



Terms of Reference for Potential Study Agreement

This document serves to provide an overview of the underlying project relevant to the Subnational Climate Fund (SCF), context on data availability and goals of the mandate, as well as an estimated scope of work requested from the consultant. Final details of the mandate should be covered by the subsequent proposal submitted by the consultant.

1. The Subnational Climate Fund

The SCF is a blended finance impact fund formed to pursue attractive risk-adjusted returns for private investors while generating measurable and certified environmental and social impacts. The Fund is focused exclusively on pursuing investments in mid-size climate infrastructure with nature-based solutions in various developing countries across Latin America and the Caribbean, Africa, the Mediterranean, and Asia. The Fund is managed by Pegasus Capital Advisors, a commercial Private Equity impact fund manager and further benefits from a separate, grant-funded Technical Assistance facility managed by The International Union for the Conservation of Nature (IUCN) and implemented by Catalytic, IUCN, and Gold Standard.

2. Context of the Potential Study Agreement

Turkana is one of 29 ASAL (arid and semi-arid landscape) counties in Kenya. These counties are predominant pastoralist regions, serving as an important livelihood source. Unfortunately, Turkana region has been particularly threatened by climate change threats, primarily drought.

The 2023 drought has resulted in an estimated 2.6 million deaths of livestock in Kenya, representing a significant blow to livelihoods and economic loss. The National Government of Kenya has dedicated in 2023 significant resources into drought management and support for pastoralist communities in the ASAL regions, in which pastoralists are provided with cash payments during drought conditions for the purchase of feed.

However, a significant bottleneck at present is the lack of affordable feed in ASAL counties. Pastoralists mainly depend on grazing pastures, which are heavily degraded and no longer support the current populations of herds.

Available feed products in ASAL counties are extremely costly, upwards of \$400 USD per tonne, largely due to a lack of producers in these regions, and the cost of transport. ASAL counties particularly struggle to grow fodder and feed due to the lack of freshwater, while having the largest groundwater deposits in the East African region, though this water is brackish and saline.

It is in this context that the SCF is in the early stages of assessing a potential investment in a company that focuses on saline agriculture and intends to plant 2000 ha of drought and salt-water resistant crops around Kerio, Kenya. The final products will be livestock and aquaculture feed, bio-powder, bio-salts, and hay that will be beneficial for semi-pastoralist communities of Turkana and women cooperatives in the region. These crops will be mainly *Sarcocornia*, a perennial succulent, and *Distichlis*, a perennial forage grass.

3. Scope of Work for a Pre-Feasibility Study

To further support and inform the development of this project, the SCF's Technical Assistance Facility is commissioning a pre-feasibility study. The consultant is expected to provide the following assessment:

- 1) Evaluate the status of the pilot project in Turkana and assess the results in terms of production of products through a site visit. Consult with the county government (which holds the land in trust for the project) and community members to ensure their adequate involvement in the project.
- 2) Identify and evaluate the legal and regulatory framework for the project according to the laws, regulations, and policies applicable to this industry in Kenya.
- 3) Identify potential regulatory and governance challenges that could impact the project.
- 4) Consider potential tax implications and incentives available.
- 5) Conduct a general desktop market overview of products such as vegetables, livestock and aquaculture feed, bio-powder, bio-salts, Distichlis hay.

4. **Deliverables**

A final report in Word Format and using the SCF's layout, consisting of the following elements:

- Executive Summary
- A table of acronyms
- Analytical part
- Bibliography

5. **Indicative Timeline**

Work is expected to commence immediately after the consultant is appointed. The work is expected to be completed within three months after signing the service contract. The delivery of services and reporting timeframes are anticipated to be as follows:

Pre-Feasibility Study	
Activity / Deliverable	Indicative timeline
Q&A Session with the project developer	June 19 at 2:00 pm CEST
Deadline for submission of quotes to Catalytic	June 23, Midnight CET
Evaluation of quotes, appointment of consultancy firm, signature of service contract	Week of 24 – 28 June
Kick-off meeting Establish communication channels for initial information exchanges, confirm the project schedule, confirm the reference framework, and review document availability.	Week of 1 – 5 July
Draft report 1 provided to Catalytic.	Mid-September 2024
Final report 1 provided to Catalytic.	End of September 2024

6. Form of Proposal & Requirements

Please prepare a brief proposal for the performance of this work, including the scope of work, project team and qualifications, and estimated costs.

1) Scope of Work: The scope of work should include a description of the specific activities that will be performed in order to accomplish the required tasks identified in Section 3. This should include any proposed site visits/reconnaissance, documents to be reviewed, interviews, etc. If the Consultant feels that additional tasks or components within a required task are suggested or warranted, these should be stated and delineated as “Optional Tasks”.

2) Project team and qualifications:

This should include the name of the principal staff members and any sub-contractors, and a brief description of their role within the project team. Qualifications of staff should include relevant technical capabilities, full CVs, specific previous experience like this assignment (e.g. expertise and experience in saline agriculture), specific in-country experience and knowledge.

3) Estimated costs:

A total time and expenses cost estimate (not to be exceeded), in US Dollars, must be provided for the required scope of work. A breakdown of the estimated costs by task must also be presented in tabular format and should include Direct Labour Costs (number of hours or days per staff and their associated unit costs). If field visits are necessary, travel costs will be covered by the SCF separately from the consultancy fee under “Indirect Labour Costs”. Please also note that Catalytic is exempt from VAT. Your financial proposal should therefore not include VAT.

4) Payment:

Catalytic will pay the consultant in two payment tranches: One advance payment of 20% upon signature of the contract, a final payment of 80% after delivery of the final report to Catalytic.

5) Conflicts of interest:

As part of the proposal, the Consultant shall also confirm that they do not have a conflict of interest and that they are in a position to provide an adequate, accurate and objective review.

7. Q&A Session

To allow for a refinement of technical and financial proposals before submitting them to Catalytic, we will host an online, 45-minute Q&A session on June 19 at 2:00 pm CEST, in case you have questions on the scope of work. Please submit your questions one day before the meeting by sending them to project@catalyticfinance.org.

8. Submission

Please submit your proposal before June 23, 2024 (Midnight CET), by sending it to: project@catalyticfinance.org