

Republic of Kenya



**MINISTRY OF AGRICULTURE, LIVESTOCK & FISHERIES
STATE DEPARTMENT OF FISHERIES AND BLUE ECONOMY**

**KENYA MARINE FISHERIES AND SOCIO-ECONOMIC DEVELOPMENT PROJECT
(KEMFSED)**

TERMS OF REFERENCE
FOR A CONSULTANT COMPANY OR FIRM

**SCOPING STUDY TO DEVELOP STRATEGIC APPROACH
FOR ENTERPRISE DEVELOPMENT IN COASTAL FISHING
COMMUNITIES IN KENYA**

December 2017

1. Background

1.1. Commitment to Blue Economy

On May 2, 2016, in the Executive Order No. 1/2016, the Government of Kenya made a clear commitment towards a new approach, the blue economy, and taking into cognizance the importance of the sector to fuel the country's economic growth, created the State Department for Fisheries and the Blue Economy. The coastal and marine space on which a blue economy is potentially founded contains a myriad of different uses, some currently destructive or unsustainable, while others are renewable, some mutually exclusive and others compatible. More broadly, a blue economy approach is understood as encompassing a better integrated approach to these sometimes-conflicting uses of marine resources, living and non-living (including shipping, fossil energy and mining), and renewable or exhaustive. Too often, priority tends to be given to activities that generate short-term benefits but also have destructive and counter-productive longer-term consequences. In contrast, a blue economy approach is more proactive and embodies the need to focus on longer term sustainability. The Presidential Blue Economy Committee established in September 2016, while recognizing the many sectors in blue economy prioritized fisheries and aquaculture; and maritime shipping and logistic services as priority sectors that would deliver fast socio-economic benefits to the communities in the coastal areas. To strengthen fisheries governance for sustainable utilization and enhanced revenues for the government and employment creation, the government enacted the Fisheries Management and Development Act 2016 in September, 2016. The Act established institutions that would strengthen the governance of the fishing industry and aquaculture, and enable investments along the fishery value chains for socio-economic benefits. The institutions established include the Kenya Fisheries Service, Kenya Fish Marketing Authority and the Fish Levy Trust Fund.

1.2. KEMFSED project

In order to attain economic benefits from the coastal and marine resources, the Government of Kenya (GoK) through the State Department for Fisheries and the Blue Economy (SDF&BE) has requested the World Bank to support the proposed *Kenya Marine Fisheries and Socio-Economic Development Project (KEMFSED)*. The development project goal (PDO) is to enhance economic benefits and coastal livelihoods from marine fisheries and coastal aquaculture while safeguarding associated ecosystems' integrity.

The project duration will be 5 years. The project will be implemented by the State Department for Fisheries & the Blue Economy (SDF & BE). The project's target area and beneficiaries will be coastal communities in Kenya's five coastal counties, namely: Kwale, Mombasa, Kilifi, Lamu, and Tana River.

The project comprises four components:

Component 1: Governance and management of marine fisheries and aquatic resources which aims to strengthen marine fisheries and coastal aquaculture governance so as to control over-fishing, maintain or improve stock productivity and enhance associated ecosystem integrity.

Sub-component 1 will focus on coordination and institutional strengthening to ensure fisheries and aquaculture resources are safeguarded in the context of implementing the blue economy framework. Sub-component 2 will be on strengthening existing Fisheries Information System (FIS) to ensure availability of integrated sectoral information to communicate the importance of fisheries and aquaculture sector in broader coastal developments. Sub-component 3 will aim at improving management of inshore/small-scale fisheries. Sub-component 4 will aim at improving management of offshore fisheries.

Component 2: Promote investment in marine fisheries and coastal aquaculture which aims to increase the value redeemed from priority marine fisheries and mariculture by increasing investment in sector.

Sub-component 2.1 will focus on improving the business environment and private sector investment in the fishery and aquaculture sector whereas sub-component 2.2 will focus on modernizing fisheries infrastructure to enhance value addition.

Component 3: Strengthening Coastal Livelihoods which aims to enhance social and economic benefits that coastal communities derive from marine fisheries.

Sub-component 3.1 will focus on increasing community benefits from priority fisheries & aquaculture. It will include facilitating community-level engagement in initiatives to increase value from, and improve marketing of, priority fishery value chains and mariculture. Increased value could come from improved post-harvest handling, storage and transportation of fish, as well as improved marketing (both improved product development and identifying new markets). Sub-component 3.2 will aim at broader strengthening of coastal livelihood security as a platform for more successful community engagement in fisheries co-management under component 1;

Component 4: This will be on project management which covers establishment and operationalization of a project secretariat, fiduciary, environmental and social safeguards, and monitoring and evaluation.

It is intended that detailed planning of interventions under sub-component 3.1 will be integrated with sub-component 2.1 and 2.2 as they are inextricably linked. As such, all will be guided by findings and recommendations generated by two preparatory studies in addition to the one herein on: (i) *preparation of business cases for interventions to increase value from priority fisheries* (including value chain analysis and infrastructure assessment), and (ii) *mariculture scoping*. This will ensure that interventions at community level will be synergized with interventions under Component 2 on facilitating private sector investment and infrastructure development.

The conceptual basis for sub-component 3.2 recognizes the relationship between socio-economic status, livelihood security and effective engagement in community-based natural resources management (CBNRM). Income-related interventions will be targeted at broad strengthening of livelihood and enterprise skills, such that they are better able to take advantage of diverse, locally-specific economic opportunities (for e.g. tourism, aquaculture, The Lamu Port-South Sudan-Ethiopia-Transport/LAPSETT development etc.), rather than attempting pre-emptively to identify

specific kinds of livelihood that might be successful. Interventions will focus on supporting improved access to credit, strengthening generalized enterprise skills and supporting access to diverse, demand-led vocational skills training. The conceptual basis for sub-component 3.2 may also justify non-income-related interventions of the kind supported under the Hazina ya Maendeleo Pwani (HMP) initiative under the Kenya Coastal Development Project (KCDP) implemented from 2010-16. Particularly, this could include support for small-scale social services improvements related to health, education or clean water, in coastal communities directly involved in fisheries co-management initiatives under Component 1.3. Activities supporting restoration of coastal habitats critical to nearshore fisheries productivity would be justified on the basis that such habitats are also integral to coastal livelihood security.

In August 2017, the Government of Kenya has received Project Preparation Advance (PPA) from the World Bank towards preparation of the Kenya Marine Fisheries and Socioeconomic Development Project (KEMFSED). This assignment herein is a contribution to that.

2. Rationale of the Assignment

Component 3 of KEMFSED (strengthening coastal livelihoods) directly addresses the project development objective (PDO) and also recognizes the importance of livelihood stability to coastal community engagement in fisheries co-management (sub-component 4). The output of this assignment herein will contribute substantially to the design of both sub-components 1 and 2, recommending strategies and interventions for effective implementation.

A degree of progress was made under the KCDP project on coastal community enterprise development, mainly focused on building capacity of small and medium enterprises (SMEs). However challenges were also encountered including the fact that meaningful livelihood outcomes were not well planned or measured from the outset. The intention under KEMFSED is to learn lessons from, and build on, KCDP and other relevant experience, continuing to evolve an effective, strategic approach to enterprise development in coastal communities in Kenya, in part centered around fisheries sector value-addition, as well as establishing a robust monitoring framework by which to assess effectiveness.

The Client is commissioning a separate study as part of KEMFSED preparation to identify technologies and fisheries with potential for value-addition and marketing improvements in the marine fisheries sub-sector. The assignment herein is expected to provide synergy for that, by strategizing as to how the capacity of small-scale enterprises in coastal communities can be enhanced such that identified opportunities are more likely to be successfully explored and coastal residents are better able to take advantage of opportunities offered by any investments in improved infrastructure and initiatives aimed at increasing value.

3. Objectives of Assignment

The objective of this consultancy is to support preparation of Component 3 of the KEMFSED project, specifically by:

- 3.1. identifying a portfolio of well-justified, strategically-planned interventions that will strengthen small-to-medium scale enterprise development on the Kenyan coast, with a focus on increasing value redeemed by communities from priority marine fisheries, and broader strengthening of coastal livelihood security, including improved access to finance, as a platform for more successful community engagement in fisheries co-management. The proposed interventions should support integration of private sector (Component 2) and community (Component 3) initiatives under KEMFSED; and
- 3.2. identify appropriate indicators for measuring the above outcomes through the duration of the KEMFSED project and collect a robustly sampled, quantitative baseline dataset.

4. Scope of Work

The assignment will be carried out in KEMFSED project intervention areas namely coastal communities in Kwale, Mombasa, Kilifi, Lamu, and Tana River Counties where marine fisheries is a significant aspect of livelihoods.

Specifically, the consultant will:

- 4.1. undertake a thorough literature review relevant to SME development and access to finance in coastal communities in Kenya, including on: (i) recent best-practice/ successful approaches to SME development, small-scale fisheries sector value-addition and small-scale access-to-finance in rural communities in sub-Saharan Africa; (ii) significant Govt or NGO project interventions on SME development and small-scale access-to-finance in Kenya as a whole in recent years; (iii) relevant final documentation from the Kenya Coast Development Project (KCDP)¹; any research studies relevant to [i] and [ii] above, in particular in coastal communities etc., with the particular aim of:
 - (i) reviewing experience (and identifying successes) of enterprise development initiatives, including enterprise challenges, entrepreneurship hubs etc, in Kenya and relevant, similar countries;
 - (ii) understanding what is already documented on the characteristics, constraints and needs of SMEs in coastal communities in Kenya, including skills and constraints relevant to engagement in fisheries sector value-addition, and identifying gaps in the same;
- 4.2. undertake informal consultations in support of 4.1. above, with the Client and other relevant technical partners, to ensure a good understanding of available documents relevant to 4.1 literature review, and of the achievements, constraints and lessons from relevant enterprise initiatives;
- 4.3. Based on these ToR herein, and the findings from 4.1. and 4.2. above, prepare a draft Inception Report that contains:

¹ Including: (i) KCDP Implementation Completion Report (ICR); (ii) Kashangaki (2016) Options for enhancing access to credit for micro and small enterprises in coastal Kenya;

- (i) a summary of research and consultations undertaken in fulfillment of 4.1 and 4.2 above with a summary of key findings;
- (ii) outstanding information needs required for design of KEMFSED Component 3 project interventions, relating to: the status of coastal livelihoods; small-scale enterprise development; (constraints on) engagement in small-scale fisheries sector value-addition; and small-scale access-to-finance in coastal communities;
- (iii) detailed methodology, implementation plan and budget for a field study to collect information identified in (ii) above, from a representative sample of coastal communities/SMEs, County authorities and other relevant stakeholders in the KEMFSED target area. *Inter alia*, this should include:
 - a needs assessment in regard to SMEs in the target area
 - an evaluation of the current status, sustainability and future prospects of groups that received grant and training support from the Kenya Coastal Development Project (KCDP), including (i) groups receiving HMP grants; (ii) groups receiving support under the vulnerable & marginalized groups (VMG) project and (iii) SMEs that received training support. The evaluation should be based on a representative sample of groups selected by stratified random sampling and/or other criteria to be proposed by the Consultant and outlined in the Inception Report.

Submit the draft Inception Report to the Client for comment, incorporate comments and submit revised final Inception Report.

- 4.4. Upon approval of the Inception Report by the Client, implement the field study as outlined in 4.3[iii] above and compile findings;
- 4.5. Based on the findings of 4.1, 4.2 and 4.4 above, prepare a draft Component 3 Strategy Report and submit to Client for comment. *Inter alia*, the Strategy should contain:
 - (i) detailed approach and findings from 4.1 and 4.2 and 4.4 above including identifying key constraints and needs in relation to enterprise/ SME development and small-scale access-to-finance in coastal communities;
 - (ii) a detailed proposed strategy for addressing KEMFSED Component 3 scope and objectives (as outlined in Section 1 above) over a 5-year timeframe, with particular attention on integrating sub-component 3.1 with sub-component 2.1 to ensure that communities are integrated with Component 2 investments in value chain addition, mariculture development and fisheries infrastructure. The Component 3 Strategy should include:
 1. outline of strategic approach/ theory of change explaining how identified constraints and needs will be met;
 2. objectives
 3. scope of target beneficiaries
 4. proposed interventions with specific, quantitative expected outputs
 5. expected outcomes regarding: small-scale enterprise development; small-scale

- engagement in fisheries sector value-addition; and access-to-finance
 - 6. measurable outcome indicators (see 4.8[i] below), milestones and targets
 - 7. implementation strategy including identification of potential (government and non-government) implementation partners
 - 8. exit strategy for all component interventions to ensure post-project sustainability
 - 9. outline budget
- 4.6. present draft Component 3 strategy to the Client - and any stakeholders invited by the Client - using a PowerPoint presentation;
- 4.7. Incorporate stakeholders' inputs/comments and prepare final strategy report and submit the same to the Client;
- 4.8. Based on 4.5[ii] prepare a baseline survey proposal that includes:
- (i) indicators for monitoring outcomes under KEMFSED Component 3, as identified in 4.5[ii] giving consideration to:
 - appropriate measure(s) of material wealth/income/expenditure in target households/SMEs as a proxy for the Component 3 broad aim of 'strengthening livelihoods' and 'enhancing economic benefits that coastal communities derive from sustainable use of marine living resources'
 - appropriate measure(s) of distribution/diversification of income sources in target [SME members'] households;
 - appropriate measures to assess engagement in, and benefits from, small-scale fisheries sector value-addition;
 - appropriate measure(s) for monitoring small-scale access-to-finance
 - (ii) detailed methodology, implementation plan and detailed budget for a field survey to gather a baseline dataset for indicators identified in 4.8[i] above, noting that:
 - (iii) the monitoring baseline should be based on robust, repeatable, representative (random, stratified) sampling of the target coastal communities/beneficiaries, if feasible also including sampling controls.
- 4.9. Submit baseline survey proposal to the Client for comment, incorporate comments and submit final version for approval;
- 4.10. Upon approval of the baseline survey proposal by the Client, implement the baseline survey as outlined in 4.8[ii];
- 4.11. Prepare a draft baseline survey report detailing:
- (i) methodology employed as per 4.8[ii] with any amendments;
 - (ii) implementation including challenges encountered;
 - (iii) results, including baseline for project outcome monitoring as per 4.8[i]
 - (iv) recommendations for end line survey at end-of-project.
- 4.12. Submit draft report to the Client for comment, incorporate comments from the Client and submit final baseline survey report

5. Expected Deliverables

The assignment is expected to be completed **within a total of 16 weeks** (the draft and final Baseline Survey Report will be submitted 15 and 16 weeks respectively). Key deliverables include the following reports:

- 5.1. **Inception Report:** As per section 4.3 above, a draft inception report to be submitted within 3 weeks of contract signing, and final report within 1 week days of receiving comments;
- 5.2. **Weekly email progress update:** a brief update of progress emailed to the Client;
- 5.3. **Component 3 Strategy Report:** As per section 4.5 above, draft to be submitted within five weeks of approval of Inception Report, final report within one week of receiving comments;
- 5.4. **Baseline Survey Report:** As per section 4.10 above, draft to be submitted within five weeks of approval of Component 3 Strategy Report, final report within 1 week of receiving comments.

Output	Week	1-2	3-4	5-6	7-8	9-10	11-12	13-14	15-16
1. Inception Report									
2. Weekly progress update									
3. Draft Component 3 Strategy Report									
4. Final Component 3 Strategy Report									
5. Draft Baseline Survey Report									
6. Final Baseline Survey Report									

6. Qualifications and experience of the Consultant firm and team

The work will be carried out by a qualified firm or institution that has been in business for at least 3 years in similar areas as outlined in the TOR, and with significant demonstrated experience in:

- (i) promoting small-scale and medium-scale enterprise development in Kenya
- (ii) researching and promoting access-to-finance in coastal and/or rural communities
- (iii) conducting household-level quantitative sampling surveys
- (iv) delivering high quality outputs to multilateral or other international agencies

The consultancy firm will propose a team including, at minimum, two key experts with qualifications as outlined below: (i) Senior SME Development Specialist/Team Leader (ii) a Household Survey Specialist. The consultancy firm may include other team members as necessary to fulfill the terms of reference herein. The qualifications, experience, roles and responsibilities of all team members should be detailed in the firm's technical proposal.

(i) Senior SME Development Specialist / Team Leader

- Bachelor and advanced degrees in business and enterprise development or related field from a recognized and reputable institution.
- At least 15 years work experience and a robust knowledge of current best practice in the field of community enterprise and SME development and small-scale access-to-finance.
- Proven experience in preparation and implementation of small & medium enterprise (SME) development strategies or related project interventions.
- At least 10 years' experience working with rural communities in Kenya; a working knowledge of the culture and socio-economics of coastal fishing communities of Kenya will be an advantage.
- Experience working with a wide range of stakeholders, including senior government officials, donors, development partners, county officials as well as regional organizations.
- Experience leading a technical team on similar consultancy assignments;
- Significant demonstrated experience in preparing high quality technical reports of international standard;
- Strong IT literacy and competency.
- Ability to work independently in English, writing technical reports and leading conversations/meetings
- Ability to use Kiswahili for effective verbal communication
- No conflicts of interest in undertaking the assignment.

(ii) Household Survey Specialist

- Advanced degree in economics, statistics or similar relevant discipline from a recognized and reputable institution.
- At least 15 years work experience conducting quantitative sampling surveys, in particular involving household economic status.
- Proven experience in design and implementation of quantitative sampling studies and related data analysis and management.
- Experience working with rural communities in Kenya and a working knowledge of the culture and socio-economics of coastal fishing communities
- Experience working with a wide range of stakeholders, including senior government officials, donors, development partners, county officials as well as regional organizations.
- Significant demonstrated experience in preparing high quality technical reports of international standard;
- Strong IT literacy and competency.
- Ability to work independently in English, writing technical reports and leading conversations/meetings
- Ability to use Kiswahili for effective verbal communication
- No conflicts of interest in undertaking the assignment.

7. Duration of assignment

The assignment is expected to take not more than 16 weeks. It should start immediately upon signing of the contract.

Provisional estimated input by the identified key experts is as follows:

Key Expert	Estimated time input (days)
1. Senior SME Development Specialist/Team Leader	40 days
2. Household Survey Specialist	30 days

8. Supervision and working arrangements

The Consultant will report to the Acting Interim Director General of the KeFS on all matters pertaining to the assignment. The Consultant will provide an update on a weekly basis with regards to progress.

The Client may also connect the Consultant with consultants engaged on a separate KEMFSED project preparation assignment on (i) development of business cases for priority fisheries value chains and infrastructure interventions, and (ii) mariculture scoping, to the extent there are important synergies between the three assignments, as referred to in Section 2 above.

9. Payment structure and timeframe

Payment terms will be based on completion of agreed milestones as per contract agreement and shall be made as per the following schedule:

- 20% - Upon submission and acceptance of the Inception Report
- 40% - Upon submission and acceptance of final Component 3 Strategy Report
- 40%- Upon submission and acceptance of final Baseline Survey Report