



Terms of Reference

Title	: Sustainable Services Business Plans - Agripool assignment
Clients	: CRAFT Cooperatives: Starlight, Nandi, Marakwet, Kaplomboi
Country	: Kenya
Project number	: 18at-8025
Mission number	: TRA.14800
Period	: Oct-Dec 2022
Business advisor (BA)	: Patrick Kagathi, Emmanuel Kibet

Introduction of CRAFT

The Climate Resilient Agribusinesses for Tomorrow (**CRAFT**) project is a five-year program (2018-2023) implemented in the three EA countries; Kenya, Uganda, and Tanzania. The Dutch government is funding the project and implemented by a consortium of five partners: SNV, Wageningen University, CCAFs, Rabo Bank, and Agriterra. The lead partner is SNV, with Agriterra being the partner responsible for supporting the Cooperatives and farmer led enterprises. The role of Agriterra' within the project is cooperative engagement activities from mapping, assessing and developing capacity development programs to make them investment ready. This has been following the Agriterra approach of advisory support, business planning, governance, financial management and trainings of management and staff. All the interventions have been tailored to strengthen the position of selected cooperatives within the Value chain in delivering effective and sustainable farmer services to its members targeted at building resilience to climate shocks.

The overall objective of the project is to increase climate-smart food and Farmer incomes through increased uptake of climate-smart agricultural technologies and practices.

The project aims to reach out to a minimum of 300,000 smallholder farmers directly through the various interventions in the three countries. Additionally, an increase in the business performance of at least 15 SMEs and 10 cooperatives in the selected value chains in Kenya is envisioned.

Background of the assignment

Since 2018, CRAFT project has been active in Kenya. So far, 5 cooperatives have been onboarded and supported with both technical support as well as matching grants under the Climate Innovation Investment Fund (CIIF). This was targeted towards catalysing climate investments among the cooperative business cases through a 50%-50% co-investment approach. Through CRAFT support, the five cooperatives have established climate smart services to strengthen their members resilience to climate change.

As the CRAFT project comes to a close at the end of 2022, a key concern is on ensuring continuity of the climate smart services offered by cooperatives to farmers. A key component of securing this continuity is access to finance for the cooperatives to fund the CSA services introduced. This forms part of the exit strategy for the project which focuses on supporting the four cooperatives develop effective strategies to attract capital mainly from two sources: 1. Internally mobilized capital from members and 2. External finances from Financial institutions (FIs). The cooperatives have already developed strategies to build their internal capital to attract external finance.

The strategic business planning assignment therefore will build on this foundation to develop a bankable business plan that will target to mobilize capital externally in order to scale the different CSA business units established.

Main objective

The main objective of the mission is therefore to support the cooperative in prioritizing profitable business units within their service model and develop a bankable business plan. This will be aligned with the longterm ambitions of the cooperative.

Specific objectives

Concerning the main objective, the assignment also seeks to achieve the following sub-objectives:

- Undertake an indepth engagement with the cooperative leaders and managers to identify their strategic goals
- Jointly identify CSA service business units that are profitable and scalable for the cooperative to commercialize
- Develop a bankable business plan for the identified service units.

Expected results

1. 4 bankable business plans, documenting on how to sustainably offer the CSA services to the members at scale
2. A mission report with clear recommendations to each of the cooperatives

Mission details

- Composition of the Agriterra mission team:
 - Emmanuel Kibet
 - An Agripooler: Preferably with vast expertise in developing services Business Plans
 - Local Consultant with strong expertise in building bankable business plans and linkages to financial institutions

Duration of the mission

The time frame of the mission with the Agripooler will be 8 days (including international travel) in the period of 13th to 21st November 2022.

For the international Agripooler, he or she will have additional 3 days, a day each, to make input to the business plans developed jointly with the local consultant.

For the local consultant, he will have a total of 20 days; 8 days including travel for the potato coops, 2 days of deskwork per cooperative for the 3 potato Cooperatives, 4 days for Kaplomboi Coop, a beans cooperative that will be handled separately from the potato coops. He will also have 4 days for the presentation of the business plans to all the 4 Cooperatives.

Arrangements: Agriterra will arrange and cater for flight, hotel, transportation, programme for the Agriterra assessment team.

Approach

To evaluate and meet the above-mentioned deliverables, the consultant paired an Agripooler and the Agriterra team will visit each cooperative for a minimum of 2 days for a 2-day business planning-input workshop. The mission team will have discussions with each cooperative's board, the management, the farmers, farmer groups and other key stakeholders involved. In addition to this, the team will request to meet any other relevant stakeholder who can support in achieving the mission's objectives.

Background of the Cooperatives

1. Starlight Farmers Coop

Agriterra started supporting Starlight Multipurpose Cooperative in March 2021; prior to that, they received pre-investment TA support geared towards improving their organizational structures and business model. Starlight champions the interests of its members participating in the different

value chains, with the potato value chain being the main activity. They are currently excelling in potato seed production and ware production with CRAFT CIIF project support and have implemented a functional seed production system that is now meeting the seed demand for their members and other smallholder farmers in the region. They have also set up a mechanization service provision unit that is proving to be a game changer in the potato production business by reducing production costs, improving efficiency, yield increase and reducing post-harvest losses. The Cooperative has been using an outgrowers license and is currently working on getting a merchant-hood certificate to further expand on their seed production capacity. Starlight has an active membership of 650 members, 351 being Females, 244 Men, and 30 youth spread across Nakuru County.

2. Marakwet Highlands Farmers Association

Marakwet Highlands Farmers Cooperative is a member-based organization operating in Elgeyo Marakwet County. Their first contact with Agriterra was in 2020 and their partnership with Agriterra started in 2021 from which they received pre-investment TA activities to build the capacity of their structures and even transitioned from being a farmers' association to a Cooperative society. They were officially onboarded to the CRAFT CIIF project support in February 2022.

The cooperative champions the interests of the members participating in the potato value chain and agroforestry activities. The members of the society face myriad challenges in potato production, one of them being low productivity occasioned by a lack of quality seeds and poor on-farm practices. Lack of access to clean seeds within E. Marakwet remains one of the biggest challenges in potato production. With the CRAFT partnership, they have set up a local clean seed system aiming to go towards certification once they have gained the needed seed business experience. They have also revamped their inputs provision business unit and sold crop-specific fertilizers to their members worth Ksh. 20 million in the 1st and 2nd quarters of 2022. They are in the process of introducing bundled services provision encompassing seed, fertilizers, and mechanization services to their members to improve yields and quality of tubers and reduce production costs. Marakwet Highlands has an active membership of 2500 farmers.

3. Nandi Potato Farmers' Cooperative Society

Nandi Potato Farmers' Cooperative is a primary cooperative registered in 2017 as a multipurpose cooperative facilitating production and marketing of ware potatoes in Nandi County. Before registering the cooperative, the Society operated as a Self-Help Group with the same mandate of producing and marketing ware potatoes. Over the years, the Society grew and ventured full-scale into seed production by acquiring an out-growers license under ADC Molo and later became independent by acquiring a merchant hood certificate.

Their engagement with CRAFT began in 2020, from which they received pre-invest TA support from Agriterra and were officially onboarded to the CIIF project support in November 2021. The Society has continuously produced certified seeds and is scaling up its activities to maximize their potential further and expand its outreach to members with an array of service provisions ranging from seeds, inputs, and mechanization services. The Society has a membership of 1,434 registered members who are actively involved in producing and marketing both seed and ware potatoes.

4. Kaplomboi ROTU FCS Ltd

Kaplomboi ROTU FCS Ltd is a farmer-led and farmer-owned organization formally registered in Kenya in 2014. The core business of Kaplomboi cooperative is to support the members in producing high-quality beans and to aggregate and market the beans. In the current business model, Kaplomboi is engaged in producing beans at two levels: at the society level, the cooperative society has been providing access to quality seeds and other inputs for the members

to enable them to engage in production. The society also produces beans on their jointly leased cooperative farm, a ten-acre farm targeting to build a stable revenue base for the organization.

Following the limitations that the Cooperative has been facing in accessing the seeds, especially for the new varieties, Kaplomboi has ambitions of formalizing the local seed system to provide their farmers, as well as their out-growers, with quality seeds sustainably. Kaplomboi Rotu FCS applied for CRAFT support in 2020 to scale sustainably, professionalize its seed production to service its members, and even tap into the regional beans-seed market. They, however, had to go through pre-investment TA support from Agriterra to make them investment ready and were officially onboarded to the CIIF support in December 2021.

The proposed scale-up has been rolled out with the support of CRAFT through a well-coordinated value chain approach from selection of bean varieties, access to foundation seeds, linkage to input suppliers, training and agronomic support, and streamlined market access. The interventions seek to reach at least 1000 smallholder bean farmers from the area combining members of the society and the other out-grower groups. The implementation of the project seeks to increase the incomes of both the members and society through marketing commissions.

In addition to their paid-up members, the society works with self-help groups around their locality as out-growers to attain the tradable volumes demanded by the market. The Cooperative has off-take agreements with two SMEs involved in processing high Iron and Zinc beans.

Key deliverables:

- Assess the current business models, the capacity needs, and the sustainability of each Cooperative business
- Develop sustainable business plans for the CSA services provision such as mechanization services, certified seed production, bulk-sourcing of inputs, extension services
- Assess and advise on the opportunities for scaling up the services to reach more members sustainably
- Advice on the best way to offer the CSA and other related services in each cooperatives value chain

Duration of the assignment

The assignment will be executed as follows: **Tentative programme**

Day	Date	Programme	Available
Sunday	13 th Nov	Arrival of the Agripooler and flight to Eldoret	Agripooler
Monday	14 th Nov	Marakwet Business Planning Workshop	Team
Tuesday	15 th Nov	Marakwet Business Planning Workshop	Team
Wednesday	16 th Nov	Nandi Business Planning Workshop	Team
Thursday	17 th Nov	Nandi Business Planning Workshop and travel to Nakuru	Team
Friday	18 th Nov	Starlight Business Planning Workshop	Team
Saturday	19 th Nov	Starlight Business Planning Workshop	Team
Sunday	20 th Nov	Travel back to Nairobi and to the Netherlands	Agripooler
Wednesday	23 rd Nov	Travel To Bomet	Local Consultant, BA
Thursday	24 th Nov	Kaplomboi Business Planning	Local Consultant, BA
Friday	25 th Nov	Kaplomboi Business Planning	Local Consultant, BA

BA = Emmanuel Kibet, Agriterra Business Advisor

Agripooler =



About Agriterra

Agriterra provides high quality, and hands-on advice, training and exchange services, to cooperatives and farmer organisations with maximum impact for socio-economically strong and productive rural areas. In 2018, with 117 employees, Agriterra advises 208 cooperatives in 17 countries. With our programme we reach more than 500.000 farmers. In the last two years we have already mobilised more than 20 million euro made available through policy changes. More than 40 cooperatives are linked to banks with a mobilised loan for working capital and investments of more than 15 million euro, while 33 clients have a processing facility with increased production.

Through professionalising and strengthening cooperatives in Latin America, Africa and Asia, Agriterra contributes to positive economic development and better income distribution. Farmers organised in strong, competitive and trustworthy cooperatives are indispensable for a vibrant rural economy, fostering agricultural development and off-farm employment in rural areas.

Agriterra draws on a century of cooperative knowledge in the Netherlands disclosed via its extensive network in the Dutch agri-food sector. These experts and Agripool experts from farmers organisations all over the world, work together with business advisors from the Netherlands and national business advisors in the countries where Agriterra staff is based.

Annexes

1. Agriterra cooperative assessment tool
2. Scoping document
3. Formal documents (Byelaws, Audit reports last 3 years)
4. Input Agriterra Analyst Financial Performance cooperative (Annex 2 of the cooperative assessment).