provider.
- viii. Develop a BDS Growth Plan targeting the Tier 1 beneficiaries in line with the needs identified by the 360 diagnostic and template provided. This should be reviewed and concurred by the value chain specific BDS provider.
- ix. Support the implementation of the BDS Growth Plan with the support of the value chain specific BDS providers.
- x. Incorporate practical learning experiences to augment the applicability, effectiveness and efficiency;

- xi. Bring out technology adoption, innovation and adaptability within the curriculum suggesting possible solutions to business environment challenges and global emerging trends.
- xii. Integrate local languages where necessary to enhance understanding of the training content.
- xiii. Documentation of training activities and participant progress
- xiv. Capture attendance of the participants both manual and online, and submit the reports to MSEA

4. MSEA's OBLIGATIONS

The Authority shall;

- i. Provide orientation of the BDS provider on the scope and objectives of the project;
- ii. Avail the developed BDS protocols to guide the generalized BDS activities;
- iii. Provide the developed generalized BDS curriculum as well as Training Manuals and mentorship guide;
- iv. Review and approve the developed generalized BDS delivery plan;
- v. Share the database of target MSME clusters for training;
- vi. Provide the platform for tracking MSME progress;
- vii. Facilitate initial contact with MSME clusters;
- viii. Review and approve submitted reports;
- ix. Monitor, follow up and evaluate BDS provider's activities;
- x. Review work progress regularly and provide feedback for improvement.

5. DELIVERABLES /SPECIFIC OUTPUTS EXPECTED FROM CONSULTANT

- i. BDS Delivery Plan;
- ii. Training of Trainers and Report;
- iii. BDS reports.

6. SELECTION CRITERIA

Interested consulting firms would be assessed against the following criteria;

- a) Expert (s) with a Master's degree in business administration, marketing, Economics, Agribusiness, commodity value chain, environmental studies, social development, public policy, and/ or other related fields;
- b) Expert (s) with 7-10 years experiences specializing in BDS Provision and Mentorship particularly targeting MSME clusters and curriculum areas outlined above;
- c) Demonstrated capacity to handle large-scale training programs;
- d) Experience working with clusters involved in edible oils, construction, textile and dairy development value chains especially within the Kenyan context;

- e) Experience in training on cluster development, value chain development, product development, financial management and production costing and marketing;
- f) Experience in supporting business management growth in all major stages of a business lifecycle;
- g) Strong understanding of challenges and capacity gaps of MSME clusters particularly in the focused value chains;
- h) Recent experience working with International Agencies;
- i) Ability to take on assignments that require travel, mission and appointment to field location
- j) Demonstrate an understanding of technology adoption for innovativeness and creativity.
- k) Prior experience working in the Kenyan context;
- l) Prior experience working in any of the listed regions is an added advantage;
- m) Excellent communication, analytical, and interpersonal skills; and,
- n) Proficiency in written and spoken English and Swahili.

7. LOCATION

The assignment will be carried out targeting all 47 counties in Kenya clustered under region 1-5 as listed above.

8. TIME FRAME AND DURATION

The consultant will be engaged for a period of 12 months. The assignment will commence immediately upon contract is signing.

9. REPORTING

The consultant will report to the Chief Executive Officer of the Micro and Small Enterprises Authority.