Introduction

KMT has scheduled a series of evaluations and assessments for its interventions to measure and report progress against set targets over the programme period, but also use the findings from such evaluations to inform or improve sector or intervention strategies. The evaluations are sector and sometimes intervention specific. They are commissioned based on the stage of the interventions. The livestock product processing intervention within KMT’s Livestock Sector’s End Market component is slightly over 1-year-old of implementation. This assessment is to establish baseline information on the Indicators of interest, against which impact will be measured in future.

1. Background

1.1. Kenya Markets Trust

Kenya Markets Trust (KMT) is a Kenyan organization that works in partnership with the private sector, county and national government to unleash large scale, sustainable market growth by changing the underlying incentives, capacities and rules that shape how markets work.

We focus on markets as they are the main mechanism through which wealth is created and growth occurs and our long-term goal is to deliver large scale, systemic change in selected markets that benefits all players including small businesses, larger firms, investors, producers and consumers.

To achieve this, we identify markets with high growth potential but which are saddled with systemic constraints. Working with key market actors, policy makers and other stakeholders, we address these constraints to improve competitiveness, efficiency and inclusiveness.

As a result, we hope to grow the range of market opportunities, support competition in these sectors, eventually creating a market system that is profitable to investors, improves incomes for suppliers and is beneficial to consumers.

KMT currently works in 5 sectors namely Livestock; Dairy; Crop Seed; Agricultural Inputs and Water.

KMT seeks the services of a consultant to undertake a baseline assessment of one of the interventions within its Livestock sector i.e. Livestock product processing that falls under ‘End Market’ component within the livestock strategy. Upon successful completion of this assignment, the consultant will be considered to undertake upcoming impact assessments in the livestock sector.

KMT will achieve these outcomes through application of an approach known as making markets work for the poor (M4P). M4P is based on facilitating the realignment of the incentives, capacities, relationships and rules which govern how markets work. In doing so, KMT will also be looking to catalyze private sector innovation, and support the emergence of more inclusive business models which deliver a better return to the poor.

Livestock forms part of the core “portfolio” of KMT’s current activities. The programme is funded by the UK Department for International Development (DFID); the Gatsby Charitable Foundation (GCF)
1.2. Sector Background

1.2.1 The theory of change for Kenya Markets Trust is shown in figure 1.

![Diagram showing the theory of change for Kenya Markets Trust]

1.2.2 For the past 4 years, KMT has been designing and implementing additional sector strategies to apply the KMT theory of change across a portfolio of market systems that offer significant pro poor growth potential, predominantly in rural areas of Kenya. The programme has interventions already underway in dairy, rural & urban water markets, agricultural inputs & supplies, extensive livestock and seed.

1.2.3 For the past 3 years, the Livestock team has been implementing interventions within the three main components:

a) **Primary production**: KMT supports insurers, animal health product and service providers, county government (or their agents) to improve livestock production support services. This leads to widespread use of insurance to mitigate against livestock losses and veterinary services to improve animal health. Pastoralist communities, supported by county governments, adopts sustainable rangeland management practices to manage grazing and organize production.

b) **Route to market**: KMT focuses on improving two distinct channels. First, conservancies and private ranches are supported to pilot and scale up business models that incorporates aggregation, finishing and linkages to slaughtering/processing facilities, so that more cattle are finished to market requirements. Second, county governments, traders and other businesses are supported to make aggregation and trading facilities and services more efficient, in terms of the movement of livestock and flow of market information.

c) **End market**: KMT focuses on re-orientating both the processing side and on the retail and consumer side of the meat industry. Processors are supported to develop more productive and safety-, quality- and market-driven business models, in terms of strengthened skills, facilities and buying relationships, in order to generate a ‘pull’ incentive back up the value
chain. Retailers, industry bodies, consumer groups and government are supported to promote greater awareness about meat quality and safety.

1.3 Assignment

This baseline evaluation (assessment) will be specific to the Livestock End Market component - Livestock Product Processing Intervention; The intervention mainly focuses on slaughter, processing facilities, manufacturing and retail. (i) slaughter entails converting live animals into carcasses; (ii) processing entails turning carcasses into primal and secondary cuts of meat, and packaging and distributing them; (iii) manufacturing entails adding value to (secondary) cuts of meat, including the addition of non-meat ingredients, to produce differentiated products. Only a small proportion of Kenyan livestock is processed or manufactured into derivative products.

The overall aim of the intervention is Improving the functioning of livestock product processing industries to create greater demand for livestock and livestock products to meet urban consumer demand. This will be achieved through Increased processing efficiency, improved access to international markets, reduced supply chain inefficiencies, increased income to pastoral producers and improved commercialization of pastoralism

However, the meat processing industry in Kenya is stunted and firms have a poor understanding of domestic and international demand. Livestock supply from pastoralist areas is also unreliable and commercialization of pastoralism not fully realized, as majority of pastoralists produce for cultural prestige. Additionally, poorer households are not able to take full advantage of market opportunities because of low livestock numbers, unfair pricing and distance to the terminal markets that result in low terms of trade and a tendency to sell primarily when they have an immediate cash needs. Market distortion by live animal traders who later sell at the terminal markets and the current Nairobi’s hot meat markets exacerbated by commercialized rustled beef and game meat that ends up in the meat markets offering unfair competition pricewise to the legitimate traders’ beef and hence very low market prices, trickling down to the pastoralists of take prices and no value for properly finished animals. KMT’s intervention is thus two pronged: focusing on increased efficiency for processors and increasing demand for quality meat by retailers’ consumers

2. PURPOSE

The overall objectives of this assessment are:

- To establish baseline information on market system indicators that measure desired change among market actors and beneficiaries of KMT Livestock sector interventions along the supply chain and the consumer market. To provide a framework for future impact assessments, evaluations, and testing of assumptions in the programme theory of change.
- To establish whether the sector strategy, implementation tactics and activities with various market actors will effectively address identified constraints and lead to the desired change at both the market system and target beneficiary levels.

Proposed Activities

a. Understand the livestock Product Processing key business models and their performance
efficiency indicators.
The consultant should be able to conceptualize the different classes of abattoirs and
slaughter slabs within Nairobi, Mombasa, Isiolo, Marsabit, Turkana and Wajir Counties,
based on the identified key performance parameters.

These parameters shall include but not limited to;
- Operational costs of the abattoirs/ slabs / processors. This shall be judged based on
  the actors’ structural capacity against the current throughput per day, the number
  of professional/ technical staff employed on key roles and level of use of
  technologies in the slaughter and processing methods.
- Business Model. This shall lead to classification of those offering toll services, those
  slaughtering and selling as a business and those offering a combination of toll
  slaughter services, selling carcasses and cuts and finally manufacturing of value
  added products as a business.
- The level of livestock products value addition and processing. This shall determine
  the differentiated product portfolio for those at this cluster.
- The sales volumes/ revenues from services, products or sale of live animals.

b. Understanding and mapping out the current relationship between processors and the
live animal traders/ producers. This shall provide baseline information on current formal/
informal buying relationships between producers and processors and/ or butcheries. The
key parameters to report on this line shall be the set of incentives by processors to lock in
reliable supply by producers.

c. A clear mapping of the actors providing support/ auxiliary services to
processors/abattoirs/slabs such as the refrigeration services, food safety & hygiene
consumables and feedlot and ranchers equipment manufacturers and suppliers,
financial services providers and meat/ end products transporters. This shall involve a
clear map of the current relationship and the level of engagements.

d. Understanding of the current number of institutions offering the livestock products
processing skills (excluding dairy), the number of students that graduate after the
training on meat processing skills.

2. SCOPE

The study shall focus on the following geographies

- Nairobi
  Shall map out all and talk to at-least two livestock meat processors with export license
  and 3 large abattoirs with class A standard, two large wholesale meat markets and 3
  learning institutions that trains meat related processing courses, three financial
  services providers and three slaughtering/ refrigeration/ technology equipment
  suppliers.

- Mombasa
  The consulting firm shall map out all and interview 3 slaughter slabs and 2 Class A
  abattoirs in Mombasa that slaughters for or those that offers slaughter services and
  their meat sold to butcheries in Mombasa County, two large wholesale meat/ live
  animal markets and 3 learning institutions that trains meat related processing
  technologies, three financial services providers and three slaughtering/ refrigeration/
  technology equipment suppliers.
Isiolo, Wajir, Marsabit and Turkana

The selected firm shall map out all livestock processors/ slabs, tanneries and interview the existing slaughter slabs and the incomplete and up-coming abattoir both owned by public – county governments and private sector.

In all the above geographies.

The consulting firm shall be able to articulate the current relationships and linkages between live animal suppliers/ traders and the ownership of the slaughterhouses and those between meat traders who use the slaughterhouse services and their customers (in this case the owners of the retail butcheries and wholesale meat markets – Dagoreti, Burma and Kiamoiko meat markets). The key outcome of this shall be a clear baseline mapping the level of market information flow from consumers (meat retailers/ butcheries) and the pastoral producers (live animal traders) on Quality, Consistency, Quantities and Prices.

3. EVALUATION METHODOLOGY

Appropriate research methods that will effectively capture the indicators of change indicated in the KMT Livestock Sector result chains and overall results framework will be considered. These include both qualitative and quantitative methods, based on research tools such as, but not limited to:

- Literature reviews and market system scans for relevant statistics
- Key Informants Interviews (KII) with various key stakeholders
- Focus group discussions with beneficiaries
- Assessment of operations

4. EVALUATION TASKS AND DELIVERABLES

The specific deliverables are:

- Detailed research plan, including methods, design, schedules and timelines
- Data collection Instruments
- Draft report highlighting the key findings as per the objectives detailing indicator information
- Clean data set
- Popular version of the report
- Final Report

KMT will facilitate the interviews with the market actors and provide background information to selected researchers.

5. QUALIFICATIONS OF THE CONSULTANT

The consultant will possess the following qualifications:

- Experience conducting research in the ASALS.
- Good understanding of the Livestock sector in Kenya
- Experience developing research designs and implementing qualitative and quantitative field research in Northern Kenya
- Demonstrated skills in qualitative and quantitative research, data capture and analysis, including the use of good statistical packages
• Good writing and verbal communication skills
• Experience evaluating private sector development programmes
• Understanding of the Market systems approach is an added advantage

6. **Reporting**

The consultant shall report to the Livestock Sector Knowledge and Results Manager and the Knowledge & Results Lead.

7. **Timelines**

This assignment will be conducted between the Months of March and June 2017.

Following the successful completion of this assignment, similar baselines will be conducted for Livestock End Market – Retail and Consumer July-October and Livestock Route to Market-Live Animal Trade and Fattening & Finishing Services (August-November). Terms of reference for these subsequent assignments will be provided.

The consultant will be required to develop a detailed work plan including the timelines. The table below presents an indicative time schedule.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception discussion and preparation of tools</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Testing tools and enumerator training</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Field Work</td>
<td>4 weeks</td>
</tr>
<tr>
<td>Data entry and analysis</td>
<td>3 weeks</td>
</tr>
<tr>
<td>Draft report</td>
<td>2 weeks</td>
</tr>
<tr>
<td>Final report</td>
<td>1 week</td>
</tr>
</tbody>
</table>

8. **Budget**

The consultant will be required to develop a reasonable budget to enable them carry out this assignment.

9. **Responding to RFP**

The proposals should include the following:

- Company profile
- Detailed understanding of the ToR and an appropriate evaluation/assessment design and plan.
- A detailed work plan with clear timelines.
- Profile of the key consultants
- Financial proposal

**Proposals should be submitted via email to** procurement@kenyamarkets.org **on or before February 27th, 2017 at 5PM.**
Annex 1: Indicators to be assessed

- Level/ratio of investment by market actors (KES value) in relationship to KMT contribution
- Type and value of commodities produced/marketed
- Size of business (turnover in KES)
- Type and number of direct jobs (FTE, PTE) in the market system
- Sex, age, education level of market actors/beneficiaries
- Size/type of markets (export/local/contractual/linked, etc)
- Rules and regulations (including business, health and safety) in place/not in place
- Industry voice strength/weakness
- Enabling environment situation (county/national government bodies and their engagement)
- Presence of support services (financing, capacity development, information provision, other relevant SPs)
- Climate change mitigation strategies in place/not in place

Livestock Product Processing: Intervention Indicators

<table>
<thead>
<tr>
<th>Level</th>
<th>Box no.</th>
<th>Result</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td>20</td>
<td>Increased employment for the poor people</td>
<td># of people hired by processors and suppliers</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Increased income (NAIC) for the pastoralists</td>
<td># of poor producers recording an increase in income from livestock sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Average increase in income from livestock/ livestock products sales (Ksh)</td>
<td></td>
</tr>
<tr>
<td>Target group change</td>
<td>18</td>
<td>Increase in pastoralists revenues (HH)</td>
<td>Average annual revenues from sale of livestock and livestock products (Ksh)</td>
</tr>
<tr>
<td></td>
<td>R4</td>
<td>Producers (pastoralists) increase sales (Kshs) of quality livestock</td>
<td># of producers recording increased sales (Ksh)</td>
</tr>
<tr>
<td></td>
<td>R3</td>
<td>Other traders record increased sales</td>
<td># of traders recording increased sales</td>
</tr>
<tr>
<td></td>
<td>R2</td>
<td>Other processors improve productivity and sales</td>
<td># of other processors accessing markets through other processors/traders not supported directly by MAP</td>
</tr>
<tr>
<td></td>
<td>R1</td>
<td>Other processors crowd-in to preferred producer model and reliable supply of quality livestock to processors</td>
<td># of other traders partnering with processors not supported by MAP</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Processors increase their total sales</td>
<td># of processors recording increased sales</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Processors improve productivity; Quality, quantity and variety</td>
<td># of processors recording improved productivity</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Metric</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Traders record increased profits from the preferred producers business model to sustain/improved SCM</td>
<td># of traders' recording increase in returns they get from sales through supplier model</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Processors get reliable supply of quality livestock (accessing finishing services) for processing from traders/Producers</td>
<td># of processors getting reliable supply of livestock (accessing finishing services) from traders/Producers</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Processors have reliable market for their produce</td>
<td># of processors recording satisfactory in the supply they get from traders</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Processors diversify products to meet consumer demand</td>
<td># of new products being introduced to the market by the processors</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Processors support Traders to package a set of incentives to lock in producers (i.e. preferred producer model)</td>
<td># of traders packaging incentives to lock in suppliers</td>
<td></td>
</tr>
</tbody>
</table>
|  9| Processing facilities increase efficiency and quality of production                                    | Reduced operational cost/increased profit  
% increase of animals being purchased from pastoralists |
|  8| Processors establish performance based incentives to lock in buyers and suppliers                      | # of processors who have established performance based incentives for buyers and suppliers |
|  7| Processors have more professional staff                                                                 | # of processors recognizing certified staff  
# of certified staff hired by processors |
|  6| Increased operations of the under-functioning processing facilities                                     | # of non-operational processing facilities getting revived  
# no of non-operational processing facilities recording increased production |
|  5| Processors establish effective traders' and producers' networks to reduce transaction cost              | # of processors recording reduced transaction cost due to effective buyers networks |
|  4| Learning Institutions train and certify current meat and dairy processing staff and potential entrants in professional processing (meat and dairy) industry | # of professionals in processing industry graduating from educational institutions |