TERMS OF REFERENCE
CONSULTANCY SERVICES FOR THE DEVELOPMENT OF THE EAGC TRADE FACILITATION GUARANTEE FUND

1.0 Introduction

The Eastern Africa Grain Council (EAGC) is a membership not-for-profit organization founded in 2006 to serve the interests of the grain value chain stakeholders in the Eastern Africa region. The membership comprise of all levels of the value chain including input suppliers, producers, traders and processors. The overarching goal of the Council is to contribute to the integration of national and regional grain markets and by so doing increase market access and incomes for the grain value chain stakeholders, especially the smallholder farmers.

The council’s thrust is to develop and promote a structured grain trading systems that stimulates backward and forward linkages between the various levels of value chain actors resulting in increased opportunities for the smallholder farmers to participate in formal structured grain markets. To achieve the objectives EAGC implements interventions intended to achieve a more organized marketing system that include developing markets institutions, provision of market information, capacity building and policy influencing.

EAGC established a Grain Trade Facilitation Model whose purpose is to enhance regional grain trade where market players- processors and traders within the EAGC membership are linked to a network of suppliers through a back-ward integration approach. The model is based on the Trade Facilitation Agreement (TRAFA) which cements and formalizes the trade partnership between grain buyer, supplier, producer and service providers (bank, transporter, insurance firm e.t.c). The model also incorporates market linkage initiatives including Business to Business (B2B) linkages.

The TRAFA is currently being implemented. However, the model has been facing a challenging task of accessing finance caused mainly by high administrative costs of lending, underdeveloped financial system, high risk perception attributed to grain trading, lack of understanding of structure trade financing and lack of collateral for borrowing. In order to lessen these financial constraints faced by the members, EAGC is proposing the development of a Trade Facilitation Guarantee Fund (TGF).
2.0 **Objective:**

The objective of this assignment is to design and development of the EAGC Trade Facilitation Guarantee Fund that is to accumulate a capital base to enable EAGC members to access finance for grain trade purposes. The Council members can borrow funds when needed to purchase grains and repay the credit as they receive the sale revenues.

The Fund is expected to bring financial sustainability to the Council considering that sufficient revenues will be raised through registration fees and credit interests. However, the Council will ensure that the fee is not too high to discourage borrowers from taking advantage of the Fund, but not too low to prevent the Fund from covering its costs.

3.0 **Scope of Work**

The purpose of this assignment is to review the existing financial schemes in the region and design an appropriate Fund that can be utilized by EAGC to provide credit or financial assistance to its members.

Specifically the Consultant will endeavor to:-

a) Review of existing financing schemes in the region, as well as the financial institutions involved, interest rates charged and the experience on financial mechanisms for grain trading;

b) Document lessons, success and failures from other organizations that have implemented such funds;

c) Design of the appropriate financing scheme, including the definition of the credit terms, credit repayment, borrower eligibility criteria, and fund management arrangements, to be submitted and approved by the EAGC Board of Directors.

d) Training of EAGC staff on the preparations for the setting-up, and in the actual establishment, of the financing scheme.

e) At the initial stage, support the implementation of EAGC’s Guarantee Fund such as providing credits, reviewing the eligibility of borrowers, design promotional campaigns to educate members about the benefits of Fund e.t.c.

f) Preparation of a sustainable follow up plan with specific activities, definitive targets for the intended deliverables and proposed project budget and financing.
4.0 Target beneficiaries

The Fund is expected to benefit members of EAGC who are involved in buying and selling grains under the G-Soko system.

5.0 Key deliverables

The successful candidate is expected to deliver the following:

(i) Inception Report upon award of the contract and within the initial 2/3 days after signing the contract;
(ii) The design of the EAGC Trade Facilitation Guarantee Fund (TFGF) approved by the EAGC Board of Directors and including:
   • Lending guidelines and criteria and relevant templates for applicants;
   • Definition of the loan terms and loan repayment, borrower eligibility criteria,
   • Description of fund management arrangements.
(iii) EAGC Trade Facilitation Guarantee Fund launched and in use;
(iv) A sustainable route to market plan developed;
(v) Training and awareness raising of the benefits of the EAGC TFGF conducted;
(vi) The final report and the main conclusion of the consultancy assignment presented to EAGC approved.

6.0 Duration

This consultation is for a period of 30 man-days and it’s expected to run from the time of contract signing.

7.0 Qualifications

The Consultant is expected to meet the following qualifications:

• The expert must be familiar with the commodity trade financing and operations of a banking institution.
• Have a proven track record in successful trade finance product development.
• Have a minimum of Bachelor's Degree in Finance or Business Management, or any other relevant fields.
• Previous experience(s) in Guarantee Fund development, implementation and sustainability will be an added advantage.
8.0 Proposals invited

Applications addressing the TOR and selection criteria will need to be submitted (in PDF format) by e-mail to the undersigned to be received not later than 10th August 2016

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