



## Eastern Africa Farmers Federation (EAFF)

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### TERMS OF REFERENCE

## STUDY ON THE INVESTMENT OPPORTUNITIES AND FINANCIAL ENVIRONMENT TOWARDS PROVISION OF FINANCIAL SERVICES TO WOMEN AND YOUTH IN AGRIBUSINESS IN EASTERN AFRICA (KENYA, RWANDA & UGANDA)

### Introduction

Africa's vulnerability and marginal improvement in food security, job creation and rural livelihoods results partly in poor investments in the generation and adoption of agricultural technologies within the continent. At the receiving end of these challenges are the marginalized groups especially youth and women. A necessary condition for addressing this, is leveraging science and technology to drive the continent's agricultural and rural development. Over the past two decades, lessons from implementation of initiatives to address these challenges have shown that the linear approach to technology generation and adoption in which extension stands between research and the end-users unduly limits the engagement between researchers and end-users and prolongs the lag between research and the application of its outputs / technologies within the African agrarian setting. Over the last decade, the systemic constraints created by this linear approach has been significantly addressed through the development and proof of Integrated Agricultural Research for Development (IAR4D) concept. The concept uses a multi-stakeholder approach and engages the Innovation Platform (IP) as the instrument in delivering research impact, with a recorded overall rate of return to investment of more than 43%. Despite this progress, a vast majority of agrarian African population remains disconnected with the relevant inclusive innovation ecosystem to achieve sustainable livelihoods and rural transformation.

### Strengthening Agricultural Knowledge and Innovation Ecosystem for Inclusive Rural Transformation & Livelihoods in Eastern Africa

#### Background of the Project

A consortium comprising of Forum for Agricultural Research in Africa (FARA), Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) and Eastern African Farmers Federation (EAFF) is starting the implementation of a project called „“ Strengthening Agricultural Knowledge and Innovation Ecosystem for Inclusive Rural Transformation & Livelihoods in Eastern Africa” for a period of 4 years. The project will cover three Eastern African countries (Kenya, Rwanda and Uganda). The main goal of this project is to contribute to achieving sustainable agrarian livelihoods and rural transformation by fostering inclusive innovation environment. It aims to do this by strengthening the capacities of youth and women in the EA multi-stakeholder innovative platforms, and linkage to solutions at national, regional and global food systems. The project will focus on: improving profitability and employment opportunities along the agricultural commodity value chains by establishing national and regional Agricultural Business Learning Alliance (ABLA) platforms, business development services and mentorship.

## **Justification of the Study**

Youth and women form majority of the population in the African continent. Majority of this group live in the rural areas and depend on agriculture for their livelihoods. However, women and youth are marginalized on emerging business and employment opportunities. Due to this, some youth and women are forced to move in search for such opportunities in the urban set ups. With a continuity of such movement, the economic growth of the rural society mostly made up of women and youth continue to diminish. Nonetheless, the economic growth contribution by women and youth is constrained by different challenges related to lack of capacity, financial inclusion and access and poor market linkages. Capacity building and information access on possible opportunities are lacking or available but with little or no access by women and youth. For instance, government provides capacity building through training only on specific value chains that leave out some other economically important value chains targeting youth and women. Financial access remains a key challenge in agribusiness investment among youth and women. On one hand, most financial institutions offer non-affordable finances, non-tailored value chain and activity targeted financial products, finances limited to certain activities like aggregation which do not offer any support to production operations or support to business growth. In most cases, these products do not favor youth and women. On the other hand, there exists business cases among women and youth that are not strong to attract lending or matching grants from the different investors/banks or donors. Similarly, market dynamics on agriculture has an implication on women and youth involved in the sector. Some of the existing markets often offer low prices, are non-structured or do not give binding contracts that dictate off-take prices even when supply is high. This leaves women and youth exposed to market challenges. However, the provision of affordable finance, market linkage, good business cases, capacity building, establishment of the right partnership and business services is expected to unlock some of these existing challenges affecting women and youth businesses. Identification of funding opportunities available at different levels is important in ensuring an inclusive financial access among women and youth. Similarly, capacity building among youth and women to develop viable and bankable business cases through incubation, mentorship and training will create a link to potential business development services among youth and women. This linkage will lead to engagement of women and youth to the establishment of innovation platforms (IPs), requisite value chain ecosystems and information support systems like Agricultural Business Learning Alliance (ABLA).

## **Specific task of the consultant**

It is therefore in the interest of project to pursue financing models that will work for youth and women farmers from Kenya, Uganda and Rwanda. A consultant with capacity to undertake the study within the region will be engaged for the action. The project would need to develop a strategy to promote successful financing models.

Specifically, the consultant:

- Shall identify the funding opportunities or modalities among different institutions including but not limited to government (e.g. Youth Fund), development partners, private funds, venture capitalists, Banks, Foundations and enumerate their lending products while profiling them.
- Shall analyze the expertise among the profiled institutions; their individual institutional support, business development services like mentorship, incubation and training.
- Shall analyze the business and policy environment to identify the enabling and disabling policies for financial access to women and youth.
- Shall document the business registration process using existing indicators to include the different tax requirements on agriculture, other regulations and associated costs and analyze their impacts on women and youth involvement in agribusiness.
- Analyze, enumerate and advise on the budget incentives for the last two years 2019/2020 on the agriculture sector and assess its impacts on youth and women engagement in the sector.
- Shall analyze and document at least 2 financing models targeting women and youth from different service providers (Bank/Donor agency/Investor/Grant) and enumerate the enablers and challenges within the models.
- Shall assist identify at least two experts each from the following categories - finance institutions, Mentorship organizations, Business incubators, business school/ university etc,

women/youth entrepreneur or venture capitalist. The consultant should give a brief profile of the experts and their contacts. The experts listed should be those willing to participate in the project.

## **Methodology**

The task will be conducted by 3 consultants (one per country). The proposed methodology the consultant is expected to employ in executing this assignment should include both physical and desk review. This will enable the consortium to attain both physical and electronic addresses of the investment opportunities profiled. The selected consultant will be invited for an interview and contract signing during which they will elaborate on their methodology and or approach.

## **Deliverables**

EAFF and partners expects a detailed report of the assignment with profile of investment opportunities among women and youth and their financing models within their agribusinesses in the specific country with detailed guidelines on how women and youth can engage. Specifically, the following deliverables will be expected to be achieved:

1. Inception Report spelling out the proposed approaches, time scale, resources and validation plan for the delivery of the final task.
2. Draft Report: description of the financial situation in each country- Kenya, Rwanda and Uganda.
3. Validation workshop. The consultant will be expected to integrate comments from the validation workshop into the final report.
4. Final Report (with 3 case studies: 1 for each country- Kenya, Rwanda and Uganda).
5. Detailed Excel Spreadsheet showing listing and characterization of existing financial opportunities in each country (Kenya, Rwanda and Uganda)

## **Timelines**

This assignment will be executed in 45 days starting from the day the contract is awarded and signed. The first draft should be submitted by the 30th day from commencement of the assignment.

EAFF and Partners will then review the drafts and submit comments to the consultant within 30 days. The consultant shall then have 7 days to address the comments and submit the final document.

## **Qualifications**

- Advanced University Degree, preferably in Agribusiness, Finance, Business Administration and/or Economics and excellent analytical and report writing skills. If the applicant is a consulting firm, the above should be the qualification of the lead consultant.
- Have documented resources, knowledge and experience to perform assignment/s within the requested area/s of competence/s.
- Have extensive and documented experience of financial inclusion programs and SME access to finance programs in East Africa and especially in that particular country;
- Have experience and knowledge in support to Women and Youth Economic Empowerment Programs;
- Have knowledge of the country's agriculture sector and agribusiness in particular.

## **Budget**

The total budget for this assignment is US 3,000. The consultant will be paid after delivering the final draft.

EAFF will retain 5% withholding tax for this assignment.