REQUEST FOR EXPRESSION OF INTEREST
(FINANCIAL SERVICES CONSULTANTS)
Kenya Feed the Future – Crops and Dairy Market Systems Activity (KCDMS)

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Program Background:
The USAID funded Kenya Crops and Dairy Market Systems (KCDMS) Activity is a program under Feed the Future (FtF) initiative implemented by RTI International. It is operational in 12 counties including; Kitui, Makueni, Taita Taveta, Homa Bay, Migori, Kisii, Kisumu, Siaya, Kakamega, Bungoma, Busia and Vihiga and designed to support value chain actors in dairy, fodder/feeds, and horticulture (mango, passion fruit, avocado, banana, pineapple, and sweet potato) and improve Kenya’s agricultural landscape in a sustainable manner. The long-term objective is to contribute to increasing agricultural productivity and thereby enhancing food security as well as creating income and employment opportunities especially for the rural population. The Activity intends to contribute to the growth of investments by agribusinesses (Large & MSMES) and producers active in agricultural value chains through a range of de-risking and innovative capital supply expansion interventions. KCDMS is working with finance market actors to bridge the gap between supply and demand of various forms of capital through market systems-based pathways.

Agriculture Finance:
Agriculture is the principal source of rural income in Kenya and is therefore highly relevant for wealth creation and poverty reduction. Despite its great potential to drive economic transformation leading to high quality of life for all its citizens, the agricultural sector is characterized by low intensification and diversification of agricultural chains to higher value due to limited investment. Finance is a key enabler of this potential and to foster such investments, access to financial capital targeted at the specific needs of different actors along the agricultural value chains is crucial. Yet, despite a vibrant financial sector in Kenya, high demand for agricultural finance remains largely unmet. Small holder producers and agribusinesses have historically been constrained by the real and perceived risks, leading to depressed investments in the agriculture sector at the production and market levels.

Reasons for the insufficient supply and demand of agricultural finance are manifold. They include high perceived risks associated with agricultural lending, weak agriculture value chain structures, borrower characteristics, collateral, information asymmetry, dispersed demand leading to high costs and limited knowledge in this market segment, as well as lack of affordable refinancing for financial institutions targeted at the agricultural value chains. Agricultural financing offers tremendous growth horizons for the financing sector. Sustainable financing to this sector however, has to be linked to an understanding for the different risks associated with the value chain and methods of mitigating these risks.

Call for Expression of Interest:
To enhance the capacity of agriculture finance actors, KCDMS intends to provide customized technical assistance to selected Financial Service Providers (FSPs) through its Partnership and Innovation Fund (PIF). The assistance will be provided through Short Term Technical Assistance (STTA) experts or a firm with a team comprising of experts with qualification and experience in the provision of consultancy services to the FSP and specific experience in agricultural value chain finance. Relevant working experience in Kenya and or the region is essential.

The general framework of the consultant’s assignment is as provided in the section below. As a result of different needs and variation of approaches to agricultural finance among the selected FSPs, tasks will have to be fine-tuned accordingly during the Request for Proposals (RFP) stage and at the inception phase of the assignment. The aim is to provide a comprehensive and “tailor-made” technical assistance package for each of the FSP.

The KCDMSA therefore invites Expressions of Interest (EOI) from firms and competent individuals to offer results driven technical services to the FSPs (Banks, Microfinance Banks, Credit Only MFIs, SACCOs, Insurance Companies and financial technology firms) with an objective of increasing financing and stimulating demand for finance in the agriculture segment in the specified counties, with experience and providing consulting services in the following but not limited to:
i. Agriculture Finance products development and/or refinement
ii. Agriculture/rural financing products and services commercialization
iii. Development of Rural/agriculture lending strategies, operational models and systems
iv. Training and capacity development in agricultural finance/ Credit risk management and portfolio management
v. Conducting operations expansion feasibility
vi. Digital finance and credit processes enhancing technologies
vii. Agricultural insurance innovations and scale

Interested firms and individuals should send their EOIs/prospectuses detailing their capacity and experience in providing technical assistance to enable financial services providers to offer innovative solutions that promote rural access to finance and financial inclusion within the KCDMS targeted counties, value chains listed above and in one or multiples of the scopes above.

The application should comprise of;

i. A cover page with the firm/individual details, physical address and contacts
ii. A summary with the company/individual’s background
iii. A detailed capacity statement in respect to agriculture finance and scope provided
iv. CVs of key and other technical personnel
v. References or testimonials

Eligibility:

Applicant organizations will only be considered if they are:

• Legally registered,
• Have been in operation for more than five (5) years
• Prior experience in undertaking financial services assignments within the region

Individual consultants also encouraged to apply.

Criteria for Selection

Applications will be screened and short listed as standby technical assistance service providers for Financial Institutions by KCDMS over the next four years as the need arises. There is no obligation by KCDMS to contract firms or consultants that have been selected. Criteria for shortlisting includes:

i. Organizational capacity Competencies and experiences for key and other technical personnel
ii. Experience with cash flow financing (structured finance)
iii. Experience in undertaking agriculture related financial services technical assistance assignments
iv. Innovativeness of approaches

Submission Guidelines:

EOI should be written in the English language and not exceed fifteen (15) pages (excluding cover page, executive summary and annexes). The Annex A - STTA EOI Form should be completed and submitted to APS2018@kcdmsd.rti.org with KCDMS A2F STTA EOI in the subject line reference. Applicants may submit questions to APS2018@kcdmsd.rti.org up until November 29, 2018. Applications should be received by December 13, 2018.