



The First MicroFinanceBank
اولین بانک قرضه های کوچک

REQUEST FOR EXPRESSIONS OF INTEREST (CONSULTING SERVICES - FIRMS SELECTION)

Country: Islamic Republic of Afghanistan

Assignment Title: Agriculture and Livestock Market Demand Assessment and Capacity Development

Duration of Assignment: Six (6) months

Implementing Agency: First MicroFinance Bank (FMFB)

Duty Station: Kabul, Afghanistan

Contract Type: Lump Sum

Agreement No: MISFA/AFP/CBF-24

Issuance Date: 19 March, 2020

1. Background

1.1. FMFB Overview

The First MicroFinanceBank – Afghanistan (FMFB-A) started operations in 2004 and is part of the Aga Khan Agency for Microfinance (AKAM), which has financial institutions operating over 15 countries throughout the developing world. It is affiliated with the Aga Khan Development Network (AKDN), a group of nine development agencies working in health, education, culture, and rural and economic development primarily in Asia and Africa.

1.2. Objective:

The purpose of this assignment is that FMFB wants to address five key drivers that lead to limited access to finance for value chain products:

1. Limited high yield productivity of licit crops
2. Limited access to markets
3. Limited access to financing
4. Lack of awareness about agriculture-finance
5. Business Development and vulnerability awareness of farming

A major portion of FMFB's agriculture and livestock portfolio is attributed to financing for raising cattle and animals. Despite the availability of arable lands, only one out of every six hectares is currently cultivated. Due to lack of inputs, agriculture knowledge, latest tools and techniques, farmers are not opting to develop their lands into agricultural land. Sustainability of alternative livelihoods and provision of new approaches in agriculture lending requires reliable and market-linked output supply system. Therefore, FMFB-A needs a value chain analysis to be carried out to ensure that supply side activities, from financial perspectives to increase in agriculture yields are done, while at the same time enabling farmers and value chain participants to manage their financial obligation without burden.

2. Assignment Scope:

The majority of FMFB-A's Agriculture and livestock financing is used for raising cattle and other animals. Therefore, in areas with high concentration of cattle rising and small-scale processing activities at farm level, such as Badakhshan, Balk, Takhar and Bamyan, there is an opportunity to improve the system and add innovative features in the existing product delivery methods. Loan Officers must be trained and FMFB's Agriculture and Livestock product (loan product) and its delivery methods must consider extension work such as pasture management, husbandry, and processing, and veterinary services for better agricultural output and efficient use of financial service by small-holder farmers.

The scope of work will consist of 2 major elements:

- a) Systematic market-research in representative provinces: Badakhshan, Balk, Takhar and Bamyan that will include at minimum:
 - I. SWOT analysis of the regions based on Agriculture and Livestock Financing offered by FMFB-A
 - II. Mapping of key priority segments in agriculture supply chain around high yield licit commodities
 - III. Quantifying of potential markets for financial services in terms of geographical outreach and related scope of agriculture finance
 - IV. A need assessment of FMFB existing clients and non-clients within the catchment population to have gap assessment of financial products offered and market demand
 - V. A five-year plan and policy supporting it for the growth of agriculture and livestock financing
- b) Strengthening the capacity of loan officers, agronomist, and lead farmers through Training of Trainers (ToT) which will include at minimum:
 - I. Training Needs Assessment baseline survey for staff to understand type of training to be offered, as per agriculture and livestock needs of the region, duration of training and course development structure
 - II. Train the lead trainers on the training manual and course developed
 - III. Training of Loan Officers, agronomist, and lead farmers
 - IV. Post-training evaluation and training impact assessment

The scope of the assignment will cover:

Part I: Agriculture Supply-Chain Market Demand and Gap Assessment

1. Questionnaire Development for Clients of FMFB:

The Consultancy Firm will develop the Questionnaire to survey clients of FMFB-A's Agriculture and Livestock financing. The survey questionnaire will be developed through desk review, interviews with staff of FMFB (at least 10, including in the 4 provinces covered) and 1 Focus Group Discussion (FGD) with Agriculture and Livestock financing clients from any of the FMFB Kabul branch offering the service. The questionnaire that will be developed should enable the consultant to identify the following:

1. Typical clients of the Agriculture and livestock financing product in terms of nature of agriculture business, stability of income, income size, etc. Consultant will also compare

these characteristics of the typical agriculture finance client with similar characteristics of clients utilizing other products of the same institution and typical clients of other institutions.

2. The purpose of typical Agriculture and Livestock financing product of FMFB Clients:
 - a. The average loan ticket for each representative province
 - b. The purpose for which the loan was applied and then utilized
 - c. What other sources of finance the client is exposed to for similar purpose
 - d. Type of collateral and guarantee the client provided
3. Added advantage they receive from Agriculture and livestock financing in comparison to the financing products from other loans (if any) from the same institution or other financial institution.
4. The agriculture technical advisory services through the Agronomist and Loan Officers,
 - a. How effective are these to the clients (farmers and/or cattle breeders) in making decisions for the purchase of crops, fertilizers, or any other input supply and in facilitating them to market their agriculture/livestock output to get the best price possible.
 - b. How often the meetings with agronomist and loan officers on these extension services are being conducted.
 - c. Determine if the cost of these extension services is borne by clients. And are they able to bear such expense of transferred to them in future.
5. Through this survey the consultant is able to identify the strengths of the current product offering and the weaknesses to overcome in the future.

Survey of the FMFB Clients

Trained enumerators will conduct the survey among total of 300 clients of FMFB selected from 4 representative provinces, namely, Badakhshan, Balk, Takhar and Bamyan. The survey sample size should have a mix of 60% rural clients and 40% urban clients and ideally be 100 clients from each province.

2. Questionnaire Development for Non-Clients of Agriculture Finance and Supply Chain Participants:

The Consultancy Firm will develop the Questionnaire to survey non-agriculture and livestock microfinance clients of FMFB. The survey questionnaire will be developed through desk review, interviews with staff of MFIs and 1 Focus Group Discussion (FGD) with clients from any of the MFI Kabul branch and agriculture supply chain participants. The questionnaire that will be developed should enable the consultant to identify the following:

1. The opportunities and threats in providing micro-credit services in the selected provinces.
2. Understand the Knowledge, Attitudes and Practices (KAPs) of farmers and traders regarding microfinance.
3. Identify key actors or decision makers involved in financial transactions in the agriculture sector.
4. Assess the future commercial opportunities and feasibility of the future programs.

Survey of the Non-Agriculture Finance Clients and Agriculture Supply Chain Participants

It is expected that at least 200 non-client and Supply Chain Participants from the four representative Provinces are surveyed. The Consultancy firm is advised to coordinate with the team of Aga Khan Foundation-Afghanistan because they have long experience and exposure in terms of agriculture and livestock projects in these provinces.

Analyze the findings of surveys:

1. Identify the most frequent reason and purpose for which the financing was availed by the clients and the most demanded type of financing required by non-clients (including financing terms).
2. Prepare the reports outlining:
 - a. Strengths and weaknesses of FMFB-A's interventions in respect to customer service
 - b. Identify gaps in the service delivery and explore demand for additional product development
 - c. Prepare and deliver a comprehensive report detailing the methodology, findings, and recommendations from the assessment;
 - d. Based on the assessment conducted the consultant is expected to include 5-year business plan for agriculture loan portfolio and develop a policy document based on this 5-year plan.
 - e. From the findings of both surveys the consultant should be able to develop Training Needs Assessment framework and course outline for the Capacity development of Staff and Clients of FMFB-A.

Part II: Agriculture and Livestock Capacity Development

The Consultant is expected to:

1. Produce a well-written comprehensive training needs assessment report based on the surveys conducted in the above sections including recommendations for selection of training sites, schedule of the trainings and identify the lead trainers' team.
2. Develop a comprehensive training curriculum/module (in English) for FMFB-A's Loan Officers, Agronomist and Lead Farmers with special focus on improving farming techniques adopted by the communities, support agriculture input system, increasing of post-production value of crops, strengthening of market linkages for farmers, increase of access to financial service by farmers and to increase resilience of at-risk households.
3. Design the pre and post training evaluation forms to measure level of participants understanding before vs. after training.
4. Training to the Lead Trainers (ToT):
 - a. The Consultant shall carry out all the trainings being developed as the result of the TNA.

- b. The same training will be imparted to FMFB master trainers to ensure scalability and sustainability of the program.
 - c. Training courses will be finalized after the training needs assessment conducted by the consultant, however, broadly these trainings will be on assessing high yield agriculture output, incorporate effect of seasonality on loan repayments and client appraisal, business prospects of each agriculture participants, risk assessment of hazards and natural disasters, use of fertilizers, seeds, crop purchase and building market linkages to get best value of agriculture/livestock outcomes.
5. Training of the Loan Officers, Agronomist and Lead Farmers:
- a. Four trainings to be conducted for full time loan officers and agronomists who have been with the bank for more than 1 year and lead farmers capable of imparting the training to their counterparts.
 - b. Lead Trainers will impart these trainings in districts and regions with the exception of Business Development training, which may be conducted in Kabul due to limited access of trainers.
 - c. Each training due to its blend approach of class room and field will be conducted in a period of 3 months. This is expected that LOs and agronomist deputed in the region will be trained in their respective region.

3. Short listing Criteria

- At least 5 years of work experience in the areas of market research and product development, project management and project evaluation in the financial sector.
- In-depth knowledge of the working procedures and practices of financial institutions especially data collection and analysis.
- Expertise in the development of Training Needs Assessment framework and course module specifically for agriculture finance product and service delivery.
- Excellent technical capacities to ensure smooth and high-quality deliverables
- Local companies/firms must be registered with Afghanistan government

4. Method of Selection

A firm will be selected through Selection Based on the Consultants' Qualifications (CQS) method in accordance with the procurement guidelines for Selection and Employment of Consultants under IBRD loans and IDA credits and Grants, January, 2011, revised July.

5. Submission of EOI

Expressions of interest must be delivered in a written form to the address below (in person, by mail, or by e-mail) by 6th April, 2020 at 14:00 Hours. (Kabul Local Time).

Further information in respect to this REOI can be obtained at the address below by email or in person during office hours [08:00-16:00 Hours].

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