



**BASELINE STUDY TERMS OF REFERENCE
INNOVATIVE FINANCE FOR IMPROVED LIVELIHOODS IN KENYA
AND UGANDA PROJECT**

Background

A majority of people living in poverty are found in rural areas, globally. In Africa, around 80 percent of the agricultural production comes from smallholder farmers, who are mostly rural women. The farmers in Kenya and Uganda are faced with specific challenges. Acknowledging the diversity of challenges faced by Farmer Based Organisations (FBOs) in Kenya and Uganda, We Effect, Church of Sweden and Oiko are implementing this pilot project focusing on addressing capacity weaknesses and potentials of the organisations with an aim of improving the livelihoods of small holder farmers through FBOs. This Pilot-project will focus on addressing capacity weaknesses and potentials of FBOs, recognizing the diversity of challenges faced by Farmer Based Organisations (FBOs) in Kenya and Uganda. The proposed pilot- project combines a Loan Guarantee Facility with Capacity Building Initiatives in a unique way. The intention of the pilot project is to address the lack of access to financial services through a set of interventions, involving different types of actors bringing together different funding modalities, development agencies, technical assistance providers and investors. The target group in the pilot-project will be narrowed down to a mix of FBOs that fulfil a set of established criteria and that have not had access to commercial type of loans previously, but that have the potential of reaching sufficient maturity to access a loan over the project period.

In order to address the reluctance of financial institutions to extend lending to the agriculture sector and Farmer Based Organisations the pilot will serve as a demonstration and an inspiration to other financial providers and to Swedish Framework Organisations on how to effectively support these organisations. The new knowledge gained in the pilot will also serve to influence policy makers in East Africa so that there is potential for increased lending to FBOs.

The Church of Sweden (CoS) plays overall global coordination, monitoring and evaluation role of the project. The CoS has an extensive background and history of working with agricultural development and sustainable livelihoods since the start of the Church of Sweden Aid in 1947. The CoS works in a number of countries to increase access to finance for micro, small and medium sized agricultural businesses.

We Effect which plays the actual coordination of implementation in the two countries is a development organisation working in 25 countries in the world facilitating sustainable development through partnerships with member owned-member managed organisations. We Effect has vast experience in organizational development with emphasis on human rights based approach, promoting inclusivity, gender equality and youth participation in development. We Effect has its regional office based at Nairobi and country offices in Uganda and Tanzania. In its development cooperation, We Effect uses a variety of strategies and methods. They all aim at achieving the mission to, through a mutual partnership, strengthen local and democratic civil society organisations so that their members can improve their living conditions, enforce accountability of duty-bearers, defend their rights and contribute to a more just world.

Stichting Oikocredit International Support Foundation (Oikocredit) is responsible for conducting technical assessment of the farmer-based organisations as well as in capacity building efforts of the FBOs. Oikocredit will work closely with We Effect in jointly rolling out the project in Kenya and Uganda.

In acknowledging the multiplicity of challenges faced by FBOs in Kenya and Uganda, the IFIL project will focus on addressing their capacity weaknesses and opportunities. The project combines a Loan Guarantee Facility with Capacity Building Initiatives in a unique way to address the lack of access to financial services through set of interventions, involving different types of actors bringing together different funding modalities, development agencies, technical assistance providers and investors.

Summary of the main challenges

- The pilot project will focus on addressing capacity weaknesses and potentials of the FBOs.
- Limited financing to agricultural value chains, the financial institutions indicate that this sector is too risky to lend to.
- Limited capacity to enable FBOs borrow, utilize commercial loans for growth and be able to repay the loan from their successful businesses.
- Reluctance in lending to the agriculture sector and FBOs by financial institutions
- Non-availability of appropriate financial products

Project period: 2021-2026

Project Objective

Improved livelihoods of members of strengthened Farmer Based Organisations (FBOs) in Kenya and Uganda

Expected Outcomes

Outcome 1- Improved access to loans by 30 mature FBOs to invest in their value chains within 5 years

Outcome 2: Improved policies that support commercialization of FBOs businesses

Outcome 3: Financial Service providers (FSPs) develop more responsive products to FBOs

Outcome 4: Other Civil Society Organisations (CSOs) that show interest to participate in similar interventions

Objectives of survey

The objective of the survey is to assess the extent and viability for value chain financing to Farmer Based Organizations in Kenya and Uganda by commercial financial institutions.

Specifically, the survey aims to

- Determine the extent to which credit facilities are available for FBOs involved in various value chains and existing limitation to the same in Kenya and Uganda
- Determine the existing products for financing FBOs, their suitability and levels of uptake by FBOs
- Establish the current and specific barriers related to access to financial services by Farmer based organisations
- Establish the applicability of existing policies that support financing of FBOs in line with value chain commercialization
- Assess civil society groups that are involved and their current roles in engaging and supporting value chain financing
- Assess the participation of women in Farmer Based organisations and the barriers which hinder women from fully participating in value chains
- Establish the baseline status and scope of all indicators as provided in the result framework
- As far as possible find out the existing loan guarantee funds towards Agriculture in Kenya and Uganda

Methodology/scope of work

The selected consultant will be tasked with developing a detailed research methodology including design of relevant tools for use in data collection. The selected research methods should include (but not limited to) a comprehensive analysis of quantitative and qualitative data collected with analysis disaggregated by FBO and gender. It is expected that the survey will be carried from among other methods, a review of existing literature on value chain financing in the study areas, with the Consultant maintaining close contact with the We Effect Project Team for guidance and additional information dissemination where necessary.

To obtain in depth information from stakeholders, it is proposed that key qualitative methods include the use of Key Informant Interviews (KIIs) from the earmarked 30 FBOs (all or sampled depending on proposed methodology and indicators being measured) in Kenya and Uganda. Additionally, Focus Group Discussions (FGDs) with other relevant stakeholders (including CSOs, Government officials etc.) may be incorporated into the methodology as necessary. It is also expected that the Consultant will organize two workshops to share preliminary findings while gathering information and feedback; and the other to present and discuss the final draft from the survey with relevant stakeholders.

Budget

Please include a financial proposal inclusive of all cost for conducting the baseline.

Roles of the Consultant

The consultant(s) will be expected to perform the following tasks;

Phase 1: Pre-assessment

- i. Prepare and present an inception report detailing how they will undertake the survey with a detailed work plan included
- ii. Identify unit of analysis for each indicator as well as how the indicator will be processed and form of recording the information processed
- iii. Propose possible sources of literature / materials for review
- iv. Propose list of key relevant stakeholders/actors (in inception report) to be interviewed/ contacted for interviews
- v. Design and share guiding tools to be used in survey for review by We Effect
- vi. Hold a briefing session with We Effect focal officers to agree on timelines and execution of the process

Phase 2: Documentation

- i. Identify possible sources of data/ literature in consultation with We Effect (where necessary)
- ii. Engage stakeholders/relevant actors for their inputs (online or physical depending on required information)
- iii. Interact with groups/ entities that support vulnerable/ minority groups to get their perspectives
- iv. Facilitate information gathering and feedback workshops (We Effect will coordinate the logistics of the workshops)
- v. Consolidate gathered information into a draft report covering the assessment findings
- vi. Submit a draft report to We Effect for review
- vii. Make a presentation of the findings in second workshop
- viii. Submit a final report to We Effect for approval

Deliverables

- i. An inception proposal which responds to the scope of work clarifying methodology, execution process and work plan
- ii. A comprehensive draft report detailing methods applied, stakeholders contacted, materials reviewed, and participatory methods applied. Beyond the standard components of a report, it will include a bibliography, annexures of lists of key informants, workshop participants, interviewees etc and their contacts
- iii. Power point slides/ presentation templates that will be used to share the findings and recommendations
- iv. A final report incorporating comments made by stakeholders in the feedback workshop and by We Effect

Baseline Summary

Project Name	Innovative Finance for Improved Livelihoods Project (IFIL)
Project Location	Kenya and Uganda
Target group	30 Farmer Based Organizations (FBOs)
Key Partners	Church of Sweden (CoS), We Effect & Stichting Oikocredit International Support Foundation (ISUP) OIKO
Project Lifespan	2021- 2026
Baseline Start end & End Dates	November
Anticipated Baseline Release Dates	Early Dec

Skills, Experience and Education

At least a basic degree in Finance, Agricultural Studies, Cooperative development, Development studies, Social sciences or any other relevant degree. Experience in smallholder or agricultural value chain sector is important for this assignment.

Required Experience and Skills

- i. Expertise in tackling value chain financing assignments
- ii. Excellent knowledge and understanding of the cooperative movement specifically FBOs in Kenya and Uganda
- iii. Good analytical skills and open minded with the ability to see issues of interest beyond the printed scope of work outlined in this TOR and make appropriate recommendations
- iv. Experience in managing and coordinating baseline/evaluation/research exercises, delivering on agreed outputs and on time
- v. Experience in data collection and analysis using participatory methodologies
- vi. Excellent communication skills (spoken and written English)

How to bid for this assignment

Interested and suitably qualified consultants shall send their bids by e-mail (a narrative proposal responding to the TOR objectives and deliverables and a finance quote) to easternafrika@weeffect.org copying elijah.kajubi@weeffect.org and Shadrack.otieno@weeffect.org and Quote “**Value Chain Financing in Kenya & Uganda assessment**” as the subject in your e-mail by 15th November, 2021 0800hrs.

The proposal shall include the following:

- i. Consultants profile – Current CV detailing recent / past similar assignments
- ii. Understanding of the assignment by the consultant
- iii. Proposed methodology and approach including work plan
- iv. Financial quote well detailed including daily rate and number of days
- v. Annexes: Any other information, which will assist the review team in evaluating the proposal