

## Terms of Reference

### IDH Sustainable Trade Initiative

#### REQUEST FOR PROPOSALS (RFP) FOR CONSULTANCY SERVICES TO DEVELOP FINANCIAL PRODUCTS/SERVICES THAT EMBED SUSTAINABILITY AND ACCELERATE FINANCIAL INCLUSION OF SMALLHOLDER FARMERS, COOPS AND AGRICULTURAL SMEs LOCATED IN THE LANDSCAPE (NTUI, NGORO, MBANGASSINA).

August 1, 2022

#### 1. Background

IDH Sustainable Trade Initiative (“IDH”) accelerates and up-scales sustainable trade by building impact-oriented coalitions of front-running companies, civil society, governments, financiers, knowledge institutions and other stakeholders in several commodity sectors. We convene the interests, strengths and knowledge of public and private partners in sustainability commodity programs that aim to mainstream international and domestic commodity markets. We jointly formulate strategic intervention plans with public and private partners, and we co-invest with partners in activities that generate public goods.

On basis of these Terms of Reference (“ToR”) IDH aims to select a party to develop a model designed in collaboration with Financial Institutions and Cooperatives interested in structuring an impactful financial ecosystem around agricultural entrepreneurship in a manner that also addresses deforestation.

The final objective is to structure an innovative grant facility that would work with the financial sector to propose tailored and innovative financial products/services specifically dedicated to smallholder farmers, cooperatives or agricultural SMEs located in the landscape. As IDH is implementing a Landscape approach in the municipalities of MBANGASSINA, NTUI, and NGORO through **the Green Commodity Landscape Program**, IDH is looking to identify and conceptualize landscape finance projects that will benefit the farmers, communities, municipalities and cooperatives.

#### 2. Objective of the assignment

The objectives of the assignment are:

##### Phase 1: Inception Report

- i. Identify financial institutions (FIs) operating in the landscape and potential ones willing to operate in the landscape (incl. microfinance institutions, digital finance service

providers, banks, cooperatives, funds, etc). Mapping of FIs and analysis of their business model and financial products/services they currently offer. Discuss and identify where the FIs see the opportunities for growth/business development in the landscape.

- ii. Identify financial service needs of smallholder farmers, cooperatives, agricultural SMEs (including needs not related to agricultural production) and whether and how effectively those needs are currently being met.
- iii. Identify ways (and potential partners) by which digital technology can enable and expand access to finance and help meet the financial services needs of smallholder farmers, cooperatives and agricultural SMEs.
- iv. Survey the FIs on the awareness, needs and knowledge of sustainability issues (climate risk, deforestation regulations, sustainable production, etc.)
- v. Based on the findings, identify and outline value creation opportunities for FIs that would target to the needs of smallholder farmers.
- vi. Explore pathways in which IDH can be complementary to, or run in parallel with, the Guichet des Producteurs scheme of FODECC, in addition to the subsidies supplied through the scheme for a sustainable impact on cocoa producers.
- vii. Produce an inception report that a) provides an overview and summarizes the key findings, b) proposes solutions/highlights business opportunities that would tackle the identified triple challenge of access to finance, deforestation and the need for digitization in the landscape, c) outlines the training needs, modalities and technical assistance required.

## **Phase 2: Training the Finance Sector on Sustainability and Landscape Approach**

- viii. Develop and deliver a training session together with IDH, introducing the FIs to the principles of the landscape approach, its objectives and targets. Outline the recent deforestation regulations in Cameroon and their importance to the government strategy, the landscape and farming communities. Communicate clearly as much key non-commercial information as possible about the methodologies and tools currently being deployed.
- ix. Support the trained FIs in creating a brief Concept Note, outlining an improved existing, or creating a new financial product/service that combines access to finance for the landscape with sustainability aspects/landscape approach covered in training.

## **Phase 3: Sustainable Finance Product Co-Creation**

- x. Select the most promising FIs for the co-design and testing of financial products/services (or a substantive improvement over current products) supporting the objective of forest protection, increasing production, and inclusion of the communities. The products/services should be tailored to the need(s) of the targeted smallholder households or SMEs that would be commercially sustainable and in line with the FIs business model.
- xi. Offer Technical Assistance to the selected FIs in developing an implementation roadmap for the proposed products.
- xii. Based on the developed Concept Notes and the implementation roadmap needs, provide a structure and design for a potential grant facility, incorporating Technical Assistance needs and grant amounts for the selected FI candidates, supported by an overall facility implementation budget.
- xiii. Produce a Final Report – summarizing the approach, lessons learned, challenges and solutions/recommendations for the next phase. Include the proposed design of the grant facility to be supported by IDH, listing specific TA/grant needs against an overall budget for such a facility.

### 3. Scope of the assignment

The consultant will work closely with the IDH's Green Commodity Landscape Program, the guidance of the IDH Landscape Finance Division and the FarmFit Fund to achieve the deliverables under section 4. The consultant will implement the assignment within the framework of IDHs requirements related to the PPI compact approach and the theory of change. The consultant is also expected to employ relevant innovative measures to deliver a model that will provide information about the financial services available in the Landscape, updates on its activities, information on partner's business models, funders and other key stakeholders. It will promote visibility for the Landscape finance Projects and allow engagement, collect feedback, and access to information such as partner's business plans, funder projects, updates of financial opportunities for agriculture in the landscape.

### 4. Responsibilities and Key Deliverables:

The Consultant is expected to:

#### **Phase 1:**

- i) Collect data about the structure of the landscape economy, its activities and actors, and build on baseline studies done for IDH and by industry partners like GIZ, and the national ministries.
- ii) Describe the current situation in terms of legal regulations in force which are relevant for the financial services in the agricultural sector and existing financial schemes applied in the agricultural sector.
- iii) Identify what FIs are currently operating/looking to enter the landscape and what financial products/solutions are available in the Landscape for smallholder farmers, cooperatives, and agricultural SMEs.
- iv) Produce a brief survey of the FIs on their current knowledge, practices, awareness and appetite/plans for incorporating sustainability issues into their business practices, products and services.
- v) Scope out and identify digital service solutions needed for a) enhancing access to finance for the smallholders/SMEs in the landscape, and b) that can be also deployed in monitoring deforestation for the FIs.
- vi) Organize at least 2 meetings with FODECC and FIs in order to a) determine how IDH can be additional to, or run in parallel with, the subsidies provided by the Guichet Unique des Producteurs scheme, b) explore and test the final solutions proposed in Phase 3, and c) explore possibilities and limitations of data sharing for deforestation monitoring.
- vii) Produce an inception report summarizing key findings and outlining recommendations.

## **Phase 2:**

- viii) Develop and deliver a training session for the FIs addressing finance and sustainability issues in the landscape together with the IDH team. Lead a discussion session on how the covered sustainability topics can be embedded in current/future products and services of the FIs.
- ix) Deliver TA and on-going advice to the FIs to produce at least 3 Concept Notes for a new or improved financial product/service.
- x) Propose additional financial solutions through IDH's FarmFit Fund (FFF), convening other co-investors interested by the projects that fit to the landscape economy, COBAC or Cameroon's regulations and the business models of FIs and partners.

- xi) Conduct a risk analysis of the proposed financial products/services and solutions against the criteria discussed with potential investors, such as FFF.

### **Phase 3:**

- xii) Propose the design of a grant facility to cater to the lessons learned, training and concept notes derived from Phases 1&2, including TA needs, grant amounts, and budget.
- xiii) Suggest an implementation agenda of the pilot phase and the tools that will be used at this stage.
- xiv) Define the criteria for the onboarding process of targeted smallholder farmers, cooperatives and SMEs.
- xv) Work with the Landscape Finance and FFF teams to ascertain the desired impact of the designed financial product/service alongside its financial viability; set up KPIs and the M&E process.
- xvi) Deliver a final report.

## **5. Qualifications of Consultant/Team**

The consultant/team can be individual or firm and must be a Cameroonian legal entity.

The consultant/team should have a solid knowledge of the financial sector and rural or agricultural finance inclusion in Cameroon with at least 10 years of experience.

The consultant/team should have strong experience in dealing with banks and microfinance institutions and a good knowledge of Cameroonian and CEMAC regulations in relation to the financial sector.

The consultant/team should demonstrate a track record of financial products/services and solutions developed in the context of agricultural commodities.

The consultant/team should have a background understanding of key sustainability issues, such as but not limited to forest protection/deforestation-free regulations/carbon finance.

**Submission due date is August, 20<sup>th</sup> 2022.**

## **6. Technical offer and financial offer**

A technical offer should contain the background of the consultancy, demonstrating the capacity of the consultancy to deliver on the assignment; at least 2 references of a similar assignment; a methodology and work plan for executing the assignment; description of the Consultant/team to carry out the assignment. A financial proposal will be submitted separated from the technical proposal. The financial offer will contain: the professional days of the expert(s), travel costs (national), and other costs that will be incurred.

## 7. Duration of the assignment

| Deliverables of assignment                          | Timeline from start in September 2022 |
|---|---------------------------------------|
| Phase 1: Inception Report                           | 45 days                               |
| Phase 2: Training Preparation and Delivery          | 2 months                              |
| Phase 3: Finance Product Co-Design and Final Report | 3 months                              |

Due to covid-19 pandemic restrictions, only electronic versions of the proposals should be submitted to the following addresses: [enouga@idhtrade.org](mailto:enouga@idhtrade.org), [owona@idhtrade.org](mailto:owona@idhtrade.org), [sakarova@idhtrade.org](mailto:sakarova@idhtrade.org).

## 8. Scoring and weighing

The evaluation criteria are compared and weighed according to the procedure below.

| Component               | Criteria  | Maximum Grading |
|-------------------------|---|-----------------|
| <b>Proposal overall</b> | - Clarity / Completeness / Proposal demonstrates a sound understanding of tasks at hand   | <b>5</b>        |
| <b>Track record</b>     | - Experience of the proposed consultant/project team<br>- Similar prior engagements<br>- Expertise in the financial sector of Cameroon<br>- Knowledge of sustainability topics/deforestation/landscape approaches | <b>5</b>        |

|  |  |                 |
|--|--|-----------------|
| <p><b>Design and Development process</b></p> | <ul style="list-style-type: none"> <li>- Service provider demonstrates that a clear design and development process will be followed and IDH is adequately consulted for input during the design and development.</li> <li>- Level of innovation proposed; reflects long-term thinking</li> <li>- Proposal takes into account realities/practicalities of implementation in the proposed landscape</li> </ul> | <p><b>5</b></p> |
| <p><b>Financial Proposal</b></p>             | <ul style="list-style-type: none"> <li>- Proposed budget (vs others)</li> <li>- Availability to start and complete on the proposed dates</li> </ul>  | <p><b>5</b></p> |

## 9. Disclaimer and Confidentiality

IDH reserves the right to update, change, extend, postpone, withdraw, or suspend the ToR, this tender procedure, or any decision regarding the selection or contract award. IDH is not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant.

Participants in the tender procedure cannot claim compensation from IDH, any affiliated persons or entities, in any way, in case any of the aforementioned situations occur.

By handing in a proposal, participants accept all terms and reservations made in this ToR, and subsequent information and documentation in this tender procedure.

The documents provided by or on behalf of IDH will be handled with confidentiality. The Service provider will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Service provider or its engaged third parties will give IDH grounds for exclusion of the Service provider, without requiring any prior written or verbal warning.