



## **FARMER ORGANISATION SUPPORT CENTRE IN AFRICA**

### **BUILDING SUPPORT SYSTEMS FOR SMALLHOLDER FARMERS IN AFRICA**

**Call for Service Providers**

**TERMS OF REFERENCE**

## **1.0 Background**

The reduced role of African governments in agricultural activities has re-enforced the important role of farmer organizations (FOs) in improving food security and incomes among smallholder farmers (SHF) in rural communities. These voluntary associations have the responsibility of enhancing capacities of SHFs in addressing the numerous challenges they face such as high transaction costs, limited access to finance and input markets. In addition, aggregation of SHFs enables them to benefit from economies of scale associated with bulking. Participation of SHFs in FOs has resulted in the improvement in productive efficiency through the provision of inputs, services in storage facilities, irrigation, transportation and facilitation of linkages with various actors in the agricultural value chain. Given such background, FOs, thus, provide an institutional framework that enhances the participation of SHFs in an increasingly competitive agricultural value chains. This underscores the importance of promoting FOs in Africa as a means of improving rural livelihoods and food security.

Nonetheless, aggregation of SHFs comes with its own challenges. Studies conducted by AFRICRES (2014) in 8 African countries<sup>1</sup> identified a number of challenges faced by FOs, which include among other things; limited access to mainstream agricultural markets, limited access to finance, poor governance and limited participation of female and youth in FOs activities and leadership.. These challenges provide the basis for building a support system to create networks that would enhance the role FOs in promoting food security and improved income for SHF in Africa.

To this end, AFRICRES seeks to hire the services of consultants/trainers to provide practical capacity building that will enhance the ability of FOs to improve their service delivery to their SHFs. This documents sets out the Terms of Reference for the engagement of service providers (SPs) to improve the capacities of 10 FOs. The targeted areas for the capacity building (training, mentorship and coaching) include;

- 1. Module 1: Governance and Accountability**
- 2. Module 2: Access to Finance**
- 3. Module 3: Production Management and Access to Markets**

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<sup>1</sup> Kenya, Mozambique, Malawi, Tanzania, Ghana, Rwanda, Burkina Faso and Zambia (243 FOs were profiled covering 475 SHFs)

## **2.1 Module 1: Governance and Accountability**

The success of FOs depends, to some extent, on the commitments of SHFs in contributing to the collective efforts in accessing input and output agricultural markets. In this regard, institutional norms and governance framework become vital in facilitating joint decision-making and improved information for delivery commitment within the group. The main objective of the governance training is to ensure that FOs are equipped with the needed skills to design a governance framework that guides their operations as well as their engagements with external agencies. The training should provide outcomes that can significantly enhance FOs and SHFs' ability to;

- Train on group formation and organization development;
- Establish constitutions and by-laws;
- Strengthen organizational structures and ethical issues around organizational developments.
- Promote Youth and Female participation in FO activities and leadership positions.
- Records management

The expected outcomes of the training in governance and accountability include;

- Increased female and youth and participation
- Increased FO membership
- Improved accountability and better managed meetings
- Registry of FO activities.
- FO bank account and financial records.
- Revised FO constitution to reflect the above changes.

## **2.2 Module 2: Access to Finance**

The subsistence nature of farming in Africa makes it difficult for SHF to access credit from financial institutions to expand their production activities. Through aggregation, SHFs are expected to benefit from easy access to external financing to support their production capabilities. This enables them to secure inputs to pre-finance their production activities. However, the benefits to SHFs in accessing finance from financial institutions through FOs have not been fully realised. The objective of this training is to equip FOs with the tools that can help

them to access funding from financial institutions. The access to finance training should strengthen capacity in the following;

- Financial literacy and importance of Savings;
- Accessing credit from financial institutions
- Investment and Business Planning;
- Managing Finance in Farm Operations;
- Identifying Agricultural Risk (Production and Price risk);
- Risk Management Strategies

The expected outcomes on access to finance trainings include;

- Improved understanding on the requirements for sourcing for funds from financial institutions;
- Draft Business Plans
- Enterprise budgeting
- Income statements
- Balance sheet
- Cash flow Planning
- Savings planning which will lead to FOs establishing their own warranty funds.
- Increased access to credit by target FOs
- Improved financial management systems and accountabilities at FO level

### **2.3 Module 3: Production Management and Access to Markets**

One important role FOs provide to SHFs includes curtailing the market power of SHF trading partners, preservation of market options and risk mitigations through pooling resources. By linking SHFs to inputs and outputs markets, FOs provides SHFs with some leverage in both input and output markets. Both internal networks for knowledge sharing and external networks provide access to competitive markets and provide fundamental conditions for enhancing productive performance. The access to markets training programme will cover the following:

- Market oriented pre-production planning;
- Production and post-production planning;
- Analysing problems and opportunities for better market solutions;
- Post-harvest handling and quality issues;

- Case studies in agricultural marketing planning.

The expected outcomes of the training on access to markets includes among other things;

- Collective sourcing of agricultural inputs;
- Collective input sourcing and sales of farm produce
- Linkages with private warehouse operators.
- Increased volumes of aggregated produce
- Collective selling of produce;
- Increased volumes of produce sold collectively by FOs;
- Increased number of FOs accessing new markets for their members produce.

### **3.0 Training of FOs**

The first stage involves the training of the two representatives, Trainer of Trainers (ToTs), from each FO from a total of ten FOs in each country. The design and delivery of the training and training material should be practical in nature to enable the ToTs to easily replicate the knowledge gained at the farmer level. Appropriate time be allocated to the delivery of each of the three Modules.

### **4.0 Duties and Responsibilities**

As a service provider (SP), your responsibilities under the contract of engagement for the training and mentoring of FOs will include;

- Drawing up training outline and a programme for mentoring and coaching;
- Facilitate the training;
- Compiling a training report and filling of Data Collection Tool (Training form);

### **5.0 Design and Duration**

This training should be designed in a practical manner that would enable the beneficiary FOs to easily replicate the knowledge gained. The training should also be designed to incorporate issues on youth and female participation all the three areas.

### **6.0 Expression of Interest**

Service providers with a track record in the FO space should express their interest by submitting a short note on their understanding of the ToR and CVs to [latif@afriagrowth.com](mailto:latif@afriagrowth.com).