

Request for Applications

| | |
|------------------------------|---|
| RFA Release Date: | 16 January 2023 |
| Deadline for Questions: | 5pm SAT, 20 January 2023 |
| Closing/Submission Deadline: | 5pm SAT, 25 January 2023 |
| RFA Code: | 07 |
| SUBJECT: | E-Commerce Supply Chain optimisation support |
| Purpose of the RFA: | Diagnostic and upgrade recommendations of current Supply Chain, and comprehensive design recommendations of future Supply Chain |
| Eligible Organizations: | Experienced Consultant/Organisations with expertise in designing, developing and implementing complex, multi-regional Supply Chains supporting rural/informal markets in developing economies across Africa |

Dear Applicants,

TechnoServe invites you to participate in this competitive solicitation for proposals related to a diagnostic, and development of optimization recommendations for the existing Supply Chain; and the development of optimal design and implementation recommendations for the future Supply Chain for a B2C e-commerce company based in Nairobi, Kenya. The work will be conducted closely with the ZEBU Africa Food Security Fund (AFSF) Technical Assistance Facility (TAF) team based in Johannesburg, South Africa.

Position Location: The project will be completed in Nairobi, Kenya

Anticipated start date: 30 January – 5 February 2023

Estimated Duration: The timing of the project is February – April 2023

Budget: \$80 000

Please note that the issuance of this RFA does not constitute an award commitment on the part of TechnoServe, nor does it constitute a commitment to pay for costs incurred in the development of an application.

Questions regarding the RFA requirements must be submitted in writing to wnyambayo@tns.org by the deadline listed above. Include the RFA Code and Subject in the subject line for your questions.

A. Background

TechnoServe is the implementing agency for the AFSF TAF. The AFSF is a second-generation fund managed by Zebu Investment Partners (ZIP) and targets high-growth Small, Medium Enterprises (SMEs) across the food value chain in Africa. Africa's food requirements are expected to double in the next 30 years with a food import bill estimated to reach USD 50 –70 billion per annum. Food value chains remain weak and under developed, while agriculture is the main form of economic activity for most people on the continent. Private investment in the agriculture sector is critical for Africa's food security and growth. The AFSF will target deal sizes of USD 2–8 million, with the goal of investing in a minimum of 10-12 agribusiness SMEs over the next 8 years. This segment of SMEs often faces challenges related to business skills, weak accounting and management systems, poor visibility and/or limited bandwidth to take advantage of market opportunities. And yet, SMEs are able to pivot and Supply Chainale quickly, when the right resources are provided.

TechnoServe works alongside ZIP to implement the AFSF TAF alongside the AFSF. This is a \$1.9m grant-based facility tasked with supporting the capacity building of AFSF portfolio companies and deepening the development impact of the AFSF investments. The facility is tasked with providing TA to AFSF portfolio companies that receive investment through the AFSF, promoting new opportunities for smallholder farmers, farmer business groups, rural communities and enhancing local economic development. This will be achieved by linking private equity investments to economic opportunities for smallholder farmers (including women and youth) and micro-enterprises; promoting uptake by AFSF investee companies of inclusive business models thereby increasing beneficiary incomes and thus enhancing economic access to food. Moreover, the TAF will support AFSF investee companies with their growth objectives by providing them with expertise and support that drive best practice and innovation.

The AFSF TAF is able to support projects in and around portfolio companies under the following components:

Inclusive Business Technical Assistance

Inclusive business TA supports investee companies to plan and pilot new business models that improve commercial and broader community (or development) impact often demonstrating the business case for smallholder sourcing and supporting SMEs to integrate more farmers into their supply chains and micro-retailers into their distribution chains.

Core Business Support

The Core Business TA is intended to enable AFSF portfolio companies to attract and take full advantage of capital investments from the AFSF, realising their potential as high-growth companies, creating jobs and contributing to the agricultural and economic development of Africa.

Ecosystem Development Technical Assistance

Ecosystem Development projects will seek to strengthen market systems around AFSF portfolio companies and will be measured by quantitative indicators such as finance mobilised as well as qualitative indicators for market development such as policy change, industry influence and stakeholder learning. This component will serve as an important knowledge sharing conduit emphasizing key thematic and common areas/issues identified through the Supply Chainoping, design and execution of TA.

B. Program DeSupply Chainription

To meet our objectives, we are working with the Company (an AFSF portfolio company) to complete a thorough diagnostic of its current Supply Chain and to support with the design of an optimized existing and future Supply Chain to support the Company's Supply Chainale.

Launched in Kenya in 2013, the Company is a leading B2C e-commerce platform with a distribution solution to serve the rapidly growing 750 million middle and low-income African consumer market who are remote, unbanked and unconnected. The Company harnesses mobile technology, a network of approximately 36k local Agents, and a proprietary logistics platform to reach a market that formal retail and even other Kenyan e-commerce models cannot - it is the only e-commerce business operating in rural areas in Kenya. The Company markets c.4.2k competitively priced, high quality SKUs across 14 categories, delivering at no cost to thousands of rural customers every day. Broadening access to affordable high quality products - in particular foodstuff and household goods - for hundreds of thousands of low-income families located in difficult-to-serve areas regardless of their access to technology.

Growth is driving significantly greater complexity for the Company with a more segmented customer base, more complex warehousing and logistics. A technical review is needed to identify "quick win" improvements to its current supply chain, as well as to assist the business to map out its longer term Supply Chain strategy. The AFSF TAF's initial assessment of the Company's Supply Chain revealed a

lack of expert technical Supply Chain personnel and capabilities within the company to optimise this increasingly complex Supply Chain.

AFSF TAF is seeking a third party specialist Consultancy to assist the Company with core business support to:

- Identify new tools and processes that will allow the Company to achieve “quick win” operational efficiencies across the current and expanded Supply Chain operations (covering Replenishment Activities to Customer Delivery), as well as KPIs to monitor implementation success
- Lay out a supply chain roadmap to inform mid- and long-term Supply Chain solution choices, based on key considerations around projected volumes and demand planning, warehousing mapping and architecture, distribution network and technology requirements

This Supply Chain expertise is required immediately and is fundamental to achieving growth targets by end of 2023; and will be critical to deliver the full potential of the Company's inclusive rural e-commerce model.

The current Supply Chain processes that will required assessment and refinement are as follows:

1. **Customer orders** that are placed at any time of day and are confirmed at 10pm in the night.
2. **Products are re-stocked** using min-max planning.
3. **Receiving of Goods** of different configurations that includes:
 - a. Products stored in cartons
 - b. Off-gauge products bundled together like iron sheets, sacks
 - c. Storage of Goods received preferably in racked environment that can include normal racks, cantilever racks, shelving or any other appropriate storage method.

These products are delivered by suppliers on a daily basis using different configuration of Heavy Commercial Vehicles that includes Prime Movers, 15 Ton Trucks, 10 Ton Trucks or Canters. These therefore require a Yard that will be able to handle these type of vehicle operations.

4. **Kitting of Orders** from customers from the goods that are in storage. Kitting is done in 2 different areas:
 - a. Kitting of Items that can be fit in Plastic Boxes
 - b. Kitting of Off-Gauge products that are kitted in their bulk form.

The fulfillment process is driven by this manual processing of orders in modular kitting tables organized in pockets of 4 employees each. Whenever there is additional demand, the current response is to add the modular kitting tables thereby increasing output. For additional demand to be addressed at Supply Chainale, The Company needs to consider whether this is the best way to kit customer orders in the long-term hence a need to work on technology-enabled fulfillment - kitting capacity and capabilities for the future.

5. **Dispatch of Products of different configurations**
 - a. Products stored in cartons

- b. Off-gauge products bundled together like iron sheets, sacks

These products are dispatched on a daily basis using different configuration of Heavy Commercial Vehicles that includes Prime Movers, 15 Ton Trucks, 10 Ton Trucks or Canters.

There are 2 types of vehicle movements:

- a. Haulier Vehicle Movement that encompasses the Prime Movers, 15 T and 10 T trucks that deliver consolidated customer orders from the Fulfillment Centre Hub to the Depots that are located near our customers.

- b. Last Mile dispatch of 5 Ton trucks to deliver customer orders enabled by a Delivery App.

6. **Monitoring of Performance** is enabled by dashboards accessed via Knowi and Tableau Reporting Systems as well as Ctrack Fleet Monitoring System and ERP.

Overall, given a significant percentage of the Company sales are in foodstuffs, the business plays an important role in ensuring the availability of high quality, nutritious food within its distribution footprint. This initiative will help the Company to prove that this inclusive business model is viable, providing a powerful demonstration effect in other similar markets.

I. Duties and Responsibilities

1. Thorough end-to-end assessment of the current Supply Chain and overall operations, including delivery network, technology, warehousing capacity and capabilities, human resource capacity, etc.
2. Assessment of expansion plans; volumes, product mix, warehousing, etc.
3. Assess existing models and budget requirements for existing Supply Chain
4. Determine the tools and process enhancements needed to deliver supply chain operation efficiencies
5. Develop upgrade recommendations for current Supply Chain
6. Design expanded Supply Chain, with detailed implementation recommendations including potential service providers
7. Develop Comprehensive Supply Chain diagnostic and design report
8. Prepare and provide bi-weekly progress updates to the project Steering Committee.

All the above activities form the major and critical parts of the Supply Chain. Candidate selection and performance will be judged on capability to implement and successful achievement of these.

II. Deliverables

| Activity | Deliverable | Anticipated due date |
|--|--|----------------------|
| Thorough end-to-end assessment of the current Supply Chain and overall operational diagnostic | Baseline and gap assessment of existing Supply Chain and The Company expansion plans | 28 February 2023 |

| | | | |
|---|---|-------------------|---------------------------------|
| Development of optimal design recommendations | Comprehensive Supply Chain recommendations and implementation plan | Supply design and | 30 April 2023 |
| Project completion and assessment of results and learnings | Detailed diagnostic, optimisation and design report including thorough assessment of results and learnings; as well as future implications for Supply Chainale up | Supply Chain | 30 April 2023 |
| Project management of TA project | Submission and approval of weekly project progress reports to Steering Committee | progress | From 1 February – 30 April 2023 |

III. Expected Impact:

Business impact: In addition to the current revenue generating initiatives, optimization of the Company's Supply Chain will cost effectively sustain its top-line growth and profitability, and improve its valuation going forward.

Micro-enterprises impact: The Company is able to more efficiently distribute its products through micro-retailers (agents) operating in the rural informal markets in a manner that increases their incomes and enhance economic access to food for each of them and the communities they serve.

IV. Skills Required

- Experienced Consultancy/Organisations with expertise in designing, developing and implementing complex, multi-regional Supply Chains supporting rural/informal markets in developing economies across Africa
- Track record of successfully supporting e-commerce platforms.
- At least 8-10 years of relevant experience required.
- Advanced degree in business management or other relevant field preferred.
- Experience working with private agribusiness companies required.
- Prior strategy consulting experience will be reviewed favourably.
- Strong stakeholder engagement and communication skills required.
- Demonstrated leadership skills, teamwork and relationship building.
- Proven expert analytical and quantitative skills.
- Excellent written and verbal communication and interpersonal skills.
- Strong computer skills, including MS Word, PowerPoint, and Excel.
- Ability to work independently, flexibly, and responsively.
- Ability to adapt to changing working conditions.
- Ability to prioritise and meet deadlines.

C. The Application and Subaward Process

Application Submission

The subaward application process under this RFA will consist of two (2) phases of competition where full applications shall be submitted by interested parties to TechnoServe for evaluation. Applications should address:

- How the organization intends to carry out the project – proposed approach, actions/activities and timelines, and project/stakeholder management plan
- Milestones and results to be achieved over the life of the project
- Past performance and institutional capacity
- Team structure; roles and responsibilities of each team member
- Budget details
- Exit strategy
- General and country-specific DoC requirements to assess provider's DoC capabilities, insurance policies, experience, etc. when international travel is involved

Step 1:

Applications will be developed and submitted by the Applicant to TechnoServe utilizing the templates provided (or other referenced material as stated in the RFA) in accordance with all guidelines by the stated submission deadline. Late submissions will not be accepted.

The main body of the technical proposal should be no longer than 40 pages.

Step 2:

Applications will be vetted by TechnoServe staff to ensure each application meets the requirements set forth in this RFA. Any applications failing to meet minimum requirements will be disqualified from competition. The minimum requirements include the eligibility criteria, use of application templates provided, submission by the deadline, etc.

Step 3:

Applications received within the application deadline that meet the minimum requirements set forth in the RFA will be evaluated by a Selection Committee using the following criteria:

| Selection Criteria | Supply Chainoring |
|---|--------------------------|
| 1. Relevance of the proposed approach in response to the RFA | 30 |
| 2. Illustrated capacity of the applicant to implement the project and past experience with similar projects | 20 |
| 3. Feasibility of planned activities and anticipated results | 20 |
| 4. Project Sustainability and impact on target beneficiaries/communities | 20 |
| 5. Budget reasonableness and cost effectiveness | 10 |
| Maximum Supply Chainore | 100 |

Step 4:

The Selection Committee will recommend those applications with the highest Supply Chainores for award. As applicable, the Selection Committee may request applicants to provide additional information and edit their applications. In such cases, the Selection Committee will also establish a deadline for submission of revised applications.

Step 5:

Successful applicants will be notified by TechnoServe and will begin to work with TechnoServe staff to revise their applications to be incorporated into a full subaward. This step will include a pre-award risk assessment.

Step 6:

Following the successful conclusion of the application process and acquisition of any required donor approvals, TechnoServe will issue the successful applicant(s) with a subaward with details on the

Supply Chainale, Supply Chainope, cost, and terms and conditions. Whenever possible, TechnoServe will meet with new subrecipients to provide an orientation outlining the main requirements for performance and reporting.

Step 7:

Throughout the duration of the subaward, TechnoServe will monitor the subrecipient's performance and compliance with all subaward terms and conditions.

D: Program Budget Submission and Costing guidelines

Individual subawards will vary depending on availability of funding, nature and Supply Chainope of program activities, the period of implementation, and justification of costs proposed. Although consideration will be given to all applications received by the deadline, it is recommended that the total budget requested from TechnoServe does not exceed US\$100 000. Subawards will be issued on a competitive basis and only to a selected number of applicants.

While reviewing application budgets and budget narratives, the Selection Committee will ensure that:

1. The budget application reflects all the resources necessary for program implementation (Direct and Indirect Costs, as applicable).
2. The budget narrative provides details on all types of costs planned, cost per unit and cost justification. The budget narrative should be prepared using the provided Budget Notes template (attached).
3. All costs budgeted are eligible. Budgeted costs categories may include but are not limited to:
 - a. **Personnel:** Salaries and benefits for full and part-time staff involved in the project. Staff can be paid only for activities performed within the framework of the proposed project. All personnel expenses must be justified with information on the role of the proposed staff in project implementation.
 - b. **Consultants and Other Outside Services:** Fees for any external consultants or contracted firms required to support subaward activities.
 - c. **Travel:** Flights, per diem, and any other required travel costs for project personnel to conduct implementation activities.
 - d. **Office Costs:** Any required cost for the subrecipient's local office to support project implementation.
 - e. **Other Direct Costs:** Any other direct costs of the project, such as costs for conducting trainings, developing publications, etc.
 - f. **Indirect Costs:** If applicable, organizational overhead costs.

Pre-Agreement Costs - TechnoServe will not reimburse costs incurred prior to the effective date of the subaward. In special cases where pre-agreement costs are necessary to comply with the proposed delivery Supply Chainchedule, TechnoServe may diSupply Chainuss and negotiate with the applicant the approval of certain pre-agreement costs. Such costs are only allowable with the prior written approval of TechnoServe.

E. Submission Guidelines

Applicants must submit their applications, budgetary information as well as any other information responding to the terms, conditions, specifications and requirements of this RFA to:

TechnoServe

To: Wadzanai Nyambayo, Senior Programme Manager

Email Address: wnyambayo@tns.org

Applications must be received by the submission deadline specified on the first page of this RFA. Late submissions will not be accepted.

Attachments to this RFA:

Attachment A: Budget Template