

Terms of Reference (ToR)

Consultancy to Review AFRACA's International NGO Legal Status and Assess the Feasibility and Design of the "Green Scaling Equitable Ecological Development (SEED) Fund" for Sustainable Agricultural Development & Innovation in Africa

1. Background

The African Rural and Agricultural Credit Association (AFRACA) is a regional International NGO whose mission is to promote rural and agricultural finance across Africa. In light of growing challenges including climate change, environmental degradation, food insecurity, and limited access to green and climate finance, AFRACA seeks to strengthen its role in supporting climate-resilient agriculture and sustainable rural development.

To this end, AFRACA is exploring the establishment of the **Green Scaling Equitable Ecological Development (SEED) Fund**, envisioned as a continental financing mechanism to support sustainable agricultural development, climate-smart innovation, green investment flows, and capacity-building for its member institutions.

This requires technical and legal analysis looking at:

- Comparative insights of different Agricultural Fund frameworks in Africa
- Regulatory environments across key African subregions
- AFRACA's current legal status and statutory instruments
- Feasibility of hosting arrangements, including through member financial institutions

This initiative aligns with ongoing programmatic collaborations under the **AFRACA-GGGI Memorandum of Understanding**, particularly in areas of:

- Climate finance capacity building
- ESG and sustainable lending integration
- Green investment mobilization
- Donor coordination
- Support to regional agricultural research bodies
- Climate finance needs assessment (through AFRACA's climate survey)

However, establishing the SEED Fund requires a thorough assessment of whether AFRACA's current INGO legal status and governance framework enable the management of a multi-country funding mechanism. It further requires evaluation of the regulatory, fiduciary, financial, and operational considerations needed to build a viable and sustainable fund structure.

2. Overall Objective of the Assignment

To conduct a comprehensive legal, regulatory, institutional, financial, and governance assessment to determine whether AFRACA can establish, host, and manage the SEED Fund, and to propose a robust and feasible fund architecture, including legal jurisdiction, operational model, financial structuring, and governance framework.

3. Specific Objectives

The consultancy will:

1. Legal Status Review

Assess AFRACA's founding documents, statutes, governance structure, and Host Country Agreement with the Government of Kenya to determine AFRACA's authority to establish or host a continental fund.

2. Multi-Country Legal and Regulatory Analysis

Evaluate fund establishment and cross-border regulatory requirements in selected countries within:

- East Africa (Kenya)
- Central Africa (Democratic Republic of Congo)
- West Africa (Nigeria)
- Southern Africa (Zimbabwe)

3. INGO Funding Mechanisms and Comparative Models

Analyze the legal and operational frameworks for INGO-managed funds, research funds, philanthropic endowments, impact funds, and blended finance vehicles.

4. SEED Fund Conceptual and Operational Design

Propose a clear conceptual model for the SEED Fund, including:

- Type of fund (reserve fund, sinking fund, catalytic/blended finance mechanism)
- ESG principles and sustainable finance integration
- Anchoring architecture
- Alignment with climate finance needs of AFRACA members

5. Governance and Fiduciary Framework

Define governance structures (Board, Investment Committee, Advisory Body), fiduciary standards, ESG safeguards, risk management measures, and accountability protocols, clear separation of activities between AFRACA Secretariat and the funding model

6. Financial Structuring and Capitalization Strategy

Assess possible financial instruments and capitalization pathways, including:

- Donor seed capital
- Green bonds
- Guarantees and de-risking tools
- Private capital mobilization
- Fund managers

7. Multi-Country Risk Analysis

Conduct risk assessment covering political, regulatory, fiduciary, tax, best sustainability model for AFRACA, and conflict-of-interest risks,

8. Hosting Options Assessment

Evaluate the feasibility and implications of hosting the fund:

- Within AFRACA Secretariat
- Within a member such as Central Bank, agricultural or development bank
- As a standalone legal entity
- As a hybrid structure

9. Stakeholder Mapping and Engagement Plan

Identify key stakeholders and propose strategies for securing early buy-in.

10. Compliance Roadmap

Provide a clear set of steps for establishing and operationalizing the SEED Fund legally and institutionally across multiple jurisdictions.

4. Scope of Work

The consultant will undertake the following tasks:

4.1 Review of AFRACA's Internal Framework

- Assess AFRACA's constitutive instruments, governance arrangements, and INGO status.
- Identify gaps or constraints relevant to fund establishment and management.

4.2 Comparative Regulatory Analysis (East, Central, and West Africa, Southern Africa)

For at least two to three Agricultural Funds in Africa with similar objectives to the proposed SEED Fund, the consultant will give comparative insights on

- Agricultural funds housed by Financial Institutions, Fund managers or hybrid model conceptual design and the various financial instruments/vehicles in use e.g. revolving funds, concessionary credit lines, guarantee funds
- Operational and governance architecture of the different Funds.
- Map the legal framework governing fund registration, INGO activities, international financing, agricultural research financing, and cross-border capital flows.
- Identify tax requirements, reporting obligations, and licensing considerations.

4.3 Country Selection Justification

- Recommend one suitable host country per subregion, based on regulatory friendliness, political stability, financial ecosystem, and compliance viability.

4.4 SEED Fund Conceptual and Operational Design

- Define the fund model, purpose, instruments, and strategic alignment with AFRACA–GGGI initiatives.
- Provide operational design options and comparative institutional insights.

4.5 Hosting Options Assessment

- Analyze the benefits and risks of AFRACA Secretariat hosting versus hosting by a member institution or an independent entity.
- Provide clear justification for the preferred hosting model.

4.6 Governance and Fiduciary Framework

- Propose minimum fiduciary standards, ESG compliance measures, risk management guidelines, and reporting structures.

4.7 Financial Structuring and Capitalization Assessment

- Analyze potential funding sources, capital structuring strategies, and de-risking tools.
- Explore opportunities such as green bonds, blended finance, and catalytic instruments.

4.8 Risk Assessment

- Develop a comprehensive risk matrix, covering political, regulatory, financial, institutional, and sustainability risks.

4.9 Stakeholder Mapping and Engagement Strategy

- Identify priority stakeholders (regulators, member institutions, donors, agricultural research partners, and climate finance actors).
- Propose an engagement plan to support fund establishment.

4.10 Compliance and Implementation Roadmap

- Outline step-by-step actions AFRACA needs for legal, financial, and operational compliance.
- Identify any necessary statutory amendments.

5. Key Deliverables

- i. **Inception Report**
 - Methodology, work plan, and country selections.
- ii. **Legal and Regulatory Diagnostic Report**
 - Review of AFRACA statutes
 - Multi-country regulatory analysis
 - Constraints and opportunities
- iii. **SEED Fund Concept Design Report**
 - Fund structure, typology, alignment with programmatic initiatives
 - ESG and governance requirements
- iv. **Hosting Options Assessment Report**
- v. **Financial Structuring and Capitalization Options Report**
- vi. **Multi-Country Risk Assessment Matrix**
- vii. **Stakeholder Mapping & Engagement Strategy**
- viii. **Final Feasibility Report (Consolidated)**
 - Recommended fund structure
 - Legal jurisdiction
 - Governance and fiduciary framework
 - Financial structuring options
 - Compliance roadmap
- ix. **Presentation to AFRACA Executive Committee**

6. Duration of the Assignment

The consultancy will be conducted over **60 days** from the date of contract signing.

7. Consultant Profile

Eligible Applicants

Individual consultants or consulting firms.

Required Qualifications

- Advanced degree in Law, Public Policy, Development Finance, International Development, or related fields.
- Minimum **10 years** professional experience in:
 - NGO governance and legal frameworks
 - Fund establishment, management, and regulatory compliance
 - Agricultural and development finance
 - Multi-country legal and policy analysis in Africa
- Demonstrated experience with similar assignments for regional bodies or financial institutions.
- Strong analytical and report-writing skills.

Desirable Qualifications

- Experience with agricultural research financing mechanisms.
- Familiarity with EAC, ECCAS, ECOWAS SADC regulations.
- Experience working with development and agricultural banks, central banks, and climate finance institutions.

8. Reporting Requirements

The consultant will report to the AFRACA Secretary General and work closely with designated AFRACA technical teams and partners. Regular virtual consultations will be required.

9. Financial Proposal

- AFRACA will not provide a predetermined budget.
- Consultants must submit a separate **financial proposal** indicating fees and reimbursables.
- No financial details should appear in **the technical proposal**.

10. Application Instructions

Applicants must submit:

Interested applicants should submit:

- i. **Technical Proposal** including:
 - Understanding of the assignment
 - Proposed methodology
 - Work plan with timelines
 - Relevant experience and references
 - Profile/CV(s) of key personnel
- ii. **Separate Financial Proposal**
 - Proposed professional fees and any reimbursable expenses

The applications should be addressed to the:

**The Secretary General
African Rural and Agricultural Credit Association (AFRACA),
Located at the Central Bank of Kenya Institute of Monetary Studies (alias KSMS),
Off Thika Super-Highway, Along Mathare North Road,
P.O. Box 41378 – 00100, Nairobi, Kenya**

Applications should reach AFRACA Secretariat through the email – afraca@africaonline.co.ke and copy secretary.general@afraca.or.ke not later than 5:00 pm GMT on **5th December 2025**.